

**AMENDMENTS TO  
THE SOCIAL SECURITY ACT  
1969 – 1972**

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**Social Security Amendments of 1972  
(Public Law 92-603)  
and Related Amendments**

Volumes 1 – 6

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**Social Security Amendments of 1970  
(H.R. 17550—Not Enacted)**

Volumes 7, 8

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**Social Security Amendments of 1969  
and Related Amendments**

Volume 9

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# **AMENDMENTS TO THE SOCIAL SECURITY ACT 1969 – 1972**

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## **Social Security Amendments of 1972 and Related Amendments**

Volumes 1 – 6

H.R. 1

PUBLIC LAW 92-603

PUBLIC LAW 92- 5—92nd Congress—H.R. 4690

PUBLIC LAW 92-223—92nd Congress—H.R. 10604

PUBLIC LAW 92-336—92nd Congress—H.R. 15390

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## **Social Security Amendments of 1970 (Not Enacted)**

Volumes 7, 8

91st Congress—H.R. 17550

---

**REPORTS, BILLS,  
DEBATES, AND ACTS**

# **Social Security Amendments of 1969 and Related Amendments**

Volume 9

H.R. 13270

PUBLIC LAW 91-172

PUBLIC LAW 91-630—91st Congress— S. 2984

PUBLIC LAW 91-669—91st Congress—H.R. 19915

PUBLIC LAW 91-690—91st Congress—H.R. 19470

PRIVATE LAW 91- 76—91st Congress— S. 476

PRIVATE LAW 91-125—91st Congress—H.R. 5337

PRIVATE LAW 91-213—91st Congress—H.R. 2335

PRIVATE LAW 91-228—91st Congress—H.R. 7264

## TABLE OF CONTENTS

### VOLUME 1

#### SOCIAL SECURITY AMENDMENTS OF 1972

##### I. Reported to House

- A. Summary of Provisions of H.R. 1, "The Social Security Amendments of 1971," as amended and ordered reported—Committee on Ways and Means, Revised Press Release No. 5—*May 17, 1971*
- B. Committee on Ways and Means Report  
House Report No. 92-231 (to accompany H.R. 1)—*May 26, 1971*
- C. Committee Bill Reported to the House  
H.R. 1 (reported with amendments)—*May 26, 1971*
- D. Commissioner's Bulletin No. 114, Social Security Amendments of 1971—*May 21, 1971*

### VOLUME 2

##### II. Passed House

- A. House Debate—Congressional Record—*June 21-22, 1971*
- B. House-Passed Bill  
H.R. 1 (as Amended and Referred to the Committee on Finance)—*June 28, 1971*

##### III. Reported to Senate

- A. Summary of the Principal Provisions of H.R. 1 As Determined by the Committee on Finance—  
Committee Print—*June 13, 1972*

### VOLUME 3

- B. Committee on Finance Report  
Senate Report No. 92-1230 (to accompany H.R. 1)—*September 26, 1972*

### VOLUME 4

- C. Committee Bill Reported to the Senate  
H.R. 1 (reported with amendment)—*September 26, 1972*

##### IV. Passed Senate

- A. Senate Debate—Congressional Record—*September 27-30, October 2-6, 1972*

### VOLUME 5

- B. Senate-Passed Bill with Numbered Amendments—*October 6, 1972*
- C. Senate Appointed Conferees—Congressional Record—*October 5, 1972*
- D. House Appointed Conferees—Congressional Record—*October 10, 1972*

## TABLE OF CONTENTS (*continued*)

### VOLUME 6

#### V. House and Senate Conference (reconciling differences in the disagreeing votes of the two Houses)

- A. Conference Committee Report  
House Report No. 92-1605—*October 14, 1972*
- B. House Debate—Congressional Record—*October 17, 1972*
- C. Senate Debate—Congressional Record—*October 17, 1972*
- D. H. Con. Res. 724, Directing the Clerk of the House of Representatives to Make Corrections in the Enrollment of H.R. 1—*October 17, 1972*
- E. Summary of the Provisions in H.R. 1 as Passed by the Congress—*October 17, 1972*

#### VI. Public Law

- A. Public Law 92-603, 92nd Congress—*October 30, 1972*
- B. Commissioner's Bulletin No. 128, Social Security Amendments of 1972—*October 31, 1972*
- C. Summary of Social Security Amendments of 1972, Public Law 92-603—Committee Print—*November 17, 1972*
- D. Actuarial Cost Estimates for the Old-Age, Survivors, Disability and Supplementary Medical Insurance Systems as Modified by Public Law 92-603—*March 2, 1973*

#### Appendix

- A. Commissioner's Bulletin No. 130, Implementing the 1972 Amendments—*February 7, 1973*
- B. Social Security Amendments of 1972: Summary and Legislative History, by Robert M. Ball—Reprinted from the Social Security Bulletin—*March 1973*
- C. Commissioner's Bulletin No. 136, Getting the SSI Program Underway—*August 14, 1973*

#### Listing of Reference Materials

**TABLE OF CONTENTS (continued)**  
**VOLUME 6 (continued)**

Increasing the Public Debt Limit and Amending the Social Security Act

I. Passed Senate

A. Senate Debate—Congressional Record—*March 11-12, 1971*

B. Senate-Passed Bill with Amendments Numbered—*March 12, 1971*

II. House and Senate Conference (reconciling the differences between the disagreeing votes of the two Houses)

A. House and Senate Conferees—Congressional Record—*March 15, 1971*

B. Conference Committee Report  
House Report No. 92-42—*March 16, 1971*

C. House Debate—Congressional Record—*March 16, 1971*

D. Senate Debate—Congressional Record—*March 16, 1971*

III. Public Law

A. Public Law 92-5—92nd Congress—*March 17, 1971*

B. President's Statement—*March 17, 1971*

C. Commissioner's Bulletin No. 112, 1971 Social Security Legislation—*March 18, 1971*

D. Actuarial Cost Estimates for the Old-Age, Survivors and Disability Insurance System as Modified by the Social Security Provisions of Public Law 92-5—Ways and Means Committee Print—*March 24, 1971*

Listing of Reference Materials

Note: House Report No. 92-13 (to accompany H.R. 4690)—*February 22, 1971*

Senate Report No. 92-28 (to accompany H.R. 4690)—*March 9, 1971*

(Reports not included—amendments affecting title II of the Social Security Act originated on floor of the Senate.)

**TABLE OF CONTENTS (continued)**  
VOLUME 6 (continued)

Lump-Sum Death Payment

- I. Reported to and Passed House
  - A. Committee on Ways and Means Report  
House Report No. 92-590 (to accompany H.R. 10604)—*October 27, 1971*
  - B. Committee Bill Reported to the House  
H.R. 10604 (reported with amendment)—*October 27, 1971*
  - C. House Debate—Congressional Record—*November 17, 1971*  
(House passed Committee-reported bill.)
- II. Reported to and Passed Senate
  - A. Committee on Finance Report  
Senate Report No. 92-552 (to accompany H.R. 10604)—*December 3, 1971*
  - B. Committee Bill Reported to the Senate  
H.R. 10604 (reported without amendment)—*December 3, 1971*
  - C. Senate Debate—Congressional Record—*December 4, 1971*  
(Senate passed with amendment.)
  - D. House and Senate Conferees—Congressional Record—*December 9, 1971*
- III. House and Senate Conference (reconciling the differences in the disagreeing votes of the two Houses)
  - A. Conference Committee Report  
House Report No. 92-747—*December 14, 1971*
  - B. House Debate—Congressional Record—*December 14, 1971*
  - C. Senate Debate—Congressional Record—*December 14, 1971*
- IV. Public Law
  - A. Public Law 92-223—92nd Congress—*December 28, 1971*
  - B. President's Signing Statement—*December 28, 1971*
  - C. Commissioner's Bulletin No. 121, Social Security Changes, H.R. 10604—*January 11, 1972*

Listing of Reference Materials

**TABLE OF CONTENTS (continued)**  
**VOLUME 6 (continued)**

**Increasing the Public Debt Limit and Amending the Social Security Act**

**I. Passed Senate**

Senate Debate—Congressional Record—*June 28-30, 1972*  
(See pages S10773-79 for text of Senate-passed bill.)

**II. House and Senate Conference (reconciling the differences in the disagreeing votes of the two Houses)**

A. House Appointed Conferees—Congressional Record—*June 30, 1972*

B. Senate Appointed Conferees—Congressional Record—*June 30, 1972*

C. Conference Committee Report (filed in disagreement)  
House Report No. 92-1215—*June 30, 1972*

D. House Receded and Concurred in Senate Amendments—Congressional Record—*June 30, 1972*

**III. Public Law**

A. Public Law 92-336—92nd Congress—*July 1, 1972*

B. President's Statement—*July 1, 1972*

C. Commissioner's Bulletin No. 125, 1972 Social Security Legislation—*July 7, 1972*

D. Actuarial Cost Estimates for the Old-Age, Survivors, Disability and Hospital Insurance System as Modified by the Social Security Provisions of Public Law 92-336—*September 1972*

**Appendix**

A. Senator Church's Amendment No. 1307—*June 28, 1972*

B. Senator Bennett's Alternative Proposal (Amendment No. 1310)—*June 28, 1972*

Note: House Report No. 92-1128 (to accompany H.R. 15390)—*June 14, 1972*  
(Report not included—amendment affecting title II of the Social Security Act originated on floor of the Senate.)

**TABLE OF CONTENTS (continued)**  
VOLUME 7

SOCIAL SECURITY AMENDMENTS OF 1970 (NOT ENACTED)

I. Reported to House

- A. Committee on Ways and Means Report  
House Report No. 91-1096 (to accompany H.R. 17550)—*May 14, 1970*
- B. Committee Bill Reported to the House  
H.R. 17550 (reported without amendments)—*May 14, 1970*
- C. Commissioner's Bulletin No. 106, Social Security Amendments of 1970—*May 15, 1970*

II. Passed House

- A. House Debate—Congressional Record—*May 21, 22, 28, 1970*
- B. House-Passed Bill  
H.R. 17550 (with amendments, as referred to the Committee on Finance)—*May 27, 1970*
- C. Commissioner's Bulletin No. 108, 1970 Social Security Legislation—*May 22, 1970*
- D. Statement by the President—*May 22, 1970*

III. Reported to Senate

- A. Committee on Finance Report  
Senate Report No. 91-1431 (to accompany H.R. 17550)—*December 11, 1970*
- B. Committee Bill Reported to the Senate  
H.R. 17550 (reported with amendments)—*December 11, 1970*

VOLUME 8

IV. Passed Senate

- A. Senate Debate—Congressional Record—*December 16-19, 21-22, 28-29, 1970*
- B. Senate-Passed Bill with Numbered Amendments—*December 29, 1970*
- C. Senate Requests Conference with House—Congressional Record—*December 31, 1970*
- D. Statements by Ways and Means Members—Congressional Record—*December 31, 1970*

## **TABLE OF CONTENTS (continued)**

### **VOLUME 8 (continued)**

#### Appendix

- A. Administration's Family Assistance Act—S. 2986—*October 2, 1969*
- B. Introductory Remarks—Congressional Record—*October 2, 1969*
- C. Administration's Family Assistance Act—H.R. 14173—*October 3, 1969*
- D. Introductory Remarks—Congressional Record—*October 3, 1969*
- E. House Report No. 91-904—*March 11, 1970*
- F. Committee Bill Reported to the House  
H.R. 16311 (reported without amendments)—*March 11, 1970*
- G. House-Passed Bill  
H.R. 16311 (as referred to the Senate)—*April 21, 1970*
- H. House Debate—Congressional Record—*April 15-16, 1970*
- I. Press Release Announcing Summary of Decisions of the Committee on Ways and Means With Respect to Amendments to the Social Security Act, Including Amendments to the Old-Age, Survivors', and Disability Insurance System, the Medicare Program, and the Medicaid Program—Committee Print—*May 4, 1970*
- J. Commissioner's Bulletin No. 110, 1970 Social Security Legislation—*July 15, 1970*

#### Listing of Reference Materials

## TABLE OF CONTENTS (*continued*)

### VOLUME 9

#### SOCIAL SECURITY AMENDMENTS OF 1969

##### I. Administration Bill

- A. H.R. 14080 (as introduced)—*September 30, 1969*
- B. Commissioner's Bulletin No. 92, President's Social Security Proposals—*September 26, 1969*
- C. Commissioner's Bulletin No. 94, Administration's Social Security Bill Introduced in Congress—*October 8, 1969*
- D. The President's Proposals for Welfare Reform and Social Security Amendments of 1969, Committee on Ways and Means—Committee Print—*October 1969*
- E. Commissioner's Bulletin No. 96, Hearings on Social Security, Welfare Reform, and Health Costs—*October 31, 1969*

##### II. Committee on Ways and Means Proposal

- A. Committee on Ways and Means Report  
House Report No. 91-700 (to accompany H.R. 15095)—*December 5, 1969*
- B. Committee Bill Reported to the House  
H.R. 15095 (reported without amendments)—*December 5, 1969*
- C. Commissioner's Bulletin No. 98, Social Security Amendments of 1969—*December 5, 1969*
- D. House Debate—Congressional Record—*December 15-17, 1969*  
(House passed Committee-reported bill.)

##### III. Senate Proposal (H.R. 13270, Tax Reform Act of 1969)—Excerpts Only

- A. Senate Debate—Congressional Record—*November 24, December 4-6, 8, 9, 11, 1969*
- B. Senate-Passed Bill  
H.R. 13270 (in the nature of a substitute)—*December 11, 1969*
- C. House and Senate Conferees—Congressional Record—*December 11, 1969*
- D. Conference Committee Report  
(House Report No. 91-782)—*December 21, 1969*
- E. House Debate—Congressional Record—*December 22-23, 1969*
- F. Senate Debate—Congressional Record—*December 22, 1969*

##### IV. Public Law

- A. Public Law 91-172—91st Congress—*December 30, 1969*
- B. Commissioner's Bulletin No. 100, Social Security Amendments of 1969—*January 2, 1970*

#### Listing of Reference Materials

Note: Senate Report No. 91-552 not included. SSA-related amendments added during Senate debate.

## TABLE OF CONTENTS (*continued*)

### VOLUME 9 (*continued*)

#### Counting of Certain Federal Employment Toward Retirement

##### I. Reported to and Passed Senate

- A. Committee on Post Office and Civil Service Report  
Senate Report No. 91-1191 (to accompany S. 2984) — *September 17, 1970*
- B. Senate Debate—Congressional Record—*September 23, 1970*  
(Senate passed Committee-reported bill, see *Congressional Record*, page S16265 for text.)

##### II. Reported to and Passed House

- A. Committee on Ways and Means Report  
House Report No. 91-1722 (to accompany S. 2984) — *December 10, 1970*
- B. House Debate—Congressional Record—*December 22, 1970*  
(Committee reported and House passed S. 2984, as passed by the Senate.)

##### III. Public Law

Public Law 91-630—91st Congress—*December 31, 1970*

#### Disregarding Income of Old-Age, Survivors, and Disability Insurance and Railroad Retirement Recipients in Determining Their Need for Public Assistance

##### I. Reported to and Passed House

- A. Committee on Ways and Means Report  
House Report No. 91-1716 (to accompany H.R. 19915) — *December 10, 1970*
- B. Committee Bill Reported to House  
H.R. 19915 (reported without amendment) — *December 10, 1970*
- C. House Debate—Congressional Record—*December 22, 1970*  
(House passed Committee-reported bill.)

##### II. Referred to and Passed Senate

- A. H.R. 19915 (as referred to Senate) — *December 31, 1970*
- B. Senate Debate—Congressional Record—*January 2, 1971*  
(Committee discharged and Senate passed H.R. 19915 with an amendment, see *Congressional Record*, page S21735.)

##### III. House Concurrence

House agreed to Senate Amendment—Congressional Record—*January 2, 1971*

##### IV. Public Law

Public Law 91-669—91st Congress—*January 11, 1971*

**TABLE OF CONTENTS (continued)**  
**VOLUME 9 (continued)**

Modification of Nursing Service Requirements

I. Reported to and Passed House

- A. Committee on Ways and Means Report  
House Report No. 91-1676 (to accompany H.R. 19470) — *December 7, 1970*
- B. Committee Bill Reported to the House  
H.R. 19470 (reported with an amendment) — *December 7, 1970*
- C. House Debate—Congressional Record— *December 22, 1970*  
(House passed Committee-reported bill.)

II. Referred to and Passed Senate

- A. H.R. 19470 (as referred to Senate) — *December 28, 1970*
- B. Senate Debate—Congressional Record— *January 2, 1971*  
(Committee discharged and Senate passed H.R. 19470, as referred by House.)

III. Public Law

Public Law 91-690—91st Congress— *January 12, 1971*

For the Relief of Marjorie Zuck

I. Reported to and Passed Senate

- A. Committee on the Judiciary Report  
Senate Report No. 91-445 (to accompany S. 476) — *October 2, 1969*
- B. Senate Debate—Congressional Record— *October 6, 1969*  
(Senate passed Committee-reported bill.)
- C. Senate-Passed Bill  
S. 476 (as referred to House) — *October 7, 1969*

II. Reported to and Passed House

- A. Committee on the Judiciary Report  
House Report No. 91-616 (to accompany S. 476) — *November 12, 1969*
- B. House Debate—Congressional Record— *January 20, 1970*  
(Committee reported and House passed Senate bill.)

III. Private Law

Private Law 91-76—91st Congress— *February 2, 1970*

**TABLE OF CONTENTS (continued)**  
VOLUME 9 (continued)

For the Relief of Albert E. Jameson, Jr.

I. Reported to and Passed House

- A. Committee on the Judiciary  
House Report No. 91-299 (to accompany H.R. 5337) — *June 9, 1969*
- B. Committee Bill Reported to the House  
H.R. 5337 (reported without amendments) — *June 9, 1969*
- C. House Debate—Congressional Record—*June 17, 1969*  
(House passed Committee-reported bill.)

II. Reported to and Passed Senate

- A. Committee on the Judiciary  
Senate Report No. 91-1056 (to accompany H.R. 5337) — *July 30, 1970*
- B. Senate Debate—Congressional Record—*August 3, 1970*  
(Committee reported and Senate passed House bill.)

III. Private Law

Private Law 91-125, 91st Congress—*August 14, 1970*

For the Relief of Enrico DeMonte

I. Reported to and Passed House

- A. Committee on the Judiciary  
House Report No. 91-60 (to accompany H.R. 2335) — *March 12, 1969*
- B. Committee Bill Reported to the House  
H.R. 2335 (reported without amendment) — *March 12, 1969*
- C. House Debate—Congressional Record—*April 1, 1969*  
(House passed Committee-reported bill.)

II. Reported to and Passed Senate

- A. Committee on the Judiciary  
Senate Report No. 91-1394 (to accompany H.R. 2335) — *December 3, 1970*
- B. Senate Debate—Congressional Record—*December 9, 1970*  
(Committee reported and Senate passed House bill.)

III. Private Law

Private Law 91-213—91st Congress—*December 21, 1970*

**TABLE OF CONTENTS (continued)**  
VOLUME 9 (continued)

For the Relief of Pearl C. Davis

I. Reported to and Passed House

- A. Committee on the Judiciary  
House Report No. 91-622 (to accompany H.R. 7264) — *November 12, 1969*
- B. Committee Bill Reported to the House  
H.R. 7264 (reported without amendment) — *November 12, 1969*
- C. House Debate—Congressional Record—*December 16, 1969*  
(House passed Committee-reported bill.)

II. Reported to and Passed Senate

- A. Committee on the Judiciary  
Senate Report No.91-1485 (to accompany H.R. 7264) — *December 17, 1970*
- B. Senate Debate—Congressional Record—*December 19, 1970*  
(Committee reported and Senate passed House bill.)

III. Private Law

Private Law 91-228—91st Congress—*December 31, 1970*



## SOCIAL SECURITY AMENDMENTS OF 1972

—  
OCTOBER 14, 1972.—Ordered to be printed  
—

Mr. MILLS of Arkansas, from the committee of conference,  
submitted the following

### CONFERENCE REPORT

[To accompany H. R. 1]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 41, 51, 98, 116, 118, 119, 120, 121, 122, 123, 124, 125, 126, 210, 211, 213, 214, 215, 221, 223, 224, 225, 236, 309, 327, 328, 329, 330, 351, 353, 354, 355, 356, 370, 414, 415, 416, 419, 445, 446, 448, 449, 478, 479, 493, 496, 497, 498, 507, 508, 509, 510, 511, 515, 530, 532, 533, 534, 539, 544, 553, 554, 556, 559, 560, 562, 563, 566, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, and 583.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 48, 49, 50, 53, 54, 55, 56, 57, 58, 59, 60, 62, 64, 65, 66, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 117, 127, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 185, 186, 187, 188, 190, 192, 194, 195, 196, 197, 199, 201, 206, 207, 227, 228, 230, 231, 232, 233, 234, 235, 237, 238, 239, 240.

241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 311, 313, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 348, 349, 350, 352, 357, 358, 359, 360, 362, 363, 364, 366, 368, 369, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 393, 394, 395, 396, 398, 399, 400, 401, 403, 404, 405, 406, 408, 409, 410, 411, 412, 417, 418, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 447, 450, 452, 454, 455, 456, 458, 459, 460, 461, 462, 463, 464, 465, 466, 468, 469, 473, 477, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 494, 499, 500, 501, 502, 503, 504, 506, 512, 516, 517, 518, 519, 520, 521, 523, 524, 525, 527, 528, 529, 535, 536, 537, 538, 540, 541, 543, 546, 547, 557, and 561, and agree to the same.

Amendment numbered 2:

That the House recede from its disagreement with the amendment of the Senate numbered 2, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

#### TABLE OF CONTENTS

#### TITLE I—PROVISIONS RELATING TO OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

- Sec. 101. Special minimum primary insurance amount.*
- Sec. 102. Increased widow's and widower's insurance benefits.*
- Sec. 103. Delayed retirement credit.*
- Sec. 104. Age-62 computation point for men.*
- Sec. 105. Liberalization and automatic adjustment of earnings test.*
- Sec. 106. Exclusion of certain earnings in year of attaining age 72.*
- Sec. 107. Reduced benefits for widowers at age 60.*
- Sec. 108. Entitlement to child's insurance benefits based on disability which began between age 18 and 22.*
- Sec. 109. Continuation of child's benefits through end of semester.*
- Sec. 110. Child's benefits in case of child entitled on more than one wage record.*
- Sec. 111. Adoptions by disability and old-age insurance beneficiaries.*
- Sec. 112. Child's insurance benefits not to be terminated by reason of adoption.*
- Sec. 113. Benefits for child based on earnings record of grandparent.*
- Sec. 114. Elimination of support requirement as condition of benefits for divorced and surviving divorced wives.*
- Sec. 115. Waiver of duration-of-relationship requirement for widow, widower, or stepchild in case of remarriage to the same individual.*
- Sec. 116. Reduction from 6 to 5 months of waiting period for disability benefits.*
- Sec. 117. Elimination of disability insured-status requirement of substantial recent covered work in case of individuals who are blind.*
- Sec. 118. Applications for disability insurance benefits filed after death of insured individual.*
- Sec. 119. Workmen's compensation offset for disability insurance beneficiaries.*
- Sec. 120. Wage credits for members of the uniformed services.*
- Sec. 121. Optional determination of self-employment earnings.*
- Sec. 122. Payments by employer to survivor or estate of former employee.*
- Sec. 123. Coverage of vow-of-poverty members of religious orders.*
- Sec. 124. Self-employment income of certain individuals temporarily living outside the United States.*
- Sec. 125. Coverage of Federal Home Loan Bank employees.*

- Sec. 126. Policemen and firemen in Idaho.*  
*Sec. 127. Coverage of certain hospital employees in New Mexico.*  
*Sec. 128. Coverage of certain employees of the government of Guam.*  
*Sec. 129. Coverage exclusion of students employed by nonprofit organizations auxiliary to schools, colleges, and universities.*  
*Sec. 130. Penalty for furnishing false information to obtain social security account number, and for deceptive practices involving social security account numbers.*  
*Sec. 131. Increase of amounts in trust funds available to pay costs of rehabilitation services.*  
*Sec. 132. Acceptance of money gifts made unconditionally to social security.*  
*Sec. 133. Payment in certain cases of disability insurance benefits with respect to certain periods of disability.*  
*Sec. 134. Recomputation of benefits based on combined railroad and social security earnings.*  
*Sec. 135. Changes in tax schedules.*  
*Sec. 136. Allocation to disability insurance trust fund.*  
*Sec. 137. Method of issuance of social security account numbers.*  
*Sec. 138. Payments by employer to disabled former employee.*  
*Sec. 139. Termination of coverage of registrars of voters in Louisiana.*  
*Sec. 140. Computation of income of American ministers and members of religious orders performing services outside the United States.*  
*Sec. 141. Modification of State agreements with respect to certain students and certain part-time employees.*  
*Sec. 142. Benefits in case of certain individuals interned during World War II.*  
*Sec. 143. Modification of agreement with West Virginia to provide coverage for certain policemen and firemen.*  
*Sec. 144. Perfecting amendments related to the 20-percent increase provision enacted in Public Law 92-336.*  
*Sec. 145. Elimination of duration-of-relationship requirements in certain cases involving survivor benefits (where insured's death was accidental or occurred in line of duty while he was a serviceman).*

**TITLE II—PROVISIONS RELATING TO MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH**

- Sec. 201. Coverage for disability beneficiaries under Medicare.*  
*Sec. 202. Hospital insurance benefits for uninsured individuals not eligible under transitional provision.*  
*Sec. 203. Amount of supplementary medical insurance premium.*  
*Sec. 204. Change in supplementary medical insurance premium.*  
*Sec. 206. Automatic enrollment for supplementary medical insurance.*  
*Sec. 207. Incentives for States to establish effective utilization review procedures under Medicaid.*  
*Sec. 208. Cost-sharing under Medicaid.*  
*Sec. 209. Medicaid conditions of eligibility for certain employed families.*  
*Sec. 210. Payment under Medicare to individuals covered by Federal employees health benefits program.*  
*Sec. 211. Payment under Medicare for certain inpatient hospital and related physicians' services furnished outside the United States.*  
*Sec. 212. Optometrists' services under Medicaid.*  
*Sec. 213. Limitation on liability of beneficiary where Medicare claims are disallowed.*  
*Sec. 221. Limitation on Federal participation for capital expenditures.*  
*Sec. 222. Demonstrations and reports; prospective reimbursement; extended care; intermediate care and homemaker services; ambulatory surgical centers; physicians' assistants; performance incentive contracts.*  
*Sec. 223. Limitations on coverage of costs under Medicare.*  
*Sec. 224. Limits on prevailing charge levels.*  
*Sec. 225. Limits on payment for skilled nursing home and intermediate care facility services.*  
*Sec. 226. Payments to health maintenance organizations.*  
*Sec. 227. Payment under Medicare for services of physicians rendered at a teaching hospital.*  
*Sec. 228. Advance approval of extended care and home health coverage under Medicare.*

- Sec. 229. Authority of Secretary to terminate payments to suppliers of services.*
- Sec. 230. Elimination of requirement that States move toward comprehensive Medicaid programs.*
- Sec. 231. Repeal of section 1902(d) of Medicaid.*
- Sec. 232. Determination of reasonable cost of inpatient hospital services under Medicaid and under maternal and child health program.*
- Sec. 233. Amount of payments where customary charges for services furnished are less than reasonable cost.*
- Sec. 234. Institutional planning under Medicare.*
- Sec. 235. Payments to States under Medicaid for installation and operation of claims processing and information retrieval systems.*
- Sec. 236. Prohibition against reassignment of claims to benefits.*
- Sec. 237. Utilization review requirements for hospitals and skilled nursing homes under Medicaid and under maternal and child health program.*
- Sec. 238. Notification of unnecessary admission to a hospital or extended care facility under Medicare.*
- Sec. 239. Use of State health agency to perform certain functions under Medicaid and under maternal and child health program.*
- Sec. 240. Relationship between Medicaid and comprehensive health care programs.*
- Sec. 241. Program for determining qualifications for certain health care personnel.*
- Sec. 242. Penalties for fraudulent acts and false reporting under Medicare and Medicaid.*
- Sec. 243. Provider Reimbursement Review Board.*
- Sec. 244. Validation of surveys made by Joint Commission on the Accreditation of Hospitals.*
- Sec. 245. Payment for durable medical equipment under Medicare.*
- Sec. 246. Uniform standards for skilled nursing facilities under Medicare and Medicaid.*
- Sec. 247. Level of care requirements for skilled nursing home services.*
- Sec. 248. Modification of Medicare's 14-day transfer requirement for extended care benefits.*
- Sec. 249. Reimbursement rates for skilled nursing homes and intermediate care facilities.*
- Sec. 249A. Medicaid certification and approval of skilled nursing facilities.*
- Sec. 249B. Payments to States under Medicaid for compensation of inspectors responsible for maintaining compliance with Federal standards.*
- Sec. 249C. Disclosure of information concerning the performance of carriers, intermediaries, State agencies, and providers of services under Medicare and Medicaid.*
- Sec. 249D. Limitation on institutional care.*
- Sec. 249E. Determining eligibility for assistance under title XIX for certain individuals.*
- Sec. 249F. Professional standards review.*
- Sec. 251. Physical therapy and other therapy services under Medicare.*
- Sec. 252. Coverage of supplies related to colostomies.*
- Sec. 255. Coverage prior to application for medical assistance.*
- Sec. 256. Hospital admissions for dental services under Medicare.*
- Sec. 257. Extension of grace period for termination of supplementary medical insurance coverage where failure to pay premiums is due to good cause.*
- Sec. 258. Extension of time for filing claim for supplementary medical insurance benefits where delay is due to administrative error.*
- Sec. 259. Waiver of enrollment period requirements where individual's rights were prejudiced by administrative error or inaction.*
- Sec. 260. Elimination of provisions preventing enrollment in supplementary medical insurance program more than three years after first opportunity.*
- Sec. 261. Waiver of recovery of incorrect payments from survivor who is without fault under Medicare.*
- Sec. 262. Requirement of minimum amount of claim to establish entitlement to hearing under supplementary medical insurance program.*
- Sec. 263. Collection of supplementary medical insurance premiums from individuals entitled to both social security and railroad retirement benefits.*
- Sec. 264. Prosthetic lenses furnished by optometrists under supplementary medical insurance program.*

- Sec. 265. Provision of medical social services not mandatory for extended care facilities.*
- Sec. 266. Refund of excess premiums under Medicare.*
- Sec. 267. Waiver of registered nurse requirement in skilled nursing facilities in rural areas.*
- Sec. 268. Exemption of Christian Science sanatoriums from certain nursing home requirements under Medicaid.*
- Sec. 269. Requirements for nursing home administrators.*
- Sec. 271. Increase in limitation on payments to Puerto Rico and the Virgin Islands for medical assistance.*
- Sec. 271A. Medical assistance in Puerto Rico, the Virgin Islands, and Guam.*
- Sec. 272. Extension of title V to American Samoa and the Trust Territory of the Pacific Islands.*
- Sec. 273. Inclusion of chiropractor services under Medicare.*
- Sec. 274. Miscellaneous technical and clerical amendments.*
- Sec. 275. Chiropractors' services under Medicaid.*
- Sec. 276. Services of podiatric interns and residents under part A of Medicare.*
- Sec. 277. Use of consultants for extended care facilities.*
- Sec. 278. Designation of extended care facilities and skilled nursing homes as skilled nursing facilities.*
- Sec. 279. Direct laboratory billing of patients.*
- Sec. 280. Clarification of meaning of "physicians' services" under title XIX.*
- Sec. 281. Limitation on adjustment or recovery of incorrect payments under the Medicare program.*
- Sec. 283. Conditions of coverage of outpatient speech pathology services under Medicare.*
- Sec. 287. Termination of Medical Assistance Advisory Council.*
- Sec. 288. Modification of the role of the Health Insurance Benefits Advisory Council.*
- Sec. 289. Authority of Secretary to administer oaths in Medicare proceedings.*
- Sec. 290. Withholding of Federal payments under Medicaid with respect to certain health care facilities.*
- Sec. 292. Intermediate care services in States which do not have a Medicaid program.*
- Sec. 293. Required information relating to excess Medicare tax payments by railroad employees.*
- Sec. 294. Appointment and confirmation of Administrator of Social and Rehabilitation Service.*
- Sec. 295. Repeal of section 1903(b)(1).*
- Sec. 297. Coverage under Medicaid of intermediate care furnished in mental and tuberculosis institutions.*
- Sec. 298. Independent review of intermediate care facility patients.*
- Sec. 299. Intermediate care, maintenance of effort in public institutions.*
- Sec. 299A. Disclosure of ownership of intermediate care facilities.*
- Sec. 299B. Treatment in mental hospitals for individuals under age 21.*
- Sec. 299D. Public disclosure of information concerning survey reports of an institution.*
- Sec. 299E. Family planning services mandatory under Medicaid.*
- Sec. 299F. Penalty for failure to provide child health screening services under Medicaid.*
- Sec. 299I. Chronic renal disease considered to constitute disability.*
- Sec. 299K. Elimination of coinsurance payment with respect to home health services under part B of Medicare.*
- Sec. 299L. Certification of intermediate care facilities located on an Indian reservation.*
- Sec. 299O. Determinations and appeals.*

**TITLE III—SUPPLEMENTAL SECURITY INCOME FOR THE AGED,  
BLIND, AND DISABLED**

- Sec. 301. Establishment of program.*

**"TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED,  
BLIND, AND DISABLED**

- "Sec. 1601. Purpose; appropriations.*  
*"Sec. 1602. Basic eligibility for benefits.*

*"Part A—Determination of Benefits*

- "Sec. 1611. Eligibility for and amount of benefits.*  
*"(a) Definition of eligible individual.*  
*"(b) Amounts of benefits.*  
*"(c) Period for determination of benefits.*  
*"(d) Special limits on gross income.*  
*"(e) Limitation on eligibility of certain individuals.*  
*"(f) Suspension of payments to individuals who are outside the United States.*  
*"(g) Certain individuals deemed to meet the resources test.*  
*"(h) Certain individuals deemed to meet the income test.*
- "Sec. 1612. Income.*  
*"(a) Meaning of income.*  
*"(b) Exclusions from income.*
- "Sec. 1613. Resources.*  
*"(a) Exclusions from resources.*  
*"(b) Disposition of resources.*
- "Sec. 1614. Meaning of terms.*  
*"(a) Aged, blind, or disabled individual.*  
*"(b) Eligible spouse.*  
*"(c) Definition of child.*  
*"(d) Determination of marital relationships.*  
*"(e) United States.*  
*"(f) Income and resources of individuals other than eligible individuals and eligible spouses.*
- "Sec. 1615. Rehabilitation services for blind and disabled individuals.*  
*"Sec. 1616. Optional State supplementation.*

*"Part B—Procedural and General Provisions*

- "Sec. 1631. Payments and procedures.*  
*"(a) Payment of benefits.*  
*"(b) Overpayments and underpayments.*  
*"(c) Hearings and review.*  
*"(d) Procedures; prohibitions of assignments; representation of claimants.*  
*"(e) Applications and furnishing of information.*  
*"(f) Furnishing of information by other agencies.*
- "Sec. 1632. Penalties for fraud.*  
*"Sec. 1633. Administration.*  
*"Sec. 1634. Determinations of Medicaid eligibility.*

*"TITLE VI—GRANTS TO STATES FOR SERVICES TO THE AGED, BLIND, OR DISABLED*

- "Sec. 601. Appropriation.*  
*"Sec. 602. State plans for services to the aged, blind, or disabled.*  
*"Sec. 603. Payments to States.*  
*"Sec. 604. Operation of State plans.*  
*"Sec. 605. Definitions."*  
*Sec. 303. Repeal of titles I, X, and XIV of the Social Security Act.*  
*Sec. 304. Provision for disregarding of certain income in determining need for aid to the aged, blind, or disabled for assistance.*  
*Sec. 305. Advances from OASI Trust Fund for administrative expenses.*  
*Sec. 306. Disregarding of income of OASDI recipients in determining need for public assistance.*

*TITLE IV—MISCELLANEOUS*

- Sec. 401. Limitation on fiscal liability of States for optional State supplementation.*  
*Sec. 402. Transitional administrative provisions.*  
*Sec. 403. Savings provision regarding certain expenditures for social services.*  
*Sec. 404. Change in Executive Schedule—Commissioner of Social Security.*

And the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: \$8.50; and the Senate agree to the same.

Amendment numbered 26:

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with amendments, as follows:

Strike out the matter proposed to be stricken by the Senate amendment and insert the matter proposed to be inserted by the Senate amendment.

On page 43 of the House engrossed bill after line 8, insert the following:

(2) *Section 202(g)(3) of such Act is amended—*

*(A) by striking out clause (ii) of subparagraph (E) and inserting in lieu thereof the following:*

*“(ii) the amount equal to the sum of (I) the amount by which such widow’s or widower’s insurance benefit would be reduced under paragraph (1) if the period specified in paragraph (6)(A) ended with the month before the month in which she or he attained age 62 and (II) 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 or widower’s insurance benefit (before reduction under this subsection)”.*

*(B) by striking out clause (ii) of subparagraph (F) and inserting in lieu thereof the following:*

*“(ii) the amount equal to the sum of (I) the amount by which such widow’s or widower’s insurance benefit would be reduced under paragraph (1) if the period specified in paragraph (6)(A) ended with the month before the month in which she or he attained age 62 and (II) 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 or widower’s insurance benefit (before reduction under this subsection)”.*

*(C) by striking out “had such individual attained age 62 in” in subparagraph (G) and inserting in lieu thereof “as if the period specified in paragraph (6)(A) (or, if such paragraph does not apply, the period specified in paragraph (6)(B)) ended with the month before”.*

On page 43, line 9, of the House engrossed bill, strike out “(2)” and insert the following: (3)

On page 44, line 1 of the House engrossed bill, strike out “(3)” and insert the following: (4)

On page 44 of the House engrossed bill, after line 4, insert the following:

(5) Section 202(q)(3) of such Act is amended by adding at the end thereof the following new subparagraph:

*“(H) Notwithstanding subparagraph (A) of this paragraph, if the first month for which an individual is entitled to a widow’s or widower’s insurance benefit is a month for which such individual is also entitled to an old-age insurance benefit to which such individual was first entitled for a month before she or he became entitled to a widow’s or widower’s benefit, the reduction in such widow’s or widower’s insurance benefit shall be determined under paragraph (1).”*

And the Senate agree to the same.

Amendment numbered 52:

That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: *1969, and 1972 (and by Public Law 92-5)*; and the Senate agree to the same.

Amendment numbered 61:

That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment; and on page 59, lines 3 and 4, of the House engrossed bill, strike out “and section 3121(a)(9) of the Internal Revenue Code of 1954”; and the Senate agree to the same.

Amendment numbered 63:

That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment, and on page 59, lines 8 and 9, of the House engrossed bill, strike out “and section 3121(a)(9) of the Internal Revenue Code of 1954”; and the Senate agree to the same.

Amendment numbered 67:

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: *\$175*; and the Senate agree to the same.

Amendment numbered 68:

That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: *\$175*; and the Senate agree to the same.

Amendment numbered 69:

That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: §175; and the Senate agree to the same.

Amendment numbered 128:

That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 98, line 22, of the House engrossed bill, strike out "123" and insert the following: 117

On page 100, line 10, of the House engrossed bill, strike out "1972" and insert the following: 1973; and the Senate agree to the same.

Amendment numbered 184:

That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows:

On page 34, line 20, of the Senate engrossed amendments, strike out "insurance" and insert the following: *insurance*); and the Senate agree to the same.

Amendment numbered 189:

That the House recede from its disagreement to the amendment of the Senate numbered 189, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: 4.85; and the Senate agree to the same.

Amendment numbered 191:

That the House recede from its disagreement to the amendment of the Senate numbered 191, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: 4.80; and the Senate agree to the same.

Amendment numbered 193:

That the House recede from its disagreement to the amendment of the Senate numbered 193, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: 5.85; and the Senate agree to the same.

Amendment numbered 198:

That the House recede from its disagreement to the amendment of the Senate numbered 198, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: 4.85; and the Senate agree to the same.

Amendment numbered 200:

That the House recede from its disagreement to the amendment of the Senate numbered 200, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: *4.80*; and the Senate agree to the same.

Amendment numbered 202:

That the House recede from its disagreement to the amendment of the Senate numbered 202, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: *5.85*; and the Senate agree to the same.

Amendment numbered 203:

That the House recede from its disagreement to the amendment of the Senate numbered 203, and agree to the same with amendments as follows:

On page 36, line 16, of the Senate engrossed amendments, strike out "1.1" and insert the following: *1.0*

On page 36, line 20, of the Senate engrossed amendments, strike out "1.3" and insert the following: *1.25*

On page 37, line 1, of the Senate engrossed amendments, strike out "1993" and insert the following: *1986*

On page 37, line 2, of the Senate engrossed amendments, strike out "1.5" and insert the following: *1.35*

On page 37, line 5, of the Senate engrossed amendments, strike out "1992" and insert the following: *1985*

On page 37, line 5, of the Senate engrossed amendments, strike out "1.6" and insert the following: *1.45*

And the Senate agree to the same.

Amendment numbered 204:

That the House recede from its disagreement to the amendment of the Senate numbered 204, and agree to the same with amendments as follows:

On page 37, line 13, of the Senate engrossed amendments, strike out "1.1" and insert the following: *1.0*

On page 37, line 16, of the Senate engrossed amendments, strike out "1.3" and insert the following: *1.25*

On page 37 of the Senate engrossed amendments, strike out lines 17 through 22 and insert the following:

*"(4) with respect to wages received during the calendar years 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.35 percent; and*

*"(5) with respect to wages received after December 31, 1985, the rate shall be 1.45 percent."*

And the Senate agree to the same.

Amendment numbered 205:

That the House recede from its disagreement to the amendment of the Senate numbered 205, and agree to the same with amendments as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

On page 38, line 5, of the Senate engrossed amendments, strike out "1.1" and insert the following: *1.0*

On page 38, line 7, of the Senate engrossed amendments, strike out "1.3" and insert the following: *1.25*

On page 38 of the Senate engrossed amendments, strike out lines 9 through 14, and insert the following:

*“(4) with respect to wages paid during the calendar years 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.35 percent; and*

*“(5) with respect to wages paid after December 31, 1985, the rate shall be 1.45 percent.”*

And the Senate agree to the same.

Amendment numbered 208:

That the House recede from its disagreement to the amendment of the Senate numbered 208, and agree to the same with amendments as follows:

On page 38, line 22, of the Senate engrossed amendments, strike out “1.15” and insert the following: *1.1*

On page 38, line 24, of the Senate engrossed amendments, strike out “1.40” and insert the following: *1.15*

On page 39, line 2, of the Senate engrossed amendments, strike out “1.60” and insert the following: *1.5*

On page 39, line 5, of the Senate engrossed amendments, strike out “0.83” and insert the following: *0.795*

On page 39, line 7, of the Senate engrossed amendments, strike out “1.00” and insert the following: *0.84*

On page 39, line 9, of the Senate engrossed amendments, strike out “0.935” and insert the following: *0.895*

And the Senate agree to the same.

Amendment numbered 209:

That the House recede from its disagreement to the amendment of the Senate numbered 209, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

**METHOD OF ISSUANCE OF SOCIAL SECURITY ACCOUNT NUMBERS**

**SEC. 137.** (a) *Section 205(c)(2) of the Social Security Act is amended—*

*(1) by inserting “(A)” immediately after “(2)”;* and

*(2) by adding at the end thereof the following new subparagraph:*

*“(B)(i) In carrying out his duties under subparagraph (A), the Secretary shall take affirmative measures to assure that social security account numbers will, to the maximum extent practicable, be assigned to all members of appropriate groups or categories of individuals by assigning such numbers (or ascertaining that such numbers have already been assigned):*

*“(I) to aliens at the time of their lawful admission to the United States either for permanent residence or under other authority of law permitting them to engage in employment in the United States and to other aliens at such time as their status is so changed as to make it lawful for them to engage in such employment;*

*“(II) to any individual who is an applicant for or recipient of benefits under any program financed in whole or in part*

from Federal funds including any child on whose behalf such benefits are claimed by another person; and

“(III) to any other individual when it appears that he could have been but was not assigned an account number under the provisions of subclauses (I) or (II) but only after such investigation as is necessary to establish to the satisfaction of the Secretary, the identity of such individual, the fact that an account number has not already been assigned to such individual, and the fact that such individual is a citizen or a noncitizen who is not, because of his alien status, prohibited from engaging in employment;

and, in carrying out such duties, the Secretary is authorized to take affirmative measures to assure the issuance of social security numbers:

“(IV) to or on behalf of children who are below school age at the request of their parents or guardians; and

“(V) to children of school age at the time of their first enrollment in school.

“(ii) The Secretary shall require of applicants for social security account numbers such evidence as may be necessary to establish the age, citizenship, or alien status, and true identity of such applicants, and to determine which (if any) social security account number has previously been assigned to such individual.

“(iii) In carrying out the requirements of this subparagraph, the Secretary shall enter into such agreements as may be necessary with the Attorney General and other officials and with State and local welfare agencies and school authorities (including non-public school authorities).”

And the Senate agree to the same.

Amendment numbered 212:

That the House recede from its disagreement to the amendment of the Senate numbered 212, and agree to the same with amendments as follows:

On page 53, line 24, of the Senate engrossed amendments, strike out “140” and insert the following: 138

On page 53, line 25, of the Senate engrossed amendments, strike out “128 (a)” and insert the following: 122(a)

On page 54, line 14, of the Senate engrossed amendments, strike out “128 (b)” and insert the following: 122(b)

On page 55, line 2, of the Senate engrossed amendments, strike out “during” and insert the following: for

And the Senate agree to the same.

Amendment numbered 216:

That the House recede from its disagreement to the amendment of the Senate numbered 216, and agree to the same with an amendment as follows:

On page 57, line 4, of the Senate engrossed amendments, strike out “144” and insert the following: 139; and the Senate agree to the same.

Amendment numbered 217:

That the House recede from its disagreement to the amendment of the Senate numbered 217, and agree to the same with amendments as follows:

On page 57, line 21, of the Senate engrossed amendments, strike out “145” and insert the following: 140

On page 58, line 9, of the Senate engrossed amendments, strike out "code" and insert the following: *Code*

And the Senate agree to the same.

Amendment numbered 218:

That the House recede from its disagreement to the amendment of the Senate numbered 218, and agree to the same with an amendment as follows:

On page 59, line 5, of the Senate engrossed amendments, strike out "146" and insert the following: *141*; and the Senate agree to the same.

Amendment numbered 219:

That the House recede from its disagreement to the amendment of the Senate numbered 219, and agree to the same with amendments as follows:

On page 60, line 13, of the Senate engrossed amendments, strike out "147" and insert the following: *142*

On page 60, after line 15, of the Senate engrossed amendments, insert the following:

**BENEFITS IN CASE OF CERTAIN INDIVIDUALS INTERNED DURING WORLD WAR II**

On page 62, line 1, of the Senate engrossed amendments, strike out "computation" and insert the following: *commutation*

And the Senate agree to the same.

Amendment numbered 220:

That the House recede from its disagreement to the amendment of the Senate numbered 220, and agree to the same with an amendment, as follows:

On page 65, line 5, of the Senate engrossed amendments, strike out "148" and insert the following: *143*; and the Senate agree to the same.

Amendment numbered 222:

That the House recede from its disagreement to the amendment of the Senate numbered 222, and agree to the same with amendments, as follows:

On page 69, line 16, of the Senate engrossed amendments, strike out "150" and insert the following: *144*

On page 70, line 7, of the Senate engrossed amendments, strike out "203" and insert the following: *230*

And the Senate agree to the same.

Amendment numbered 226:

That the House recede from its disagreement to the amendment of the Senate numbered 226, and agree to the same with amendments, as follows:

On page 80, line 18, of the Senate engrossed amendments, strike out "154" and insert the following: *145*; and the Senate agree to the same.

Amendment numbered 229:

That the House recede from its disagreement to the amendment of the Senate numbered 229, and agree to the same with amendments as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and insert the matter proposed to be inserted by the Senate amendment.

On page 137, lines 22 and 23, of the House engrossed bill, strike out "paragraph (2) of subsection (a)" and insert the following: *subsection (b)*

On page 138, line 12, of the House engrossed bill, strike out "(a) (2)" and insert the following: *(b)*

On page 138, lines 13 and 14, of the House engrossed bill, strike out "subparagraph (B) (iii)" and insert the following: *paragraph (2) (A) (iii)*

And the Senate agree to the same.

Amendment numbered 253:

That the House recede from its disagreement to the amendment of the Senate numbered 252, and agree to the same with amendments as follows:

On page 84, line 7, of the Senate engrossed amendments, strike out "therefor" and insert the following: *for such hospital insurance benefits*

On page 84, lines 8 and 9, of the Senate engrossed amendments, strike out "at the time she filed for mother's insurance benefits".

And the Senate agree to the same.

Amendment numbered 293:

That the House recede from its disagreement to the amendment of the Senate numbered 293, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and on page 152, line 23, of the House engrossed bill, strike out "1971" and insert the following: *1972*

On page 153, line 2, of the House engrossed bill, strike out "1971" and insert the following: *1972*

And the Senate agree to the same.

Amendment numbered 294:

That the House recede from its disagreement to the amendment of the Senate numbered 294, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment; and the Senate agree to the same.

Amendment numbered 310:

That the House recede from its disagreement to the amendment of the Senate numbered 310, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment; and the Senate agree to the same.

Amendment numbered 312:

That the House recede from its disagreement to the amendment of the Senate numbered 312, and agree to the same with an amendment as follows:

On page 93 of the Senate engrossed amendments strike out "and" on line 8 and all that follows down through line 11; and the Senate agree to the same.

## Amendment numbered 314 :

That the House recede from its disagreement to the amendment of the Senate numbered 314, and agree to the same with amendments as follows :

On page 93, lines 16 and 17, of the Senate engrossed amendments, strike out "AND NEWLY ELIGIBLE ADULT WELFARE RECIPIENTS".

On page 93 of the Senate engrossed amendments, strike out line 21 and all that follows over to and including line 12 on page 95, and insert the following :

*"(e) Notwithstanding any other provision of this title, effective January 1, 1974, each State plan approved under this title must provide that each family which was eligible for assistance pursuant to part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family became ineligible for such assistance because of increased income from employment, shall, while a member of such family is employed, remain eligible for such assistance for 4 calendar months following the month in which such family would otherwise be determined to be ineligible for such assistance because of the income and resources limitations contained in such plan."*

On page 95, line 13, of the Senate engrossed amendments, strike out "(c)" and insert the following: (b)

On page 95, line 19, of the Senate engrossed amendments, strike out "as defined in" and insert the following: *within the meaning of*

On page 96, line 10, of the Senate engrossed amendments, strike out "1973" and insert the following: 1974

And the Senate agree to the same.

## Amendment numbered 326 :

That the House recede from its disagreement to the amendment of the Senate numbered 326, and agree to the same with an amendment as follows :

On page 102 of the Senate engrossed amendments, strike out "filed" in line 2 and all that follows down through the end of line 16, and insert the following: *filed with respect to items or services furnished after the date of the enactment of this Act.*; and the Senate agree to the same.

## Amendment numbered 347 :

That the House recede from its disagreement to the amendment of the Senate numbered 347, and agree to the same with amendments as follows :

On page 139, line 6, of the Senate engrossed amendments, after "establish;" insert the following: *and*

On page 139 of the Senate engrossed amendments, strike out line 7 and all that follows down through page 140, line 11.

On page 140, line 12, of the Senate engrossed amendments, strike out "(L)" and insert the following: (I)

And the Senate agree to the same.

## Amendment numbered 361 :

That the House recede from its disagreement to the amendment of the Senate numbered 361, and agree to the same with an amendment as follows :

On page 142, line 3, of the Senate engrossed amendments, strike out "lower" and insert the following: *lowest*; and the Senate agree to the same.

Amendment numbered 365:

That the House recede from its disagreement to the amendment of the Senate numbered 365, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 201, line 12, of the House engrossed bill, strike out "1971" and insert the following: *1972*

On page 201, line 23, of the House engrossed bill, strike out "1971" and insert the following: *1972*

On page 202, line 14, of the House engrossed bill, after "directly" insert the following: *from cost increases which the Secretary determines are attributable to the upgrading of services and facilities required by this Act or*

On page 202, line 17, of the House engrossed bill, strike out "1971" and insert the following: *1972*

And the Senate agree to the same.

Amendment numbered 367:

That the House recede from its disagreement to the amendment of the Senate numbered 367, and agree to the same with amendments as follows:

On page 143, line 5, of the Senate engrossed amendments, strike out "(iv)" and insert the following: *(iii)*

On page 144, line 15, of the Senate engrossed amendments, strike out "10" and insert the following: *20*

On page 144, line 16, of the Senate engrossed amendments, strike out "costs" and insert the following: *cost*

On page 144 of the Senate engrossed amendments, strike out lines 19 through 21.

On page 144, line 22, of the Senate engrossed amendments, strike out "(III)" and insert the following: *(II)*

On page 145 of the Senate engrossed amendments, strike out lines 5 through 23 and insert the following:

*cost of providing such services, the resulting difference (hereinafter referred to as 'losses'), shall be absorbed by such organization, and shall be carried forward and offset from savings realized in later years, with the apportionment of savings being proportional to the losses absorbed and not yet offset;*

On page 145, line 24, of the Senate engrossed amendments, strike out "(iv)" and insert the following: *(iii)*

On page 146, line 5, of the Senate engrossed amendments, strike out "or losses".

On page 147, line 5, of the Senate engrossed amendments, strike out "(v)" and insert the following: *(iv)*

And the Senate agree to the same.

Amendment numbered 371:

That the House recede from its disagreement to the amendment of the Senate numbered 371, and agree to the same with an amendment as follows:

On page 150, lines 4 and 5, of the Senate engrossed amendments, strike out "generally"; and the Senate agree to the same.

## Amendment numbered 392:

That the House recede from its disagreement to the amendment of the Senate numbered 392, and agree to the same with amendments as follows:

On page 153, line 15, of the Senate engrossed amendments, strike out "and losses".

On page 154, line 9, of the Senate engrossed amendments, strike out "its proportionate share of" and insert the following: *the*

And the Senate agree to the same.

## Amendment numbered 397:

That the House recede from its disagreement to the amendment of the Senate numbered 397, and agree to the same with an amendment as follows:

On page 156, line 2, of the Senate engrossed amendments, strike out "(iv)" and insert the following: *(iii)*; and the Senate agree to the same.

## Amendment numbered 402:

That the House recede from its disagreement to the amendment of the Senate numbered 402, and agree to the same with amendments as follows:

On page 157, line 20, of the Senate engrossed amendments, strike out "or losses (as the case may be)".

On page 157, line 21, of the Senate engrossed amendments, after "Trust Funds" insert the following: *, or the resulting losses shall be absorbed by such organization,*

And the Senate agree to the same.

## Amendment numbered 407:

That the House recede from its disagreement to the amendment of the Senate numbered 407, and agree to the same with an amendment as follows:

On page 159, line 3, of the Senate engrossed amendments, strike out "extended care" and insert the following: *skilled nursing*; and the Senate agree to the same.

## Amendment numbered 413:

That the House recede from its disagreement to the amendment of the Senate numbered 413, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and on page 231, lines 16 and 17, of the House engrossed bill, strike out "and included in the plan" and insert the following: *and reviewed and approved by the Secretary and (after notice of approval by the Secretary) included in the plan*; and the Senate agree to the same.

## Amendment numbered 420:

That the House recede from its disagreement to the amendment of the Senate numbered 420, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment, strike out the matter proposed to be inserted by the Senate amendment, and on page 241, line 1, of the House engrossed bill, after "systems" insert the following: *(whether such systems are operated*

*directly by the State or by another person under a contract with the State*); and the Senate agree to the same.

Amendment numbered 451:

That the House recede from its disagreement to the amendment of the Senate numbered 451, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment, insert the matter proposed to be inserted by the Senate amendment, and on page 255, line 22, of the House engrossed bill strike out "POVIDER" and insert the following: *PROVIDER*; and the Senate agree to the same.

Amendment numbered 453:

That the House recede from its disagreement to the amendment of the Senate numbered 453, and agree to the same with an amendment as follows:

On page 166, line 3, of the Senate engrossed amendment, strike out "\$10,000" and insert the following: *\$50,000*; and the Senate agree to the same.

Amendment numbered 457:

That the House recede from its disagreement to the amendment of the Senate numbered 457, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: *or regulations of the Secretary*; and the Senate agree to the same.

Amendment numbered 467:

That the House recede from its disagreement to the amendment of the Senate numbered 467, and agree to the same with amendments as follows:

On page 172, line 17, of the Senate engrossed amendments, strike out "(16)" and insert the following: *(15)*

On page 172, line 22, of the Senate engrossed amendments, after "person" insert the following: *who*

On page 172, line 23, of the Senate engrossed amendments, strike out "1" and insert the following: *10*

On page 174, line 3, of the Senate engrossed amendments, strike out "homes;" and insert the following: *facilities; and"* and

On page 174 of the Senate engrossed amendments, strike out line 4 and all that follows down through line 11.

On page 174, line 12, of the Senate engrossed amendments, strike out "(16)" and insert the following: *(15)*

On page 174, line 13, of the Senate engrossed amendments, strike out "(3)" and insert the following: *(2)*

And the Senate agree to the same.

Amendment numbered 470:

That the House recede from its disagreement to the amendment of the Senate numbered 470, and agree to the same with amendments as follows:

On page 177, line 4, of the Senate engrossed amendments, strike out "HOMES".

On page 177, line 13, of the Senate engrossed amendments, strike out "1974" and insert the following: 1976

On page 177, line 14, of the Senate engrossed amendments, strike out "skilled nursing home" and insert the following: *skilled nursing facility*

And the Senate agree to the same.

Amendment numbered 471:

That the House recede from its disagreement to the amendment of the Senate numbered 471, and agree to the same with an amendment as follows:

On page 179 of the Senate engrossed amendments beginning with line 5, strike out down through page 184, line 10, and insert the following:

**MEDICAID CERTIFICATION AND APPROVAL OF SKILLED NURSING FACILITIES**

*SEC. 249A. (a) Title XIX of the Social Security Act is amended by adding at the end thereof (after the new section 1909 added by this Act) the following new section:*

**"CERTIFICATION AND APPROVAL OF SKILLED NURSING FACILITIES**

*"SEC. 1910. (a) Whenever the Secretary certifies an institution in a State to be qualified as a skilled nursing facility under title XVIII, such institution shall be deemed to meet the standards for certification as a skilled nursing facility for purposes of section 1902(a)(28).*

*"(b) The Secretary shall notify the State agency administering the medical assistance plan of his approval or disapproval of any institution which has applied for certification by him as a qualified skilled nursing facility."*

*(b) Section 1866(a)(1) of the Social Security Act is amended by adding at the end thereof the following sentence: "An agreement under this paragraph with an extended care facility shall be for a term of not exceeding 12 months, except that the Secretary may extend such term for a period not exceeding 2 months, where the health and safety of patients will not be jeopardized thereby, if he finds that such extension is necessary to prevent irreparable harm to such facility or hardship to the individuals being furnished items or services by such facility or if he finds it impracticable within such 12-month period to determine whether such facility is complying with the provisions of this title and regulations thereunder."*

*(c) Section 1866(b) of such Act is amended by—*

*(1) striking out, in the material which precedes clause (1), "terminated." and inserting in lieu thereof "terminated (and in the case of an extended care facility, prior to the end of the term specified in subsection (a)(1))."; and*

*(2) by striking out all of clause (3) appearing after the phrase "Any termination shall be applicable—" and inserting in lieu thereof the following:*

*"(3) in the case of inpatient hospital services (including tuberculosis hospital services and inpatient psychiatric hospital services) or post-hospital extended care services, with respect to services furnished after the effective date of such termination, except that payment may be made for up to thirty days with re-*

spect to inpatient institutional services furnished to any eligible individual who was admitted to such institution prior to the effective date of such termination.”

(d) Section 1866(c) of such Act is amended by inserting “(1)” after “(c)” and by adding at the end thereof the following new paragraph:

“(2) In the case of a skilled nursing facility participating in the programs established by this title and title XIX, the Secretary may enter into an agreement under this section only if such facility has been approved pursuant to section 1910, and the term of any such agreement shall be in accordance with the period of approval of eligibility specified by the Secretary pursuant to such section.”

(e) The provisions of this section shall be effective with respect to agreements filed with the Secretary under section 1866 of the Social Security Act by skilled nursing facilities (as defined in section 1861(j) of such Act) before, on, or after the date of enactment of this Act, but accepted by him on or after such date.

(f) Notwithstanding any other provision of law, any agreement, filed by a skilled nursing facility (as defined in section 1861(j) of the Social Security Act) with the Secretary under section 1866 of such Act and accepted by him prior to the date of enactment of this Act, which was in effect on such date shall be deemed to be for a specified term ending on December 31, 1973.

And the Senate agree to the same.

Amendment numbered 472:

That the House recede from its disagreement to the amendment of the Senate numbered 472, and agree to the same with an amendment as follows:

On page 104, line 17, of the Senate engrossed amendments, strike out “effective January 1, 1972” and insert the following: *effective for the period beginning October 1, 1972, and ending June 30, 1974*; and the Senate agree to the same.

Amendment numbered 474:

That the House recede from its disagreement to the amendment of the Senate numbered 474, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

#### LIMITATION ON INSTITUTIONAL CARE

SEC. 249D. Section 121(b) of the Social Security Amendments of 1965 is amended by adding at the end thereof the following new sentence: “After the date of enactment of the Social Security Amendments of 1972, Federal matching shall not be available for any portion of any payment by any State under title I, X, XIV, or XVI, or part A of title IV, of the Social Security Act for or on account of any medical or any other type of remedial care provided by an institution to any individual as an inpatient thereof, in the case of any State which has a plan approved under title XIX of such Act, if such care is (or

*could be) provided under a State plan approved under title XIX of such Act by an institution certified under such title XIX."*

And the Senate agree to the same.

Amendment numbered 475 :

That the House recede from its disagreement to the amendment of the Senate numbered 475, and agree to the same with an amendment as follows :

On page 188, line 6, of the Senate engrossed amendments, after "thereafter" insert the following: *prior to October 1974*; and the Senate agree to the same.

Amendment numbered 476 :

That the House recede from its disagreement to the amendment of the Senate numbered 476, and agree to the same with amendments as follows :

On page 192, line 8, of the Senate engrossed amendments, strike out "unless" and insert the following: *prior to January 1, 1976, nor after such date, unless*

On page 194, between lines 7 and 8, of the Senate engrossed amendments, insert the following :

*"(f) (1) In the case of agreements entered into prior to January 1, 1976, under this part under which any organization is designated as the Professional Standards Review Organization for any area, the Secretary shall, prior to entering into any such agreement with any organization for any area, inform (under regulations of the Secretary) the doctors of medicine or osteopathy who are in active practice in such area of the Secretary's intention to enter into such an agreement with such organization.*

*"(2) If, within a reasonable period of time following the serving of such notice, more than 10 per centum of such doctors object to the Secretary's entering into such an agreement with such organization on the ground that such organization is not representative of doctors in such area, the Secretary shall conduct a poll of such doctors to determine whether or not such organization is representative of such doctors in such area. If more than 50 per centum of the doctors responding to such poll indicate that such organization is not representative of such doctors in such area the Secretary shall not enter into such an agreement with such organization.*

On page 196, line 12, of the Senate engrossed amendments, after the word "shall" insert the following: *(subject to the provisions of subsection (g))*

On page 203, between lines 9 and 10, of the Senate engrossed amendments, insert the following :

*"(g) Notwithstanding any other provision of this part, the responsibility for review of health care services of any Professional Standards Review Organization shall be the review of health care services provided by or in institutions, unless such Organization shall have made a request to the Secretary that it be charged with the duty and function of reviewing other health care services and the Secretary shall have approved such request.*

And the Senate agree to the same.

Amendment numbered 495 :

That the House recede from its disagreement to the amendment of the Senate numbered 495, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *July 1, 1973*; and the Senate agree to the same.

Amendment numbered 505 :

That the House recede from its disagreement to the amendment of the Senate numbered 505, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: *or part A pursuant to section 1818*; and the Senate agree to the same.

Amendment numbered 513 :

That the House recede from its disagreement to the amendment of the Senate numbered 513, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment; and on page 278, line 7, of the House engrossed bill, strike out "(as amended by section 544(11) of this Act)"

And the Senate agree to the same.

Amendment numbered 514 :

That the House recede from its disagreement to the amendment of the Senate numbered 514, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: *(31), and (33), ;* and the Senate agree to the same.

Amendment numbered 522 :

That the House recede from its disagreement to the amendment of the Senate numbered 522, and agree to the same with an amendment as follows:

On page 234, line 21, of the Senate engrossed amendments, after "spine" insert the following: *(to correct a subluxation demonstrated by X-ray to exist)*; and the Senate agree to the same.

Amendment numbered 526 :

That the House recede from its disagreement to the amendment of the Senate numbered 526, and agree to the same with amendments as follows:

On page 237, lines 6 and 7, of the Senate engrossed amendments, strike out "the terms 'extended care facility' and 'skilled nursing home'" and insert the following: *the terms 'extended care facility', 'extended care facilities', 'skilled nursing home', and 'skilled nursing homes'*

On page 237, line 9, of the Senate engrossed amendments, strike out "facility," and insert the following: *facility' or 'skilled nursing facilities', as the case may be,*

On page 238, line 10, of the Senate engrossed amendments, strike out "and".

On page 238, line 11, of the Senate engrossed amendments, strike out the period and insert the following: ; *and*

On page 238 of the Senate engrossed amendments, after line 11, insert the following:

*(24) section 1121.*

On page 238, lines 14 and 15, of the Senate engrossed amendments, strike out "the terms 'extended care facility' and 'skilled nursing home'" and insert the following: *the terms 'extended care facility', 'extended care facilities', 'skilled nursing home', and 'skilled nursing homes'*

On page 238, line 17, of the Senate engrossed amendments, strike out "ity,'" and insert the following: *ity' or 'skilled nursing facilities', as the case may be,*

On page 238, line 18, of the Senate engrossed amendments, after "1903 (g)" insert the following: *and (h)*

On page 239, line 22, of the Senate engrossed amendments, strike out "and".

On page 239, line 24, of the Senate engrossed amendments, strike out the period and insert the following: ; *and*

On page 239 of the Senate engrossed amendments, after line 24, add the following:

*(16) section 1903(j) of such Act as added by section 225 of this Act;*

*(17) section 1814(h) of such Act as added by section 228(a) of this Act; and*

*(18) section 1866(a) (1) of such Act as amended by section 249A of this Act.*

And the Senate agree to the same.

Amendment numbered 531:

That the House recede from its disagreement to the amendment of the Senate numbered 531 and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

**COVERAGE OF OUTPATIENT SPEECH PATHOLOGY SERVICES UNDER MEDICARE**

*SEC. 283. (a) Section 1861(p) of the Social Security Act is amended by adding at the end thereof the following new sentence: "The term 'outpatient physical therapy services' also includes speech pathology services furnished by a provider of services, a clinic, rehabilitation agency (including a single service rehabilitation facility), or by a public health agency, or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient, subject to the conditions prescribed in this subsection; except that the terms 'speech pathology' and 'speech pathologists' shall be substituted for the terms 'physical therapy' and 'physical therapists' as used therein, and for the purposes of this sentence the term 'single service rehabilitation facility' means a facility in which only speech pathology shall be required to be provided."*

*(b) The provisions of this section shall apply with respect to services rendered after December 31, 1972.*

And the Senate agree to the same.

Amendment numbered 542:

That the House recede from its disagreement to the amendment of the Senate numbered 542, and agree to the same with an amendment as follows:

On page 265, line 21, of the Senate engrossed amendments, strike out "REHABILITATIVE" and insert the following: *REHABILITATION*; and the Senate agree to the same.

Amendment numbered 545:

That the House recede from its disagreement to the amendment of the Senate numbered 545, and agree to the same with an amendment as follows:

On page 267, line 14, of the Senate engrossed amendments, strike out "1971" and insert the following: *1972*; and the Senate agree to the same.

Amendment numbered 548:

That the House recede from its disagreement to the amendment of the Senate numbered 548, and agree to the same with amendments as follows:

On page 268, line 20, of the Senate engrossed amendments, strike out "AND COSTS OF".

On page 268, line 23, of the Senate engrossed amendments, strike out "249D".

On page 269, line 2, of the Senate engrossed amendments, strike out "(34)" and insert the following: *(33)*

On page 269, line 4, of the Senate engrossed amendments, strike out "(35)" and insert the following: *(34)*

On page 269, line 5, of the Senate engrossed amendments, strike out "(35)" and insert the following: *(34)*

On page 269, line 6, of the Senate engrossed amendments, strike out "paragraphs" and insert the following: *paragraph*

On page 269, line 7, of the Senate engrossed amendments, strike out "(36)" and insert the following: *(35)*

On page 269 of the Senate engrossed amendments, strike out line 19 and all that follows down through page 270, line 11, and insert the following: *supplied.*"

And the Senate agree to the same.

Amendment numbered 549:

That the House recede from its disagreement to the amendment of the Senate numbered 549, and agree to the same with amendments as follows:

On page 271 of the Senate engrossed amendments, strike out lines 13 through 16, and insert the following:

*"(B) inpatient services which, in the case of any individual, involves active treatment (i) which meets such standards as may be prescribed pursuant to title XVIII in regulations by the Secretary, and (ii) which a team, consisting of physicians and other personnel qualified to make determinations with respect to mental health conditions and the treatment thereof, has determined are necessary on an inpatient basis and can reasonably be expected to improve the condition, by reason of which such services*

*are necessary, to the extent that eventually such services will no longer be necessary; and*

Beginning on page 272, line 17, of the Senate engrossed amendments, strike out all through page 273, line 2, of such engrossed amendments; and the Senate agree to the same.

Amendment numbered 550:

That the House recede from its disagreement to the amendment of the Senate numbered 550, and agree to the same with an amendment as follows:

On page 273, line 22, of the Senate engrossed amendments, strike out "249D,"; and the Senate agree to the same.

Amendment numbered 551:

That the House recede from its disagreement to the amendment of the Senate numbered 551, and agree to the same with amendments as follows:

On page 275, line 9, of the Senate engrossed amendments, strike out "100" and insert the following: *90*

On page 276, lines 6 and 7, of the Senate engrossed amendments, strike out "(but only if title IV of such Act does not already so provide)".

On page 276, line 16, of the Senate engrossed amendments, strike out "100" and insert the following: *90*

On page 276, line 22, of the Senate engrossed amendments, strike out "2 per centum" and insert the following: *1 per centum*

And the Senate agree to the same.

Amendment numbered 552:

That the House recede from its disagreement to the amendment of the Senate numbered 552, and agree to the same with amendments as follows:

On page 277, lines 17 and 18, of the Senate engrossed amendments, strike out "(but only if title IV of such Act does not already so provide)".

On page 277, line 22, of the Senate engrossed amendments, strike out "2 per centum" and insert the following: *1 per centum*

And the Senate agree to the same.

Amendment Numbered 555:

That the House recede from its disagreement to the amendment of the Senate numbered 555, and agree to the same with amendments, as follows:

On page 293 of the Senate engrossed amendments, strike out lines 18 and 19 and insert the following:

*Sec. 299I. Effective with respect to services provided on and after July 1, 1973, section 226 of the Social Security Act (as amended by section 201(b)(5) of this Act) is amended by redesignating subsection (e) as subsection (f), and by inserting after subsection (d) the following new subsection:*

On page 293, line 20, of the Senate engrossed amendments, strike out "the" and insert the following: *this*

On page 294, lines 11 and 12, of the Senate engrossed amendments, strike out "deductible premium and copayment provision" and insert the following: *deductible, premium, and copayment provisions*

On page 294, lines 14 and 15, of the Senate engrossed amendments, strike out "would begin with the sixth month after the month of onset of chronic kidney failure" and insert the following: *shall begin with the third month after the month in which a course of renal dialysis is initiated*

On page 294, line 17, of the Senate engrossed amendments, strike out "transplant." and insert the following: *transplant or such course of dialysis is terminated.*

On page 294, line 23, of the Senate engrossed amendments, strike out "procedure" and insert the following: *procedures*

And the Senate agree to the same.

Amendment numbered 558:

That the House recede from its disagreement to the amendment of the Senate numbered 558, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

**CERTIFICATION OF INTERMEDIATE CARE FACILITIES AND SKILLED NURSING FACILITIES LOCATED ON AN INDIAN RESERVATION**

*SEC. 299L. (a) Section 1905(c) of the Social Security Act, as added by Public Law 92-223, is amended by adding after the penultimate sentence thereof the following: "The term 'intermediate care facility' also includes any institution which is located in a State on an Indian reservation and is certified by the Secretary as meeting the requirements of clauses (2) and (3) of this subsection and providing the care and services required under clause (1)."*

*(b) Section 1905 of the Social Security Act, as amended by this Act, is amended by adding at the end thereof the following new subsection:*

*"(h) For purposes of this title, the term 'skilled nursing facility' also includes any institution which is located in a State on an Indian reservation and is certified by the Secretary as being a qualified skilled nursing facility by meeting the requirements of section 1861(j)."*

And the Senate agree to the same.

Amendment numbered 564:

That the House recede from its disagreement to the amendment of the Senate numbered 564, and agree to the same with amendments as follows:

On page 306, line 20, of the Senate engrossed amendments strike out "\$2,500," and insert the following: *(i) in case such individual has a spouse with whom he is living, \$2,250, or (ii) in case such individual has no spouse with whom he is living, \$1,500,*

On page 307, line 6, of the Senate engrossed amendments, strike out "\$2,500," and insert the following: *\$2,250,*

On page 314, line 5, of the Senate engrossed amendments, strike out "\$600" and insert the following: *\$240*

On page 314, line 24, of the Senate engrossed amendments, strike out "\$1,020" and insert the following: *\$780*

On page 315, line 14, of the Senate engrossed amendments, strike out "\$1,020" and insert the following: \$780

On page 315, line 24, of the Senate engrossed amendments, strike out "\$1,020" and insert the following: \$780

On page 312, lines 20 and 21, of the Senate engrossed amendments, strike out "without reasonable payments therefor,".

On page 319, lines 18 and 19, of the Senate engrossed amendments, strike out "18 years of age or older and".

On page 319, line 23, of the Senate engrossed amendments, immediately before the period insert the following: *(or, in the case of a child under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity).*

On page 323, lines 7 and 8, of the Senate engrossed amendments, strike out "twenty-one" and insert the following: *twenty-two*

On page 333, line 17, of the Senate engrossed amendments, strike out "to the maximum extent feasible".

On page 311, after line 23, of the Senate engrossed amendments, insert the following:

*"Certain Individuals Deemed to Meet Income Test*

*"(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who is blind (as that term is defined under a State plan approved under title X or XVI as in effect in October 1972) and who for the month of December 1973 was a recipient of aid or assistance under a State plan approved under title X or XVI, there shall be disregarded an amount equal to the greater of the amounts determined as follows—*

*"(1) the maximum amount of any earned or unearned income which could have been disregarded under the State plan (above referred to, and as in effect in October 1972), or*

*"(2) the amount which would be required to be disregarded under section 1612 without application of this subsection.*

On page 310 of the Senate engrossed amendments, strike out lines 1 through 12, and insert the following:

*"(3) (A) No person who is an aged, blind, or disabled individual solely by reason of disability (as determined under section 1614(a) (3)) shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if such individual is medically determined to be a drug addict or an alcoholic unless such individual is undergoing any treatment that may be appropriate for his condition as a drug addict or alcoholic (as the case may be) at an institution or facility approved for purposes of this paragraph by the Secretary (so long as such treatment is available) and demonstrates that he is complying with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under subparagraph (B).*

*"(B) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title and who as a condition of such benefits are required to be undergoing treatment and complying with the terms, conditions, and requirements thereof as described in subparagraph (A), in order to assure such compliance and to determine the extent to which the imposition of such require-*

ment is contributing to the achievement of the purposes of this title. The Secretary shall annually submit to the Congress a full and complete report on his activities under this paragraph.

On page 327, line 7, of the Senate engrossed amendments, after "(c)" insert the following: (1).

On page 327, after line 14, of the Senate engrossed amendments, insert the following:

(2) Any State (or political subdivision), in determining the eligibility of any individual for supplementary payments described in subsection (a), may disregard amounts of earned and unearned income in addition to other amounts which it is required or permitted to disregard under this section in determining such eligibility, and shall include a provision specifying the amount of any such income that will be disregarded, if any.

On page 328, line 15, of the Senate engrossed amendments, after the period insert the following: *Notwithstanding the provisions of the preceding sentence, in the case of any individual or eligible spouse referred to in section 1611(e)(3)(A), the Secretary shall provide for making payments of the benefit to any other person (including an appropriate public or private agency) who is interested in or concerned with the welfare of such individual (or spouse).*

On page 351, line 19, of the Senate engrossed amendments, strike out "Effective January 1, 1974, section" and insert the following: *Section.*

On page 353, after line 16, of the Senate engrossed amendments insert the following:

(c) *The provisions of this section shall become effective on the date of enactment of this Act.*

And the Senate agree to the same.

Amendment numbered 565:

That the House recede from its disagreement with the Senate numbered 565, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

**DISREGARDING OF INCOME OF OASDI RECIPIENTS IN DETERMINING NEED FOR PUBLIC ASSISTANCE**

*SEC. 306. In addition to the requirements imposed by law as a condition of approval of a State plan to provide aid or assistance in the form of money payments to individuals under title I, X, XIV, or XVI of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that, in the case of any individual receiving aid or assistance for any month after October 1972, or, at the option of the State, September 1972, and before January 1974 who also receives in such month a monthly insurance benefit under title II of such Act which was increased as a result of the enactment of Public Law 92-336, the sum of the aid or assistance received by him for such month, plus the monthly insurance benefit received by him in such month (not including any part of such benefit which is disregarded under such plan), shall exceed the sum of the aid or assistance which would have been received by him for such month under such plan as in*

effect for October 1972, plus the monthly insurance benefit which would have been received by him in such month, by an amount equal to \$4 or (if less) to such increase in his monthly insurance benefit under such title II (whether such excess is brought about by disregarding a portion of such monthly insurance benefit or otherwise).

And the Senate agree to the same.

Amendment numbered 567:

That the House recede from its disagreement to the amendment of the Senate numbered 567, with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

#### TITLE IV—MISCELLANEOUS

##### LIMITATION ON FISCAL LIABILITY OF STATES FOR OPTIONAL STATE SUPPLEMENTATION

*Sec. 401. (a) (1) The amount payable to the Secretary by a State for any fiscal year pursuant to its agreement or agreements under section 1616 of the Social Security Act shall not exceed the non-Federal share of expenditures as aid or assistance for quarters in the calendar year 1972 under the plans of the State approved under titles I, X, XIV, and XVI of the Social Security Act (as defined in subsection (c) of this section).*

*(2) Paragraph (1) of this subsection shall only apply with respect to that portion of the supplementary payments made by the Secretary on behalf of the State under such agreements in any fiscal year which does not exceed in the case of any individual the difference between—*

*(A) the adjusted payment level under the appropriate approved plan of such State as in effect for January 1972 (as defined in subsection (b) of this section), and*

*(B) the benefits under title XVI of the Social Security Act, plus income not excluded under section 1612(b) of such Act in determining such benefits, paid to such individual in such fiscal year,*

*and shall not apply with respect to supplementary payments to any individual who (i) is not required by section 1616 of such Act to be included in any such agreement administered by the Secretary and (ii) would have been ineligible (for reasons other than income) for payments under the appropriate approved State plan as in effect for January 1972.*

*(b) (1) For purposes of subsection (a), the term "adjusted payment level under the appropriate approved plan of a State as in effect for January 1972" means the amount of the money payment which an individual with no other income would have received under the plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, as may be appropriate, and in effect for January*

1972; except that the State may, at its option, increase such payment level with respect to any such plan by an amount which does not exceed the sum of—

(A) a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plan, and

(B) the bonus value of food stamps in such State for January 1972 (as defined in paragraph (3) of this subsection).

(2) For purposes of paragraph (1), the term “payment level modification” with respect to any State plan means that amount by which a State which for January 1972 made money payments under such plan to individuals with no other income which were less than 100 per centum of its standard of need could have increased such money payments without increasing (if it reduced its standard of need under such plan so that such increased money payments equaled 100 per centum of such standard of need) the non-Federal share of expenditures as aid or assistance for quarters in calendar year 1972 under the plans of such State approved under titles I, X, XIV, and XVI of the Social Security Act.

(3) For purposes of paragraph (1), the term “bonus value of food stamps in a State for January 1972” (with respect to an individual) means—

(A) the face value of the coupon allotment which would have been provided to such an individual under the Food stamp Act of 1964 for January 1972, reduced by

(B) the charge which such an individual would have paid for such coupon allotment,

if the income of such individual, for purposes of determining the charge it would have paid for its coupon allotment, had been equal to the adjusted payment level under the State plan (including any payment level modification with respect to the plan adopted pursuant to paragraph (2) (but not including any amount under this paragraph)). The total face value of food stamps and the cost thereof in January 1972 shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect in such month.

(c) For purposes of this section, the term “non-Federal share of expenditures as aid or assistance for quarters in the calendar year 1972 under the plans of a State approved under titles I, X, XIV, and XVI of the Social Security Act” means the difference between—

(1) the total expenditures in such quarters under such plans for aid or assistance (expenditures authorized under section 1119 of such Act for repairing the home of an individual who was receiving aid or assistance under one of such plans (as such section was in effect prior to the enactment of this Act)), and

(2) the total of the amounts determined under sections 3, 1003, 1403, and 1603 of the Social Security Act, under section 1118 of such Act, and under section 9 of the Act of April 19, 1950, for such State with respect to such expenditures in such quarters.

#### *Transitional Administrative Provisions*

*Sec. 402. In order for a State to be eligible for any payments pursuant to title IV, V, XVI, or XIX of the Social Security Act with re-*

spect to expenditures for any quarter in the fiscal year ending June 30, 1975, and for the purpose of providing an orderly transition from State to Federal administration of the Supplemental Security Income Program, such State shall enter into an agreement with the Secretary of Health, Education, and Welfare under which the State agencies responsible for administering or for supervising the administration of the plans approved under titles I, X, XIV, and XVI of the Social Security Act will, on behalf of the Secretary, administer all or such part or parts of the program established by section 301 of this Act, during such portion of the fiscal year ending June 30, 1975, as may be provided in such agreement.

**SAVINGS PROVISION REGARDING CERTAIN EXPENDITURES FOR SOCIAL SERVICES**

*SEC. 403. In the administration of section 1130 of the Social Security Act, the allotment of each State (as determined under subsection (b) of such section) for the fiscal year ending June 30, 1973, shall (notwithstanding any provision of such section 1130) be adjusted so that the amount of such allotment for such year consists of the sum of the following:*

*(1) the amount of the total expenditures, not to exceed \$50,000,000, incurred by the State for services (of the type, and under the programs to which the allotment, as determined under such subsection (b), is applicable) for the calendar quarter commencing July 1, 1972, plus*

*(2) an amount equal to three-fourths of the amount the allotment of such State (as determined under subsection (b), but without application of the provisions of this section): Provided, however, That no State shall receive less under this section than the amount to which it would have been entitled otherwise under section 1130 of the Social Security Act.*

**CHANGE IN EXECUTIVE SCHEDULE—COMMISSIONER OF SOCIAL SECURITY**

*SEC. 404. (a) Section 5316 of title 5, United States Code (relating to positions at level V of the Executive Schedule), is amended by striking out:*

*“(51) Commissioner of Social Security, Department of Health, Education, and Welfare.”.*

*(b) Section 5315 of title 5, United States Code (relating to positions at level IV of the Executive Schedule), is amended by adding at the end thereof the following:*

*“(97) Commissioner of Social Security, Department of Health, Education, and Welfare.”.*

*(c) The amendments made by the preceding provisions of this section shall take effect on the first day of the first pay period of the Commissioner of Social Security, Department of Health, Education, and Welfare, which commences on or after the first day of the month which follows the month in which this Act is enacted.*

## SEPARATION OF SOCIAL SERVICES NOT REQUIRED

SEC. 405. (a) Section 2(a)(10)(C) of the Social Security Act is amended by inserting "(using whatever internal organizational arrangement it finds appropriate for this purpose)" immediately after "provide a description of the services (if any) which the State agency makes available".

(b) Section 1002(a)(13) of such Act is amended by inserting "(using whatever internal organizational arrangement it finds appropriate for this purpose)" immediately after "provide a description of the services (if any) which the State agency makes available".

(c) Section 1402(a)(12) of such Act is amended by inserting "(using whatever internal organizational arrangement it finds appropriate for this purpose)" immediately after "provide a description of the services (if any) which the State agency makes available".

(d) Section 1602(a)(10) of such Act is amended by inserting "(using whatever internal organizational arrangement it finds appropriate for this purpose)" immediately after "provide a description of the services (if any) which the State agency makes available".

## MANUALS AND POLICY ISSUANCES NOT REQUIRED WITHOUT CHARGE

SEC. 406. (a) Section 2(b) of the Social Security Act is amended by adding at the end thereof the following new sentence: "At the option of the State, the plan may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this title."

(b) Section 1002(b) of such Act is amended by adding immediately after the first sentence thereof the following new sentence: "At the option of the State, the plan may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this title."

(c) Section 1402(b) of such Act is amended by adding at the end thereof the following new sentence: "At the option of the State, the plan may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this title."

(d) Section 1602(b) of such Act is amended by adding immediately after the first sentence thereof the following new sentence: "At the option of the State, the plan may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this title."

## EFFECTIVE DATE OF FAIR HEARING DECISION

SEC. 407. (a) Section 2(a)(4) is amended by—

- (1) deleting "provide" and inserting in lieu thereof "provide (A)", and

- (2) inserting immediately before the semicolon at the end thereof the following: “, and (B) that if the State plan is administered in each of the political subdivisions of the State by a local agency and such local agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing”.
- (b) Section 1002(a) (4) is amended by—
- (1) deleting “provide” and inserting in lieu thereof “provide (A)”, and
- (2) inserting immediately before the semicolon at the end thereof the following: “, and (B) that if the State plan is administered in each of the political subdivisions of the State by a local agency and such local agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing”.
- (c) Section 1402(a) (4) is amended by—
- (1) deleting “provide” and inserting in lieu thereof “provide (A)”, and
- (2) inserting immediately before the semicolon at the end thereof the following: “, and (B) that if the State plan is administered in each of the political subdivisions of the State by a local agency and such local agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing”.
- (d) Section 1602(a) (4) is amended by—
- (1) deleting “provide” and inserting in lieu thereof “provide (A)”, and
- (2) inserting immediately before the semicolon at the end thereof the following: “, and (B) that if the State plan is administered in each of the political subdivisions of the State by a local agency and such local agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing”.

**ABSENCE FROM STATE FOR MORE THAN 90 DAYS**

*SEC. 408.* (a) Section 6(a) of the Social Security Act is amended by adding at the end thereof the following new sentence: “At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of 90 consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period or 90 consecutive days in the case of any other such individual.”

(b) Section 1006 of such Act is amended by adding at the end thereof the following new sentence: “At the option of a State (if its plan approved under this title so provides), such term need not include

money payments to an individual who has been absent from such State for a period in excess of 90 consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period or 90 consecutive days in the case of any other such individual."

(c) Section 1405 of such Act is amended by adding at the end thereof the following new sentence: "At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of ninety consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for thirty consecutive days in the case of such an individual who has maintained his residence in such State during such period or ninety consecutive days in the case of any other such individual."

(d) Section 1605(a) of such Act is amended by adding at the end thereof the following new sentence: "At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of ninety consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for thirty consecutive days in the case of such an individual who has maintained his residence in such State during such period or ninety consecutive days in the case of any other such individual."

#### RENT PAYMENTS TO PUBLIC HOUSING AGENCY

SEC. 409. (a) Section 6(a) of the Social Security Act (as amended by section 554(a) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)", and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of assistance under such plan".

(b) Section 1006 of such Act (as amended by section 554(b) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)", and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of aid under such plan".

(c) Section 1405 of such Act (as amended by section 554(c) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)", and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of aid under such plan".

(d) Section 1605(a) of such Act (as amended by section 554(d) of this Act) is further amended by—

(1) striking out “such term” in the last sentence thereof and inserting in lieu thereof “such term (i)”, and

(2) adding immediately before the period at the end of such sentence the following: “, and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of aid under such plan”.

STATEWIDENESS NOT REQUIRED FOR SERVICES

SEC. 410. (a) Section 2(a) of the Social Security Act is amended by inserting “except to the extent permitted by the Secretary with respect to services,” before “provide” at the beginning of paragraph (1).

(b) Section 1002(a) of such Act is amended by inserting “except to the extent permitted by the Secretary with respect to services,” before “provide” at the beginning of clause (1).

(c) Section 1402(a) of such Act is amended by inserting “except to the extent permitted by the Secretary with respect to services,” before “provide” at the beginning of clause (1).

(d) Section 1602(a) of such Act is amended by inserting “except to the extent permitted by the Secretary with respect to services,” before “provide” at the beginning of paragraph (1).

PROHIBITION AGAINST PARTICIPATION IN FOOD STAMP OR SURPLUS COMMODITIES PROGRAM BY PERSONS ELIGIBLE TO PARTICIPATE IN EMPLOYMENT OR ASSISTANCE PROGRAMS

SEC. 411. (a) Effective January 1, 1974, section 3(e) of the Food Stamp Act of 1964 is amended by adding at the end thereof the following new sentence: “No person who is eligible (or upon application would be eligible) to receive supplemental security income benefits under title XVI of such Act shall be considered to be a member of a household or an elderly person for purposes of this Act.”

(b) Section 3(h) of such Act is amended to read as follows:

“(h) The term ‘State agency’, with respect to any State, means the agency of State government which is designated by the Secretary for purposes of carrying out this Act in such State.”

(c) Section 10(c) of such Act is amended by striking out the first sentence.

(d) Clause (2) of the second sentence of section 10(e) of such Act is amended by striking out “used by them in the certification of applicants for benefits under the federally aided public assistance programs” and inserting in lieu thereof the following: “prescribed by the Secretary in the regulations issued pursuant to this Act”.

(e) Section 10(e) of such Act is further amended by striking out the third sentence.

(f) Section 14 of such Act is amended by striking out subsection (e).

(g) Effective January 1, 1974, section 416 of the Act of October 31, 1949, is amended by adding at the end thereof the following new sentence: “No person who is eligible (or upon application would be eligible) to receive supplemental security income under title XVI of such Act shall be eligible to participate in any program conducted under this section (other than nonprofit child feeding programs or programs

*under which commodities are distributed on an emergency or temporary basis and eligibility for participation therein is not based upon the income or resources of the individual or family)."*

*(h) Except as otherwise provided in this section, the amendments made by this section shall take effect on January 1, 1973.*

And the Senate agree to the same.

Amendment numbered 568:

That the House recede from its disagreement to the amendment of the Senate numbered 568, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment; and the Senate agree to the same.

Amendment to title:

That the House recede from its disagreement to the amendment of the Senate to the title of the bill.

W. D. MILLS,  
AL ULLMAN,  
JAMES A. BURKE,  
MARTHA W. GRIFFITHS,  
JOHN W. BYRNES,  
JACKSON E. BETTS,  
H. T. SCHNEEBELI,

*Managers on the Part of the House.*

RUSSELL B. LONG,  
CLINTON P. ANDERSON,  
HERMAN TALMADGE,  
WALLACE F. BENNETT,  
CARL CURTIS,

*Managers on the Part of the Senate.*

## JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1) to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

### BENEFIT INCREASES; AUTOMATIC ADJUSTMENTS

Amendment No. 3: The House bill contained provisions for a 5-percent social security benefit increase effective June 1972 and provisions for automatic increases in benefits and the taxable wage base.

The Senate amendment deleted these provisions from the bill in view of the fact that Public Law 92-336 enacted a 20-percent social security benefit increase effective September 1972 and provisions substantially the same as the House bill relating to automatic increases in benefits and the taxable wage base.

The House recedes.

### SPECIAL MINIMUM PIA

Amendment Nos. 4-22: The House bill provided a special minimum benefit equal to \$5 multiplied by a worker's number of years of covered employment up to 30 years, or \$150 a month, (\$225 for a couple).

The Senate amendments provided a special minimum benefit equal to \$10 multiplied by a worker's number of years of covered employment in excess of 10 years, up to a maximum of 30 years or \$200 a month (\$300 for a couple).

The House recedes with an amendment providing a special minimum benefit equal to \$8.50 multiplied by a worker's number of years at covered employment in excess of 10 years, up to a maximum of 30 years or \$170 a month (\$255 for a couple).

## INCREASED WIDOWS' AND WIDOWERS' BENEFITS

Amendment Nos. 23-38: The House bill increased benefits for widows and widowers who have attained age 65 when they make application to 100 percent of the deceased spouse's benefit.

The Senate amendments added provisions to permit the Social Security Administration to simplify the method of computing these benefits in cases in which certain information is not available in computerized form.

The House recedes with technical amendments.

## INCREASE IN EARNINGS BASE

Amendment No. 39: The House bill contained provisions to increase the limitation on earnings for benefit computations and tax purposes to \$10,200 per year beginning with 1972.

The Senate amendment deleted these provisions which were replaced by provisions in Public Law 92-336 increasing the limitation to \$10,800 for 1973 and \$12,000 for 1974.

The House recedes.

## DELAYED RETIREMENT CREDIT

Amendment Nos. 40-49: The House bill provided a worker's old-age benefit would be increased by 1 percent for each year (1/12 of 1 percent for each month) in which a worker between ages 65 and 72 does not receive benefits under the retirement test because of his earnings. The House provision would take account of months after 1970 for which benefits were not paid because of earnings.

The Senate amendments would take account of months after 1939 for which benefits were not paid because of earnings.

The House recedes with an amendment which would make this provision applicable only to months of earnings after 1971.

## PROVISIONS ELIMINATED FROM THE HOUSE BILL

Amendment No. 64: The House bill contained the following three sections:

1. *Additional Drop-Out Years*—Provided that one year of low earnings (in addition to the 5 years provided under present law) for each 15 years of covered work would be dropped in computing benefits. Applicable to persons who reach age 62 or die or become disabled after 1971.

2. *Actuarial Reduction Not Applicable to Subsequent Benefit*—Provided that when a person applied for a subsequent different benefit (e.g., a spouse's benefit), it would not be reduced because the person had earlier applied for a benefit (e.g., a worker's benefit) that was actuarially reduced.

3. *Combined Earnings for Working Couples*—Provided that a married couple each of whom were age 62 and had at least 20 years of covered earnings after marriage could have their earnings combined for each year up to the maximum taxable wage base as an alternative method of computing benefits.

The Senate amendment deleted these provisions from the House bill.

The House recesses.

#### LIBERALIZATION OF THE EARNINGS TEST

Amendment Nos. 65-72: The House bill increased the annual exempt amount under the earnings test from \$1,680 to \$2,000 per year with proportionate increases in the monthly measure of retirement and provided that social security benefits be reduced at the rate of \$1 of benefits for each \$2 of earnings over that amount.

The Senate amendments increased the annual exempt amount to \$3,000 with proportionate increases in the monthly measure of retirement and provided that social security benefits be reduced at the same rate as in the House bill.

The House recesses with an amendment increasing the annual exempt amount to \$2,100 with proportionate in the monthly measure and providing that the benefits be reduced as in the House bill.

#### CHILD'S BENEFITS BASED ON MORE THAN ONE WAGE RECORD

Amendment No. 95: The House bill contained provisions which permit a person who is entitled to a child's benefit on the wage records of more than one worker to obtain the child's benefit which is highest in amount.

The Senate amendment redrafted these provisions without substantively changing them to eliminate technical problems.

The House recesses.

#### CHILD'S BENEFITS ON GRANDPARENT'S EARNINGS

Amendment Nos. 100-101: The House bill provided for benefits to grandchildren not adopted by their grandparents if their parents have died and if other conditions are met (e.g., the child must have been living with the grandparent before reaching age 18 and before the grandparent qualified for benefits).

The Senate amendment broadened the provision to include a child whose parents are totally disabled.

The House recesses.

#### REDUCTION OF WAITING PERIOD FOR DISABILITY BENEFITS

Amendment Nos. 116-127: The House bill reduced the waiting period for disability benefits from 6 months to 5 months.

The Senate amendments reduced the waiting period to 4 months.

The Senate recesses.

#### DISABILITY BENEFITS FOR THE BLIND

Amendment No. 128: The House bill eliminated the special disability work requirement (20 out of 40 quarters) for blind persons.

The Senate amendment provided for paying disability insurance benefits for blind people who have at least 6 quarters of social security

coverage. The benefits would be paid regardless of the amount of an individual's earnings both before and after age 65 or his ability to work. The Senate amendment also excluded blind persons from the requirements of present law that disability benefits be suspended for any months during which a beneficiary refuses without good cause to accept vocational rehabilitation services.

The Senate recesses.

#### OPTIONAL DETERMINATION OF SELF-EMPLOYMENT EARNINGS

Amendment Nos. 139-148: The House bill provided that a person could use a new optional method of determining his self-employment earnings if his net earnings (farm and nonfarm) are \$1,600 or more.

The Senate amendments provided that a person could use the new optional method if his nonfarm net earnings are \$1,600 or more.

The House recesses.

#### PENALTIES FOR FURNISHING FALSE INFORMATION

Amendment Nos. 162-166: The House bill established criminal penalties for a person who furnishes false information in applying for a social security number with intent to deceive as to his true identity.

The Senate amendments added further provisions to establish criminal penalties for obtaining benefits under any Federal program to which a person is not entitled by willfully using a social security number obtained on the basis of false information or by representing a number to be that of a person to whom it was not issued.

The House recesses.

#### GUARANTEE OF NO DECREASE IN FAMILY BENEFITS

Amendment No. 167: The House bill contained provisions to guarantee that the benefits of a family would not be reduced by reason of a social security benefit increase.

The Senate amendment deleted these provisions which were included in Public Law 92-336.

The House recesses.

#### CHANGES IN TAX SCHEDULES

Amendments Nos. 177-207: The House bill contained changes in the social security tax schedule necessary to finance the social security system as modified by the House bill.

The Senate amendments changed these provisions to finance the social security system as modified by the Senate bill.

The House recesses with an amendment providing a new schedule of taxes to finance the system as modified by the Conference agreement.

#### ALLOCATION TO DISABILITY INSURANCE TRUST FUND

Amendment No. 208: The House bill contained provisions changing the allocation of social security revenues to the disability insurance trust fund at the rates necessary to finance disability benefits as modified by the House bill.

The Senate amendment changed the allocation rates to finance disability benefits as modified by Public Law 92-336 and the Senate bill.

The Conference report modifies the reallocation rates to finance the disability insurance program as modified by the conference agreement.

#### ISSUANCE OF SOCIAL SECURITY ACCOUNT NUMBERS

Amendment No. 209: The Senate amendment added to the House bill a new provision which provides instructions to the Secretary of Health, Education, and Welfare as to the method of issuing social security account numbers. Under the amendment, numbers in the future generally will be issued when a person enters the first grade; in the case of a non-citizen, at the time he enters this country if at that time he may legally work; if he may not legally work at the time he enters the country, the number would be issued when his employment status changes. In addition, numbers would be issued to people who do not have them when they apply for benefits under any Federal program.

The conference report retains the provisions of the Senate bill relating to non-citizens and to people who apply for Federal benefits but deletes the provision that social security account numbers be issued mandatorily when a person enters the first grade and substitutes a provision authorizing the Secretary to issue numbers to persons at such time. The managers urge and direct the Secretary to utilize this authority to the fullest practical extent and to report to the Congress by January 1, 1975, concerning the feasibility of establishing a system requiring the issuance of social security account numbers to persons entering first grade or earlier.

#### SISTERS AND BROTHERS INSURANCE BENEFITS

Amendment No. 210: The Senate amendment added to the House bill a provision to provide benefits to dependent sisters who have attained age 62 and to dependent sisters and brothers who were disabled before age 22.

The Senate recesses.

#### REFUND OF SOCIAL SECURITY TAXES TO MEMBERS OF CERTAIN RELIGIOUS GROUPS

Amendment No. 211: The Senate amendment added to the House bill a provision to provide members of certain religious sects that are conscientiously opposed to insurance a refund of their social security employee contributions.

The Senate recesses.

#### PAYMENTS BY EMPLOYER TO DISABLED FORMER EMPLOYEE

Amendment No. 212: The Senate amendment added to the House bill a new provision which would provide that payments made by an employer to a former disabled employee will not be counted for social security benefit or tax purposes if the payment is made after the calendar year in which the former employee became entitled to social security disability insurance benefits.

The House recesses.

## LUMP-SUM DEATH PAYMENT TO COVER MEMORIAL SERVICES

Amendment No. 213: The Senate amendment added to the House bill a new provision which would apply retroactively to 1960 the provisions of Public Law 92-223. That law authorized the payment of the lump-sum death payment as reimbursement for expenses in connection with memorial services for people whose bodies are not available for burial provided that the death occurred after 1970.

The Senate recesses.

## UNDERPAYMENTS

Amendment No. 214: The Senate amendment added to the House bill a new provision which provides that if there are no surviving children, spouses or parents and no legal representative of the estate, cash benefits due a deceased beneficiary could be paid to any other relative determined by regulation of the Secretary.

The Senate recesses.

## DISREGARD OF INCOME FROM THE SALE OF CERTAIN ARTISTIC ITEMS FOR EARNINGS TEST PURPOSES

Amendment No. 215: The Senate amendment added to the House bill a new provision which would provide for the exclusion from income, for retirement test purposes, the proceeds from the sale of certain literary or artistic items which were created before age 65.

The Senate recesses.

## TERMINATION OF REGISTRAR COVERAGE IN LOUISIANA

Amendment No. 216: The Senate amendment added to the House bill a new provision which would permit voter registrars in Louisiana, and their employees, to terminate their social security coverage without affecting the coverage of other State and local employees in the States as a group. The registrars and their employees would have to decide to terminate coverage by December 31, 1973, and the termination would be effective after December, 1975.

The House recesses.

## COMPUTATION OF MINISTER'S INCOME OUTSIDE UNITED STATES

Amendment No. 217: The Senate amendment added to the House bill a new provision which would provide that all American clergymen serving foreign congregations outside the U.S. would compute their self-employment income for social security purposes without regard to the \$20,000 exclusion of income earned abroad.

The House recesses.

## MODIFICATION OF STATE AGREEMENTS WITH RESPECT TO CERTAIN STUDENTS AND PART-TIME EMPLOYEES

Amendment No. 218: The Senate amendment added to the House bill a new provision which would permit the States to modify their social security coverage agreements for State and local employees so

as to remove from coverage services of students employed by the public school or college they are attending, and the services of part-time employees.

The House recesses.

#### BENEFITS FOR CERTAIN WORLD WAR II INTERNEES

Amendment No. 219: The Senate amendment added to the House bill a new provision which would provide non-contributory social security credits for U.S. citizens of Japanese ancestry who were interned by the U.S. Government during World War II. In order to qualify for the wage credits an individual must have been age 18 or older at the time he was interned and the credits will be determined on the basis of the then prevailing minimum wage or the individual's prior earnings, whichever is larger.

The House recesses with a technical amendment.

#### MODIFICATION OF AGREEMENT WITH WEST VIRGINIA TO COVER CERTAIN POLICEMEN AND FIREMEN

Amendment No. 220: The Senate amendment added to the House bill a new provision which would permit the State of West Virginia to modify its social security coverage agreement to provide retroactive and prospective coverage for certain policemen and firemen who erroneously thought they were covered under social security and have paid social security taxes.

The House recesses.

#### TERMINATION OF COVERAGE FOR POLICEMEN OR FIREMEN

Amendment No. 221: The Senate amendment added to the House bill a new provision which would permit the States to modify their social security coverage agreements so as to terminate the coverage of policemen and firemen without affecting the coverage of other members of the same coverage group. In addition, it would permit the modification of coverage agreements which were terminated to exclude policemen and firemen so as to reinstate the coverage of other employees.

The Senate recesses.

#### 20-PERCENT INCREASE PERFECTING AMENDMENTS

Amendment No. 222: The Senate amendment added to the House bill certain technical amendments relating to the 20-percent benefit increase enacted by Public Law 92-336.

The House recesses with a technical amendment.

#### REDUCTION IN AGE OF ELIGIBILITY FOR ACTUARIALLY REDUCED BENEFITS

Amendment No. 223: The Senate amendment added to the House bill a new provision which would permit the payment of actuarially reduced benefits for workers at age 60.

The Senate recesses.

## AGE 55 COMPUTATION POINT FOR WIDOWS

Amendment No. 224: The Senate amendment added to the House bill a new provision which would permit the payment of actuarially reduced benefits to widows at age 55.

The Senate recesses.

## STUDY OF EARNINGS TEST

Amendment No. 225: The Senate amendment added to the House bill a new provision which would require the Secretary of Health, Education, and Welfare to conduct a study to determine the feasibility of eliminating or extensively revising the Social Security earnings test.

The Senate recesses.

## ELIMINATION OF DURATION-OF-RELATIONSHIP REQUIREMENTS

Amendment No. 226: The Senate amendment added to the House bill a new provision amending the provision of present law which reduces from 9 months to 3 months the duration-of-relationship requirement when death is accidental or in line of duty in the Armed Forces so that there would be no duration-of-relationship requirement in such cases if it is reasonable to expect that the deceased would have lived for at least 9 months.

The House recesses.

## COVERAGE FOR DISABILITY BENEFICIARIES UNDER MEDICARE

Amendment Nos. 228-254: The House bill extended medicare coverage to individuals who had been receiving social security benefits on the basis of disability effective with July 1, 1973. The medicare coverage ended with the month in which the disability ceases.

The Senate amendments modified the House bill to extend medicare to women age 50 or older, entitled to mother's benefits who, for 24 months prior to the first month they would be entitled to medicare, met all requirements for disability benefits, except for the actual filing of a disability claim. The amendments also modified the House bill to continue medicare coverage through the month following the month in which notice of termination of disability benefits is mailed, rather than the month in which the disability ceases, as in the House bill.

The House recesses.

## HOSPITAL INSURANCE BENEFITS FOR UNINSURED INDIVIDUALS NOT OTHERWISE ELIGIBLE

Amendment Nos. 255-271: The House bill permitted individuals who are uninsured for Part A medicare benefits to enroll for those benefits by paying a premium of \$31 per month, rising as hospital costs rise.

The Senate amendments modified the House bill (1) to make this provision effective July 1, 1973, instead of January 1, 1972; (2) to change Part A premium amount from \$31 to \$33 a month; and (3) to add a requirement that persons electing to enroll in Part A must also

enroll for Part B. Termination of enrollment in Part B would automatically result in termination of coverage under Part A as well.

The House recesses.

#### CHANGE IN SUPPLEMENTARY MEDICAL INSURANCE DEDUCTIBLE

Amendment No. 293: The House bill contained a provision increasing the Part B annual deductible from \$50 to \$60.

The Senate amendment deleted the provision.

The Senate recesses.

#### INCREASE IN LIFETIME RESERVE DAYS AND CHANGE IN HOSPITAL INSURANCE COINSURANCE AMOUNT UNDER MEDICARE

Amendment No. 294: The House bill increased the number of lifetime hospital reserve days from 60 to 120 and added coinsurance equal to  $\frac{1}{8}$  of the inpatient deductible for each day beginning with the 31st day through the 60th day of hospitalization.

The Senate amendment deleted the House provisions and instead reduced the amount of coinsurance for each lifetime reserve day from the present  $\frac{1}{2}$  to  $\frac{1}{4}$  of the current inpatient hospital and deductible; effective after December 31, 1972.

The conference agreement would eliminate the House provisions and the Senate provisions with the result that no change would be made in present law.

#### AUTOMATIC ENROLLMENT FOR SUPPLEMENTARY MEDICAL INSURANCE

Amendment Nos. 295-298: The House bill provided that people reaching age 65 would be automatically enrolled under Part B unless they chose not to so enroll.

The Senate amendment modified the provision by excluding from its application those eligible Americans living outside the United States and Puerto Rico.

The House recesses.

#### CHANGES IN MEDICAID MATCHING PERCENTAGE IN CERTAIN CASES

Amendment Nos. 299-307: Section 207 of the House bill provided that there would be:

(1) an increase of 25 percent (up to a maximum of 95 percent) in the Federal medicaid matching percentage to States under contract with HMO's or other comprehensive health facilities;

(2) a decrease in the Federal medical assistance percentage by one-third after the first 60 days of care in a general or TB hospital;

(3) a reduction in the Federal percentage by one-third after the first 60 days of care in a skilled nursing home unless the State establishes that it has an effective utilization review program;

(4) a decrease in Federal matching by one-third after 90 days of care in a mental hospital and provision for no Federal matching after 275 additional days of such care during an individual's lifetime except that the 90-day period may be extended for an additional 30 days if the State shows that the patient will benefit therapeutically from such an additional period of hospitalization; and

(5) authority for the Secretary to compute a reasonable cost differential for reimbursement between skilled nursing homes and intermediate care facilities.

The Senate amendments provided :

Item (1) the increase in Federal matching for Health Maintenance Organizations and comprehensive health facilities is eliminated ; Items (2), and (4) would not apply where a State makes a satisfactory showing to the Secretary that it has an effective program of control over the utilization of hospital and mental hospital care and conducts the independent professional audit of patients as required under present law. In addition, intermediate care facilities would be brought under this provision.

Item (5) was retained unchanged.

The House recedes.

#### COST SHARING UNDER MEDICAID

Amendment Nos. 308-313: The House bill required States which cover the medically indigent to impose premium charges on the medically indigent. The premium would be graduated by income in accordance with standards prescribed by the Secretary. In addition, States could at their option require payment by the medically indigent of deductibles and copayment amounts which would not have to vary by level of income. Finally, with respect to cash assistance recipients, nominal deductible and copayment requirements, while prohibited for the six mandatory services, would be permitted with respect to optional medicaid services.

The Senate amendments would, as the House bill, require the States to impose income-related premium charges on the medically indigent. However, non-income-related deductibles and copayments could be imposed on the medically indigent only for patient-initiated services and no deductibles or cost sharing devices could be imposed on cash assistance recipients.

The House recedes with an amendment restoring the House bill provision except that any deductibles and copayments which would be applied to the medically indigent must be nominal.

#### MEDICAID NOTCH PROVISIONS

Amendment No. 314: The House bill provided that States without a medically indigent program would be required to provide AFDC families with a deductible equal to one-third of all earnings over \$720 a year. The deductible amount is identical to the amount of earnings which families under the Family Assistance provisions of the House bill are allowed to retain as an incentive to work. In those States with programs for the medically indigent, a family assistance recipient would not have to pay the deductible until his retained earnings exceeded the difference between a State's cash assistance level and its medically indigent level. At this point, however, his medicaid deductible would increase dollar for dollar with his retained earnings. The House bill would also not have required States to cover adult

assistance recipients who are made newly eligible by the adult assistance provisions in the House bill.

The Senate amendment modified the House bill by retaining this latter provision but the other House provisions would be dropped and the following changes substituted:

(1) When a welfare family loses eligibility for any cash assistance because of increases in earnings, medicaid eligibility would be continued for a period of 12 months after cash assistance is stopped.

(2) After the 12-month period such a family could continue medicaid protection by paying a premium equal to 20 percent of family income in excess of \$2,400 a year. The Federal government would cover any costs which were not paid for by the premiums collected.

The House recedes with an amendment, which would (1) continue medicaid for four months, rather than 12 months, after cash assistance is stopped, and (2) eliminate the Senate provision which permits medicaid eligibility to continue beyond 12 months on an optional basis.

#### MEDICARE SERVICES OUTSIDE THE UNITED STATES

Amendment Nos. 323-324: The House bill provided for payment of medicare benefits for inpatient hospital services furnished outside the United States if the beneficiary is a resident of the United States and the foreign hospital is closer to, or substantially more accessible from his residence, than the nearest hospital in the United States which is suitable and available for his treatment. For such beneficiaries, benefits would be payable without regard to whether an emergency existed or where the illness or accident occurred. Only patient services furnished by a hospital which has been accredited by the Joint Commission on Accreditation of Hospitals or by a hospital-approval program having essentially comparable standards would be covered.

The House bill also provided for coverage under the medical insurance program of medically necessary physicians' services and ambulance services furnished in conjunction with covered foreign inpatient hospital services.

The Senate amendment retains all of the House provisions but added a new provision which would cover emergency hospital services furnished in Canada to U.S. residents traveling without unreasonable delay by the most direct route between Alaska and another State.

The House recedes.

#### OPTOMETRISTS SERVICES UNDER MEDICAID

Amendment No. 325: The Senate amendment added a new provision to the House bill under which a State which once covered optometrists' services under its medicaid program and now specifically covers eye care provided by physicians which an optometrist is authorized to provide must cover such services whether rendered by a physician or an optometrist.

The House recedes.

WAIVER OF MEDICARE BENEFICIARY LIABILITY IN CERTAIN CASES

Amendment No. 326: The Senate amendment added a new provision to the House bill under which an overpayment under medicare could be waived in certain circumstances where a medicare claim was disallowed. The liability for the overpayment would shift to the provider of the health care where it did not exercise due care in avoiding overpayment and the beneficiary exercised due care, the government would assume the liability. The provision is effective for claims for services furnished after June 30, 1971.

The House recedes with an amendment changing the effective date to apply to claims for services provided after the date of enactment of the bill.

MEDICARE COVERAGE FOR CERTAIN INDIVIDUALS AGE 60-64

Amendment No. 327: The Senate amendment added a new provision to the House bill which would permit people age 60 to 64 who are the spouses of medicare beneficiaries, or who are themselves eligible for cash social security benefits, to enroll under both Parts A and B of medicare at cost.

The Senate recedes.

DRUGS UNDER MEDICARE

Amendment No. 328: The Senate amendment added a new section 215 to the House bill amending Part A of medicare to cover the costs of certain specified drugs, purchased on an outpatient basis, which are necessary in the treatment of the most common, crippling or life-threatening, chronic disease conditions of the aged. Beneficiaries would be liable for \$1.00 of the cost of each prescription of a drug included in the reasonable cost range plus any cost in excess of the top of the reasonable cost range.

Under the provision, the drugs covered are those within specified therapeutic categories which are necessary in the treatment of the following conditions:

Diabetes; high blood pressure; chronic cardiovascular disease; chronic respiratory disease; chronic kidney disease; arthritis and rheumatism; gout; tuberculosis; glaucoma; thyroid disease; cancer; epilepsy; parkinsonism; myasthenia gravis.

The amendment would exclude drugs not requiring a physician's prescription (except for insulin), drugs such as antibiotics which are generally used for a short period of time and drugs such as tranquilizers and sedatives which may be used not only by beneficiaries suffering from serious chronic illnesses, but also by many other persons as well.

The amendment is designed to assure that funds are being targeted toward the most necessary drug entities within each covered therapeutic category, through establishment of a Medicare Formulary.

The Formulary would be compiled by a committee consisting of five members, a majority of whom would be physicians. Members would include the Commissioner of Food and Drugs and four individuals of recognized professional standing and distinction in the fields of

medicine, pharmacology or pharmacy who are not otherwise employed by the Federal Government and who do not have a direct or indirect financial interest in the economic aspects of the committee's decisions.

The Formulary Committee's primary responsibility would be to compile a Medicare Formulary which would contain a listing of the drug entities within the therapeutic categories covered by the program which, based upon its professional judgment, the committee finds necessary for proper patient care.

Participating pharmacies would file either their usual and customary markups or professional fee schedules as of June 1, 1972, which would then be applied to the estimated acquisition cost (usually average wholesale price) of the drug product. The usual and customary charge, including mark-up or professional fee, for purposes of program payments and allowances, could not exceed the 75th percentile of charges by comparable vendors in an area.

The Senate recesses.

#### COVERAGE OF EYEGLASSES, HEARING AIDS, DENTURES, AND PODIATRY UNDER MEDICARE

Amendment No. 329: The Senate amendment added a new section to the House bill which would include under Part B of Medicare the costs of eyeglasses, dentures, hearing aids, and podiatric services to members of families with annual incomes of \$5,000 or less and to individuals with annual incomes of less than \$3,000.

The Senate recesses.

#### INSPECTOR GENERAL FOR HEALTH ADMINISTRATION

Amendment No. 330: The Senate amendment added a new section to the House bill creating an Office of Inspector General for Health Administration within the Department of Health, Education, and Welfare. The Inspector General would be appointed by the President, would report to the Secretary, and would be responsible for reviewing and auditing the Social Security health programs on a continuing and comprehensive basis to determine their efficiency, economy and consonance with the Statute and Congressional intent.

The Inspector General would have authority to suspend (upon at least 30 days' notice to the Secretary) any regulation, practice, or procedure employed in the administration of any of the health care programs if he determines (as a result of any study, investigation, review, or audit) that the suspension will promote efficiency and economy in the administration of the program, or that the regulation, practice, or procedure involved is contrary to or does not carry out the objectives and purposes of applicable provisions of law. Any suspension would remain in effect until an order of reinstatement was issued by the Inspector General except that the Secretary might, at any time prior to or after any such suspension by the Inspector General, issue an order revoking the suspension.

When the Inspector General issued any order of suspension or reinstatement, he would promptly notify the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate and, in the case of an order relating to a State Medicaid

plan, the Governor or other chief executive officer of the State, of the order, and submit to them information explaining the reasons for suspension or lifting of suspension. Where the Secretary terminates an order of suspension issued by the Inspector General, he is required also to submit an explanation of his reasons to the two committees.

The Inspector General could submit to the Committees on Ways and Means and Finance such reports relating to his activities as he deemed appropriate. He would, upon request of either committee for information, study, or investigation relating to, or within his responsibilities, cause such information to be furnished and such study or investigation to be undertaken.

The Senate recesses.

#### LIMITATION ON FEDERAL PARTICIPATION FOR DISAPPROVED CAPITAL EXPENDITURES

Amendment Nos. 332-334: The House bill precluded Medicare and Medicaid payments toward the capital costs of health facilities disapproved by health facilities planning agencies.

The Senate amendments modified the House bill by making the provision inapplicable to construction toward which preliminary expenditures of \$100,000 or more had been made on the 3-year period ending December 17, 1970.

The House recesses.

#### DEMONSTRATIONS, EXPERIMENTS, AND REPORTS ON VARIOUS SUBJECTS

Amendment Nos. 335-350: The House bill provided that the Secretary of Health, Education, and Welfare would be required to develop experiments and demonstration projects designed to test various methods of making payment to providers of services on a prospective basis under the medicare, medicaid, and maternal and child health programs.

The Senate amendments added a provision requiring submission of information on such projects in advance to Finance Committee and Ways and Means Committee.

The House recesses.

The Senate amendments modified the House bill to authorize the Secretary to specifically permit experimentation with reimbursement to ambulatory surgical centers.

The House recesses.

*Peer Review.*—The House bill authorized the Secretary to experiment with areawide or community-wide peer review, utilization review and medical review mechanisms.

The Senate bill removed this provision.

The House recesses. (See Amendment No. 476 for related provisions.)

*Extended Care.*—Under the House bill, the Secretary is to experiment with eliminating or reducing the present 3-day prior hospitalization requirement for eligibility to extended care benefits.

The Senate amendments made this provision more specific.

The House recesses.

*Intermediate Care and Homemaker Services.*—The Senate amendments authorized the Secretary to experiment with the use of institutional and homemaker services as alternatives to more costly, covered

posthospital services. Authority would include: (a) substituting Intermediate Care Facility care days for Extended Care Facility care days, and (b) covering homemaker services for up to 3 weeks.

The House recesses.

*Physicians' Assistants Under Medicare.*—The Senate amendments authorized the Secretary to engage in experiments and demonstration projects to determine the most appropriate and equitable method of paying for the services of physicians' assistants under medicare.

The House recesses.

*Miscellaneous experiments.*—The Senate amendments authorized experiments to provide day-care services to persons entitled to Part B of medicare and medicaid, to subsidize families who care for aged dependents who would otherwise be institutionalized, to determine whether payments for psychological and psychiatric care provided residents of skilled nursing facilities and ICF's under medicaid are adequate, and to develop methods to improve the rehabilitation of long-term patients and appropriate alternatives to long-term institutional care.

The House recesses with an amendment which would strike all of the Senate amendment except the provision for experiments with day care.

The Senate amendments added a provision to the House bill authorizing the Secretary to study whether the services of clinical psychologists may be made more generally available under medicare and medicaid.

The House recesses.

#### LIMITATION ON COSTS UNDER MEDICARE

Amendment Nos. 351–357: The House bill provided that provider costs which were found to be excessive would not be reimbursed under medicare and that beneficiaries could be charged for such expenses.

The Senate amendments modified the House provision to authorize disallowance of provider costs which are “substantially” in excess, rather than, as under the House bill, simply “in excess of”, or more expensive than the items or services determined to be necessary in the efficient delivery of needed health services; and modified the House provision authorizing the collection of costs in excess of medicare ceilings from beneficiaries by excluding emergency care.

The House recesses with an amendment striking out the provision inserting the word “substantially”.

#### REASONABLE CHARGES FOR MEDICAL SUPPLIES AND EQUIPMENT

Amendment Nos. 358–364: The House bill provided that the reimbursement amounts for medical services, supplies, and equipment cannot generally “exceed the lowest charge levels at which such services, supplies and equipment are widely available in a locality.”

The Senate amendments modified the House bill by changing these words to “exceed the lower charge levels at which such services, supplies and equipment are widely and consistently available in a locality.”

The House recedes with an amendment striking the provision which inserts the word "lower" in lieu of "lowest". The conferees intend that the term "medical services" not include services defined as physicians' services under medicare.

#### LIMITS ON PAYMENTS TO NURSING HOMES UNDER MEDICAID

Amendment No. 365: The House bill contained a provision which limits the average per diem costs for skilled nursing facilities and Intermediate Care Facilities countable for Federal matching to 105 percent of such costs a year earlier.

The Senate amendment deleted the provision.

The House recedes with an amendment restoring the House provision except that costs resulting from increases in patient services shall be exempted from the computation of average per diem costs for the current year.

#### HEALTH MAINTENANCE ORGANIZATIONS

Amendment Nos. 366-405: The House bill established an alternative method of reimbursing organizations defined as health maintenance organizations (HMO's) under the medicare program as follows:

*Health Maintenance Organizations.*—The House bill requires HMO's to provide all services and benefits covered under both Parts A and B. The Senate amendments require provision of all such services which are generally available to persons residing in the area served.

The House bill exempts from annual open enrollment requirement HMO's with more than 50 percent of enrollees age 65 or older. The Senate amendments permit HMO's to limit enrollment from any age group to prevent its membership from becoming non-representative of the population in the area it serves.

The House bill would reimburse HMO's at a rate equal to 95 percent of the estimated amount (with appropriate adjustments) otherwise payable if covered services were furnished by sources other than HMO's. To the extent that medicare reimbursement would yield a higher rate of return for medicare enrollees than for regular enrollees. Under the Senate bill, HMO's entitled to incentive reimbursement would share in savings (or losses) with the Government in accordance with a prescribed formula. The maximum gain or loss could not exceed 7½ percent of the amount by which actual experience is more or less than the adjusted per capita costs of services provided outside of the HMO. Prior loss amounts could be applied against future savings. The House bill establishes no minimum size or experience requirements for HMO's.

The Senate amendments provide that incentive reimbursement would be available to substantial established HMO's (a) with reasonable standards for quality of care at least equal to standards prevailing in the HMO area and (b) which have sufficient operating history and enrollment to permit evaluation of the capacity to provide appropriate care and to establish capitation rates. Established HMO's would have (1) a minimum enrollment of 25,000 not more than half of whom are 65 or older and (2) have been in operation for at least 2 years. Exception to the size requirement is provided for HMO's in

small communities or sparsely populated areas (5,000 members and 3 years of operation).

The Senate bill also added a provision requiring the Secretary to report to Congress annually regarding experience under the HMO provision.

The House recedes with two amendments. The first amendment deleting the word "generally" from the Senate version of the bill. The conferees expect that HMO's will make available, either directly or under other arrangements, such services covered under Part A and B that would otherwise be available to beneficiaries in an area in the absence of HMO's.

The second amendment would authorize incentive payments to qualified Health Maintenance Organizations equal to one-half of the difference between the organization's adjusted costs and adjusted average per capita costs for beneficiaries not enrolled in the HMO. Such incentive payments could not exceed, in any year, 10 percent of adjusted average per capita costs. There would be no sharing in any losses incurred by the HMO. Types of costs recognized for purposes of calculating allowable costs within and without HMO's shall be those types otherwise allowable to non-HMO providers and practitioners.

#### REDUCTION OF MEDICAID SERVICES

Amendment No. 412:

Under present law a State cannot reduce its expenditures for the State share of medicaid from one year to the next. If a State wishes to modify its State plan so as to reduce the extent of care and services provided or to terminate any of its programs, the Governor must certify to the Secretary that a) the State share of medicaid expenditures will not be reduced, b) the State is complying with the provisions in its plan relating to utilization and costs of services, and c) the modification is not made for the purpose of increasing the standard or other formula for determining payments.

The House bill modified this provision by permitting a State to cut back the extent of coverage of optional services provided that it maintained its total dollar expenditure levels.

The Senate amendment modified the House by repealing the provisions of present law.

The House recedes.

#### HOSPITAL COST DETERMINATION UNDER MEDICAID

Amendment No. 413: The House bill allowed States, generally, to develop their own methods of reasonable reimbursement of hospitals rather than being required to follow the medicare regulations.

The Senate amendment deleted the House provision.

The House recedes with an amendment restoring the House provision except that the methods used by the States would be subject to approval by the Secretary.

#### FEDERAL MATCHING FOR MEDICAID ADMINISTRATION

Amendment Nos. 419-420: The House bill provided for Federal matching for the cost of designing, developing, and installing mecha-

nized claims processing and information retrieval systems at a rate of 90 percent and 75 percent for the operation of such systems.

The Senate amendments deleted the House provisions.

The Senate recesses with a technical amendment making it clear that the 75 percent matching funds would also include expenses incurred in any contracting for operating the system.

#### INSTITUTIONAL UTILIZATION REVIEW IN MEDICAID

Amendment Nos. 426-431: The House bill provided that hospitals and skilled nursing homes participating under medicaid must meet the same utilization committee requirements which now apply in the medicare program.

The Senate amendments modified the House bill by providing that the provision could be waived where an alternative system has been approved by the Secretary.

The House recesses.

#### QUALIFICATIONS OF CERTAIN HEALTH CARE PERSONNEL

Amendment Nos. 437-441: The House bill contained a provision which would require the Secretary to explore, develop, and apply appropriate means of determining the proficiency of health personnel disqualified or limited in responsibility under present medicare regulations.

The Senate amendment modified the House bill by setting a time—December 31, 1977—after which determinations of proficiency would not apply with respect to persons initially licensed by a State or seeking initial qualifications as a health care person. The Senate amendments also specified that cytotechnologists are included among the types of personnel to which the provision would apply.

The House recesses.

#### FALSE REPORTING AND FRAUDULENT ACTS UNDER MEDICARE AND MEDICAID

Amendment Nos. 442-449: The House bill contained a provision defining certain actions under the medicare and medicaid programs to be fraud and setting penalties therefor.

The Senate amendments substituted for "Any provider . . . or other person . . ." the word "Whoever" when discussing fraudulent acts performed in any application for payments or certifications under Medicare or Medicaid and defines the term "whoever" to include individuals and business entities such as corporations, associations, firms, partnerships, societies, and joint stock companies, as well as individuals.

The Senate recesses.

#### PROVIDER REIMBURSEMENT APPEALS

Amendment Nos. 450-464:

Under present law a fiscal intermediary determines the amount of reasonable cost to be paid to a provider of services. There is no spe-

cific legislative provision for an appeal by the provider of the intermediary's final reasonable cost determinations.

The House bill provided for the establishment of a Provider Reimbursement Review Board which would review cases involving medicare providers of services where the amount in controversy is \$10,000 or more.

The Senate amendment modified the House bill by including two additional situations which could serve as a basis for provider appeals. The first provision would enable groups of providers to appeal adverse final decisions of the fiscal intermediary to the Board where the amount at issue aggregates \$10,000 or more. The second modification enables any provider which believes that its fiscal intermediary has failed to make a timely cost determination on an acceptable supplemental filing where the initial filing was deficient, to appeal to the Board where the amount in controversy is \$10,000 or more.

The House recedes with an amendment to the Senate provision in the case of groups of providers by increasing the amount which must be at issue from \$10,000 to \$50,000.

#### ROLE OF THE JOINT COMMISSION ON ACCREDITATION OF HOSPITALS IN MEDICARE

Amendment No. 465: The Senate amendment added a new section to the House bill which would authorize the Secretary to enter into an agreement with any State under which the State certifying agency would survey hospitals accredited by the Joint Commission on Accreditation of Hospitals on a limited basis, or a specific hospital, where, an allegation has been made that a condition exists in the hospital which is adverse to the health and safety of patients.

The House recedes.

#### DURABLE MEDICAL EQUIPMENT

Amendment No. 466: The Senate amendment added a new section to the House bill which would authorize the Secretary of Health, Education, and Welfare to experiment with reimbursement approaches (in various geographic areas) which are intended to avoid situations where total rentals for durable medical equipment exceed the purchase price, and to implement without further legislation any purchase approach found to be workable, desirable, and economical.

The House recedes.

#### UNIFORM STANDARDS FOR SKILLED NURSING FACILITIES—MEDICARE AND MEDICAID

Amendment No. 467: The Senate amendment added a new section to the House bill which provided for a single definition of and a single set of requirements for a skilled nursing home under medicaid and extended care facility under medicare. The definition would be the present medicare definition plus the following items:

(1) complete information on the identity of each person with an interest (direct or indirect) of 1 percent or more in the facility would have to be made public;

(2) the facility would have to cooperate with a program of independent medical audit of its patients; and

(3) the facility would have to meet the provisions of the Life Safety Code of the National Fire Protection Association (1967 Edition) except that the Secretary would have limited waiver authority.

In addition, the Senate amendment would require facilities to submit certified statements of their costs within 120 days of close of each fiscal year.

The House recedes with amendments as follows: (1) the amount of the interest in a facility requiring identification would be 10 percent rather than 1 percent; and (2) the provision requiring submission of cost statements is deleted.

SINGLE DEFINITION OF COVERED CARE IN NURSING HOMES FOR MEDICARE  
AND MEDICAID

Amendment No. 468: The Senate amendment added a new section to the House bill which would establish a single definition of covered care in a skilled nursing home which would apply to both medicare and medicaid. Services covered would be those services provided directly by, or requiring the supervision of, skilled nursing personnel, or skilled rehabilitation services, which the patient needs on a daily basis, and which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis.

The House recedes.

14-DAY EXTENDED CARE FACILITY TRANSFER REQUIREMENT

Amendment No. 469: The Senate amendment added a new section to the House bill which would amend existing law to permit an interval of longer than 14 days between discharge from a hospital and admission to a skilled care facility under certain conditions; when, following discharge, the patient's condition does not permit the immediate provision of skilled nursing or rehabilitation services, or rehabilitation services, or the nonavailability of space prevents admission for not longer than 2 weeks beyond the 14 days.

The House recedes.

REIMBURSEMENT OF SKILLED NURSING HOMES AND INTERMEDIATE CARE  
FACILITIES UNDER MEDICAID

Amendment No. 470: The Senate amendment added a new section to the House bill which would require States to reimburse skilled nursing and intermediate care facilities on a reasonable cost-related basis by July 1, 1974.

The States would be able to use acceptable cost-finding techniques (not necessarily those utilized for medicare purposes) to determine reasonable reimbursement and apply to the results appropriate methodologies for determining payment.

The new Senate section further provided that cost reimbursement methods which the Secretary would find acceptable for a State medicaid program could also be adopted, with appropriate adjustments, in the State for purposes of medicare reimbursement. The Secretary would be permitted to adjust a rate upward, where appropriate. Where

a skilled nursing facility is a distinct part of, or directly operated by a hospital, reimbursement would be made for care in such facilities in the same manner as is applicable to the hospital's costs. Where a skilled nursing facility functions in a close formal medical satellite relationship with a hospital (which would be defined in regulations of the Secretary) reimbursement would be made on the basis of costs not to exceed 150 percent of the adjusted medicaid rate of payment (if the Secretary applies such rates to medicare facilities in that State) for care in that facility (or comparable facility).

The House recedes with an amendment changing the effective date to July 1, 1976.

#### COMMON CERTIFICATION PROCESS FOR SKILLED NURSING HOMES UNDER MEDICARE AND MEDICAID

Amendment No. 471: The Senate amendment added a new section to the House bill which provides that determination of basic eligibility of skilled nursing homes under medicaid would be made by the Secretary (rather than by the State).

The appropriate State health agency would survey facilities wishing to participate in either (or both) medicare or medicaid and report its findings and recommendations to the Secretary. The Secretary would base his action on the State-supplied information.

The House recedes with an amendment under which the Secretary would act as the certifying agent for medicaid only with respect to facilities which have also requested to be certified under medicare.

#### INCREASE IN FEDERAL FINANCING OF MEDICAID NURSING HOME CERTIFICATIONS

Amendment No. 472: The Senate amendment added a new section to the House bill which would increase from 75 to 100 percent the Federal share of the cost of certifying and inspecting skilled nursing homes under the medicaid system.

The House recedes with an amendment authorizing such increased matching only from October 1, 1972, to July 1, 1974.

#### DISCLOSURE OF INFORMATION ON PERFORMANCE OF MEDICARE CONTRACTORS

Amendment No. 473: The Senate amendment added a new section to the House bill which would require that the Secretary make public the following types of evaluations and reports dealing with the operation of the medicare and medicaid programs:

- (1) individual contractor performance reviews and other formal evaluations of the performance of carriers, intermediaries, and State agencies, including the reports of follow-up reviews;
- (2) comparative evaluations of the performance of contractors—including comparisons of either overall performance or of any particular contract or operation;
- (3) program validation survey reports—with the names of individuals deleted.

Public disclosure of evaluations and reports would not be required to be made until the contractor, State agency, or facility was given

suitable opportunity—not to exceed 60 days—for comments as to the accuracy of the findings and conclusions of the evaluation or report with such comments being made part of the report where the portions originally objected to have not been modified in line with the comment. The reports would not be required to contain information concerning those deficiencies which are known by the Secretary to have been fully corrected within 60 days of the date they were initially brought to the attention of the contractor or provider of services.

The House recesses.

#### LIMITATION ON INSTITUTIONAL CARE UNDER MEDICAID

Amendment No. 474: The Senate amendment added a new section to the House bill precluding Federal matching for that portion of any money payment which is related institutional, medical, or other type of remedial care provided by an institution which is (or could be) included under the medicaid program.

The House recesses.

#### ELIGIBILITY FOR MEDICAID OF SOCIAL SECURITY BENEFICIARIES

Amendment No. 475: The Senate amendment added a new provision to the House bill which would require that in those States which limit medicaid coverage to categorically needy persons (recipients of cash assistance or persons who would be eligible for cash payments except that they reside in an institution), no person who was medicaid-eligible in August 1972 could be deemed ineligible for medicaid solely because of the increase in income resulting from the 20 percent increase in social security benefits voted by the Congress in June 1972. In such cases States would have the option of requiring a person who leaves the cash rolls because of the social security increases to incur medical expenses in the amount of the excess income resulting from the benefit change before he receives medicaid coverage (in effect, instituting for these persons a spend-down similar to that applied in States with programs for the medically needy). Alternatively, a State may simply disregard that amount of the social security benefit increase by which income exceeds the standard for purposes of determining medicaid eligibility. Such a disregard would not be applicable for purposes of the cash assistance program.

The House recessed with an amendment which strikes the Senate amendment substituting in lieu thereof a provision requiring that an individual eligible for medicaid and for cash public assistance in September 1972 not be made ineligible for medicaid from October 1972 through September 1973 solely because of the 20 percent social security benefit increase first paid on October 3, 1972.

#### PROFESSIONAL STANDARDS REVIEW ORGANIZATION

Amendment No. 476: The Senate amendment added a new section to the House bill which provides for the establishment of Professional Standards Review organizations consisting of substantial numbers of practicing physicians (usually 300 or more) in local areas to assume responsibility for comprehensive and on-going review of serv-

ices covered under the medicare and medicaid programs. The PSRO would be responsible for assuring that services were (1) medically necessary and (2) provided in accordance with professional standards. PSRO's would not be involved with reasonable charge determinations. The provision is designed to assure proper utilization of care and services provided in medicare and medicaid utilizing a formal professional mechanism representing the broadest possible cross-section of practicing physicians in an area. Safeguards are included, designed to protect the public interest, including appeals procedures, and to prevent pro forma assumption in carrying out review responsibilities. The provision requires recognition of and use by the PSRO of utilization review committees in hospitals and medical organizations to the extent determined effective.

The House recedes with the following amendment:

(1) Until January 1, 1976, the Secretary would be able to make an agreement only with a qualified organization which represents a substantial proportion of the physicians in the geographical area designated by the Secretary.

(2) A professional standards review organization would not be required to review other than institutional care and services unless such organization chooses to include the review of other services and the Secretary agrees.

(3) Until January 1, 1976, at the request of 10 percent or more of the practicing physicians in a geographical area designated by the Secretary, the Secretary would be required to poll the practicing physicians in the area as to whether or not an organization of physicians which has requested to conclude an agreement with the Secretary to establish a professional standards review organization in that area substantially represents the practicing physicians in that area.

If more than 50 percent of the practicing physicians in the area responding to the poll indicate that the organization does not substantially represent the practicing physicians in the area, the Secretary could not enter into an agreement with that organization.

#### COVERAGE OF PHYSICAL THERAPISTS UNDER MEDICARE

Amendment Nos. 478-499: The House bill contained a provision which (1) provided coverage under Part B of medicare for up to \$100 per calendar year of physical therapy services furnished by a licensed physical therapist in his office (or in the patient's home) under a physician's plan and (2) modified the reimbursement methods for physical therapists and other health-related personnel when providing services under an arrangement with a provider of services.

The Senate amendment deleted that portion of the House provision authorizing reimbursement for up to \$100 annually for physical therapy services in a therapist's office, and modified the House provision limiting reimbursement of therapists to authorize the Secretary, where the services of a therapist are required on a part-time or intermittent basis, to make payment on the basis of a reasonable rate per unit of service greater per unit of time than salary equivalent amounts where such payments, in the aggregate, are less than would have resulted, if the therapist was employed by the provider on a full or part-time salaried basis.

The House recedes with an amendment restoring the first item—coverage of physical therapy in a therapist's office.

COVERAGE OF PTOSIS BARS UNDER MEDICARE

Amendment No. 500: The House bill contained a provision which would cover ptosis bars under Part B of medicare.

The Senate amendment deleted the House provision.  
The House recedes.

WAIVER OF ENROLLMENT PERIOD REQUIREMENTS UNDER MEDICARE

Amendment Nos. 505-506: The House bill contained a section which permits waived of certain enrollment requirements where the beneficiary was given erroneous information.

The Senate amendments modified the House provision by defining the prejudicial action as caused by an employee or agent of the Federal government rather than of HEW as in the House bill.

The House recedes.

SELECTION OF PART B CARRIERS FOR RAILROAD RETIREMENT BENEFICIARIES

Amendment Nos. 507-508: The House bill contained a provision which provided that the Railroad Retirement Board would be authorized to contract with a carrier or carriers for purposes of servicing its beneficiaries with respect to part B benefits, an arrangement presently in effect as a result of the Commissioner of Social Security having delegated his authority to do this to the Railroad Retirement Board.

The Senate amendments deleted the House provision.  
The Senate recedes.

PROFESSIONAL SOCIAL WORKERS IN EXTENDED CARE FACILITIES UNDER  
MEDICARE

Amendment No. 509: The House bill contained a provision which would prohibit the Secretary of Health, Education, and Welfare from requiring that extended care facilities obtain the services of a professional social worker.

The Senate amendment deleted the House provision.  
The Senate recedes.

ELIMINATION OF COINSURANCE FOR HOME HEALTH SERVICES

Amendment No. 557: The Senate amendment added a new section to the House bill which would remove the 20-percent coinsurance feature with respect to home health services under Part B of medicare.

The House recedes.

INTERMEDIATE CARE FACILITIES AND SKILLED NURSING ON  
INDIAN RESERVATIONS

Amendment No. 558: The Senate amendment added a new section to the House bill which would include as intermediate care facilities

and skilled nursing facilities under medicaid long-term care institutions on Indian reservations.

The House recesses.

#### GRANTS FOR NURSES AID TRAINING

Amendment No. 559: The Senate amendment added a new section to the House bill which would establish a grant program for training nurses' aides and orderlies.

The Senate recesses.

#### MEDICAID SPEND-DOWN LEVEL

Amendment No. 560: The Senate amendment added a new section to the House bill which would provide that any State which extends Title XIX services to the medically needy must provide for a medical assistance standard which is no lower than the payment standard for the related cash assistance program. The limitation under current law, whereby Federal matching is only available for services provided to persons whose income (after medical expenses) is no higher than 133 percent of the AFDC payment, adjusted for family size, would be overridden but only in those cases where the cash assistance standard for the appropriate recipient category exceeded 133 percent of the adjusted AFDC level.

The Senate recesses.

#### CLARIFICATION OF MEDICARE APPEAL PROCEDURES

Amendment No. 561: The Senate amendment added a new section to the House bill which would make clear that there is no authorization for an appeal to the Secretary or for judicial review on matters solely involving amounts of benefits under Part B, and that insofar as Part A amounts are concerned, appeal is authorized only if the amount in controversy is \$100 or more and judicial review only if the amount in controversy is \$1,000 or more.

The House recesses.

#### MEDICARE COVERAGE OF MINERS RECEIVING BLACK LUNG BENEFITS

Amendment No. 562: The Senate amendment added a new section to the House bill which would extend medicare coverage for individuals receiving black lung benefits under medicare.

The Senate recesses.

#### OCCUPATIONAL THERAPY UNDER MEDICARE

Amendment No. 563: The Senate amendment added a new section to the House bill which would modify the medicare home health provisions by providing that the need for occupational therapy would be added to the list of needs which can qualify an individual for home health services

The Senate recesses.

## LIMITATIONS ON RECOVERY OF OVERPAYMENTS

Amendment No. 529: The Senate amendment added a new section to the House bill which would limit medicare's right of recovery of overpayments to a 3-year period (or less, but not less than one year) from the date of payment, where the provider of services or the beneficiary involved acted in good faith; would enable the Secretary to specify a reasonable period of time (of not less than one year or more than 3 years) after which medicare would not be required to accept claims for underpayment or nonpayment.

The House recesses.

## INCREASE IN FEDERAL MATCHING FOR MEDICAL PERSONNEL UNDER CONTRACT UNDER MEDICAID

Amendment No. 530: The Senate amendment added a new section to the House bill which would permit 75-percent Federal matching for the reasonable costs of paying for the services of professional medical personnel under contract with a State to help perform medicaid functions. Present law limits the 75-percent rate to such professionals employed by State agencies.

The Senate recesses.

## OUTPATIENT SPEECH PATHOLOGY UNDER MEDICARE

Amendment No. 531: The Senate amendment added a new section to the House bill which would provide additional coverage of speech therapy services under Part B when furnished by an organized health agency, clinic, or public health agency. The "clinic" could be composed of a single speech pathologist. The services must be furnished under a plan of care prepared by a physician.

The House recesses with an amendment revising the provision to cover speech pathology services furnished by an organization now eligible to furnish covered physical therapy services.

## SERVICES OF CLINICAL PSYCHOLOGISTS UNDER MEDICARE

Amendment No. 532: The Senate amendment added a new section to the House bill which would remove the Part B requirement that the services of clinical psychologists now covered under medicare be provided under the direct supervision of a physician.

The Senate recesses.

## OUTPATIENT REHABILITATION SERVICES UNDER MEDICARE

Amendment No. 533: The Senate amendment added a new section to the House bill which would establish a new benefit category under Part B for outpatient rehabilitation in outpatient settings. The organization providing such services would have to meet standards similar to these applied now to providers of outpatient physical therapy services.

The Senate recesses.

## ASSIGNMENT OF FISCAL INTERMEDIARIES BY THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE, UNDER MEDICARE

Amendment No. 534: The Senate amendment added a new section to the House bill which would authorize the Secretary to assign or

reassign providers to available intermediaries wherever such assignment or reassignment would result in more efficient administration. In making an assignment, the Secretary would be required to take the provider's choice of intermediary into consideration but he would not be bound by the provider's choice.

The Senate recesses.

#### TERMINATION OF MEDICAL ASSISTANCE ADVISORY COUNCIL

Amendment No. 535: The Senate amendment added a new section to the House bill which would terminate the present Medical Assistance Advisory Council which advises the Secretary on matters related to the medicaid program.

The House recesses.

#### CHANGE IN ROLE OF HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

Amendment No. 536: The Senate amendment added a new section to the House bill which would modify the function of the Health Insurance Benefits Advisory Council so that its role would be to provide recommendations on matters of general policy with respect to Medicare and Medicaid. The Council would only meet as often as the Secretary deems necessary, but not less than annually.

The House recesses.

#### ADMINISTRATION OF OATHS IN MEDICARE PROCEEDINGS

Amendment No. 537: The Senate amendment added a new provision to the House bill which would permit the Secretary to administer oaths and affirmations in medicare proceedings in the same way and to the same extent he is now permitted in cash social security benefit proceedings under Title II of the Social Security Act.

The House recesses.

#### WITHHOLDING MEDICAID PAYMENTS WHEN A PROVIDER OWES THE MEDICARE PROGRAM

Amendment No. 538: The Senate amendment added a new section to the House bill which would authorize the Secretary of Health, Education, and Welfare to withhold future Federal financial participation in State medicaid payments to institutions which have withdrawn from medicare without refunding monies which they owe medicare or without filing final cost reports with medicare unless they enter into settlement negotiations with the Secretary.

The House recesses.

#### MATERNAL AND CHILD HEALTH

Amendment No. 539: The Senate amendment added a new section to the House bill which would extend for an additional year (through June 30, 1974) the present direct Federal grants part of the maternal and child health program.

The Senate recesses.

#### PERMITTING INTERMEDIATE CARE PROGRAMS IN STATES WITHOUT MEDICAID

Amendment No. 540: The Senate amendment added a new section to the House bill which would allow Federal matching for intermedi-

ate care in States which, on January 1, 1972, did not have a medicaid program.

The House recesses.

APPOINTMENT AND CONFIRMATION OF ADMINISTRATOR OF SOCIAL AND  
REHABILITATION SERVICE

Amendment No. 542: The Senate amendment added a new section to the House bill which would make appointments to the Office of Administrator of the Social and Rehabilitation Service subject to Presidential approval and Senate confirmation.

The House recesses.

DELETION OF MAINTENANCE OF EFFORT REQUIREMENT FOR MENTAL  
PATIENTS UNDER MEDICARE

Amendment No. 543: The Senate amendment deleted the maintenance of effort requirement for care of people 65 and over in mental hospitals under the medicaid program.

The House recesses.

GRANTS FOR TRAINING OF INTERMEDIATE CARE FACILITY ADMINISTRATORS

Amendment No. 544: The Senate amendment added a new section to the House bill which would authorize expenditures for fiscal years 1973 and 1974 for the training of Intermediate Care Facility administrators who cannot meet Federal standards.

The Senate recesses.

INTERMEDIATE CARE FACILITIES AS MENTAL HEALTH INSTITUTIONS  
UNDER MEDICARE

Amendment No. 545: The Senate amendment added a new section to the House bill which provided that when a State chooses to cover individuals age 65 and over in institutions for tuberculosis or mental diseases it must cover such care in intermediate care facilities as well as in hospitals and skilled nursing homes. The provision would be effective after December 31, 1971.

The House recesses with an amendment making the effective date after December 31, 1972.

INDEPENDENT MEDICAL REVIEW IN INTERMEDIATE CARE FACILITIES

Amendment No. 546: The Senate amendment added a new section to the House bill which would require that inpatients of all intermediate care facilities be subject to independent medical audit not, as under present law, just the inpatients of intermediate care facilities which furnish a minimum level of health care.

The House recesses.

MODIFICATION OF MAINTENANCE OF EFFORT PROVISION WITH RESPECT  
TO PUBLIC INTERMEDIATE CARE FACILITIES

Amendment No. 547: The Senate amendment added a new section to the House bill which would modify the maintenance of effort provision in present law (enacted as part of Public Law 92-223) with

respect to public institutions for the mentally retarded by (1) providing for a base year consisting of the four calendar quarters immediately preceding the quarter in which such services were covered and (2) providing that the provisions will expire on January 1, 1975.

The House recesses.

#### DISCLOSURE OF OWNERSHIP OF INTERMEDIATE CARE FACILITIES

Amendment No. 548: The Senate amendment added a new section to the House bill which would require: (1) the disclosure of the name and address of each person having a 10-percent interest (direct or indirect) in an intermediate care facility; and (2) that intermediate care facilities submit a cost report to the State medicaid agency within 120 days after the close of the fiscal year.

The House recesses with an amendment striking out item 2.

#### MEDICAID COVERAGE OF MENTALLY ILL CHILDREN

Amendment No. 549: The Senate amendment added a provision to the House bill which would authorize Federal matching for medicaid eligible children under age 21 who are inpatients in institutions for mental diseases. The new section also authorizes the Secretary of Health, Education, and Welfare to conduct, through contracts with State agencies, a limited number of demonstration projects to determine the feasibility of extending medicaid mental hospital coverage to mentally ill persons who are otherwise eligible for medicaid and who are between the ages of 21 and 65.

The House recesses with amendments as follows: (1) by providing that Federal matching would not be available with respect to any otherwise eligible individual unless such individual is formally certified to be in need of the institutional care and services authorized under the Senate amendment by an independent review team consisting of medical and other personnel qualified to make such determination; the review must also include a finding that the active care and treatment to be provided can reasonably be expected to result in significant improvement in the mental condition of such individual leading to the eventual discharge from the institution, and (b) by striking out the provisions authorizing demonstration projects for mentally ill persons between age 21 and 65.

#### DISCLOSURE OF SURVEY INFORMATION ABOUT HEALTH FACILITIES UNDER MEDICARE AND MEDICAID

Amendment No. 550: The Senate amendment added a new section to the House bill which would require the Secretary of Health, Education, and Welfare to identify, and make available to the public, information derived from a survey of a health facility or organization on the absence or presence of significant deficiencies in that facility or organization.

The House recesses.

#### CHANGES IN FAMILY PLANNING REQUIREMENTS

Amendment No. 551: The Senate amendment added a new section to the House bill which (1) would increase Federal matching for

family planning services to 100 percent and make family planning a mandated service under medicaid; and, (2) would reduce Federal matching for regular AFDC cash payments by 2 percent in any year the State did not inform AFDC adults of the availability of family planning counseling and related medical care.

The House recedes with amendments which (1) would set the matching rate for family planning services at 90 percent and (2) would reduce the 2 percent figure to 1 percent for reductions in AFDC payments for failure to inform or supply recipients with requested family planning services.

PENALTY FOR FAILURE TO SCREEN AND CARE FOR CHILDREN UNDER  
MEDICAID

Amendment No. 552: The Senate amendment added a new section to the House bill which specifies that the Federal share of AFDC matching funds would be reduced by 2 percent beginning in fiscal year 1975 if a State in the prior year (a) has failed to inform AFDC families of the availability of child health screening services for children of ages eligible for such services; or (b) failed to actually provide for or arrange for such services; or (c) failed to arrange for or refer to appropriate corrective treatment children disclosed by such screening as suffering illness or impairment.

The House recedes with an amendment which would decrease the 2 percent figure to 1 percent.

TITLE XV, AID TO DISABLED NARCOTIC AND ALCOHOLIC ADDICTS,  
EFFECTIVE JANUARY 1, 1973

Amendment Nos. 553-554: The Senate amendments added a new section to the House bill which: (a) precludes eligibility of medically determined alcoholics and addicts for welfare under AFDC and for benefits, on the basis of disability, under the Supplemental Security Income program, and (b) establishes a program under the new title, Title XV of the Social Security Act designed to require appropriate professional care and treatment of alcoholics and addicts utilizing existing agencies and mechanisms. Maintenance payments could be made only as part of a treatment and rehabilitation program. Matching funds under this title would be at the rates otherwise provided for the type of payments made (medical care and treatment would be matched at medicaid rates and cash payments and defined social services matched at the rates applicable to the category under which the person would otherwise be aided).

The Senate recedes (see related provisions in amendments of programs for the aged, blind, and disabled).

CHRONIC RENAL DISEASE COVERAGE UNDER MEDICARE

Amendment No. 555: The Senate amendment added a new section to the House bill which provided that fully or currently insured workers, and their dependents, with chronic renal disease would be deemed disabled for purposes of coverage under medicare. Coverage would begin 6 months after the onset of the condition providing that such individuals require hemodialysis or renal transplantation.

The House recedes with an amendment which would modify the Senate provision by providing that coverage would begin with the fourth month after the individual first receives hemodialysis services.

W. D. MILLS,  
AL ULLMAN,  
JAMES A. BURKE,  
MARTHA W. GRIFFITHS,  
JOHN W. BYRNES,  
JACKSON E. BETTS,  
H. T. SCHNEEBELL,

*Managers on the Part of the House.*

RUSSELL B. LONG,  
CLINTON P. ANDERSON,  
HERMAN TALMADGE,  
WALLACE F. BENNETT,  
CARL CURTIS,

*Managers on the Part of the Senate.*





(For conference report and statement, see proceedings of the House of October 14, 1972.)

Mr. MILLS of Arkansas. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, H.R. 1 as it passed the U.S. Senate would have cost more than \$18 billion in its first full year. The House conferees met with representatives of the Senate over the course of 4 days, and we have managed to bring the cost of this bill down to less than one-third of that \$18 billion—down to \$5.3 billion, which is actually much less than H.R. 1 would have cost as it passed the House.

I insert at this point a table showing the overall cost effects of H.R.1:

Outgo over present law calendar 1974

TRUST FUNDS		Billions
Social security cash benefits.....		\$2.3
Hospital insurance.....		1.6
Supplementary medical insurance.....		.1
<b>Total</b> .....		<b>4.0</b>
GENERAL REVENUES		
Supplementary security income.....		1.8
Food stamp cash-out.....		.8
Foster care.....		.2
Medicaid.....		.8
Supplementary medical insurance.....		.4
<b>Total</b> .....		<b>1.8</b>
<b>Grand Total</b> .....		<b>5.3</b>

The Senate had made 583 amendments to the House bill and the conferees went over every one of them. I admit that the House conferees were tough. We had to be tough. We insisted time after time that the Senate drop provisions which had substantial costs and we did this even when a Senate provision had considerable merit. And frankly, we were just as tough on ourselves. The Senate had dropped three important but costly provisions from the House version of H.R. 1, and the House receded on those three provisions even though they had much merit.

Despite all this, this bill still contains the most far-reaching provisions of a social security bill since we passed medicare in 1965.

The bill makes many important changes in the cash social security programs—for example, raising the earnings test amount, increasing payments to widows, and providing a special minimum benefit.

In the medicare and medicaid area, we have made almost 100 changes including medicare for the disabled and a special program for those suffering from killing kidney diseases.

The bill contains a brand new Federal program of assistance to the aged, blind, and disabled who do not have enough money to live on. This new program will assure that virtually no aged person will have to live below the poverty level.

As you can see, Mr. Speaker, the bill has three major areas of change, social security benefits, medicare and medicaid, and public assistance. I intend to go over each of these areas a little later.

But before I do so, let me refresh the Members of the House on the legislative history of this bill. In the last Congress, the House passed two separate bills, one

on welfare reform and one on social security and medicaid and medicare and sent them to the other body. The Senate never did approve the welfare reform bill and did not send us the other bill until two days before the end of a Congress that quit on January 2. Clearly it was impossible at that time to complete a conference.

In order to make up for the Senate's lack of responsibility on this matter, the Committee on Ways and Means in the first days of this Congress in January 1971, reconsidered and improved the provisions in both the earlier bills and included them in H.R. 1. The committee worked hard on this bill, reporting it to the House on May 28, 1971. The House passed the bill on June 22, 1971. The bill was in the Senate for almost 16 months; it was not sent over here until just before the Columbus Day weekend.

I can fully understand and appreciate the concern of Members about having to consider this important legislation in the last days of a Congress. They have no stronger objections to it than I did. But I and the rest of the House conferees were not willing to let the irresponsibility of the other body once again keep the American people from having the benefit of the many important provisions of this legislation. In order to facilitate Members' consideration of this bill, there is available not only the conference report on the bill but also a brief summary of all the provisions in the bill as it will look when enacted.

PROVISIONS RELATING TO THE OASDI PROGRAM

Mr. Speaker, the provisions in the conference report relating to the old-age survivors and disability insurance program were agreed to with the general purpose of including in the bill the provisions of the House and Senate which were in disagreement that could be financed without unduly increasing social security tax rates.

There were some provisions in the House-passed bill that would have required substantial tax increases which had to be omitted from the conference report for this reason. These included provisions to provide an additional drop-out year for each 15 years of covered service of a worker, which would have cost 0.25 percent of payroll, the provision for eliminating the actuarial reduction on a benefit subsequently applied for, which would have cost 0.13 percent of payroll, and the provision for combining the earnings of working couples which would have cost 0.20 percent of payroll. These were all meritorious amendments but their combined cost of 0.58 percent of payroll would have required substantial tax increases in future years.

A number of Senate amendments were also eliminated in order to hold down the cost of the bill. These included liberalizing the eligibility requirements of the blind for disability benefits, raising the earnings limitation far above the increase contained in the House bill, benefits for dependent brothers and sisters and providing actuarially reduced benefits at age 60 for workers and at age 55 for widows.

The conference report nevertheless

CONFERENCE REPORT ON H.R. 1, SOCIAL SECURITY ACT AMENDMENT

Mr. MILLS of Arkansas, Mr. Speaker, I call up the conference report on the bill (H.R. 1) to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

contains many significant improvements in the social security cash benefits program. It increases benefits for widows and widowers which are applied for at or after 65 from 82½ percent to 100 percent of the benefit of a deceased spouse. It increases the earnings limitation from \$1,680 to \$2,100 a year and reduces the rate at which benefits are withheld to \$1 in benefits to \$2 of earnings for all earnings over that amount. It provides a special minimum benefit of \$170 a month for workers with 30 years of covered employment. It provides higher benefits for persons who continue to work after age 65. It eliminates the discrimination in determining benefits and eligibility for men as compared to women workers. It reduces the waiting period for disability benefits from 6 months to 5 months.

In addition to these amendments, the conference report contains more than 20 additional improvements in the social security cash benefits program.

Benefit payments under the program will be increased by \$2.3 billion in the first full year they are in effect.

PROVISIONS RELATING TO THE MEDICARE AND MEDICAID PROGRAMS

The provisions of H.R. 1 as adopted by the conference committee would make a great number of substantial improvements in the medicare and medicaid programs.

First, the bill would cover social security disabled beneficiaries under medicare effective next July. This provision will be of direct benefit to more than 1½ million severely disabled Americans.

Second, the conference committee report would provide protection against the costs of hemodialysis and kidney transplantation for almost all Americans afflicted with that disease beginning after the third month of treatment. This provision will help some of the most sorely afflicted people in the Nation. It has come to my attention on many occasions recently where an individual could benefit from hemodialysis treatment but his failure to be able to pay for it meant that he faced death instead. When H.R. 1 becomes law, this will no longer happen.

Third, the conference approved a provision that will cover chiropractors under medicare beginning next July. I know that many Members have introduced bills on this subject and I know that fact influenced the House conferees to a large degree.

I want to make one comment about the conference committee amendment to this provision. The conference committee amendment is designed to assure that chiropractors deal only with their customary major field. We do not expect or intend an over-technical interpretation of "subluxation," what we do intend is that the generally accepted definition of this term be applied.

The bill as reported by the conference committee contained some 90 other provisions which will make many other adjustments and improvements in medicare and medicaid benefits and which will make many needed improvements in the operating effectiveness of these programs. These provisions are the result of many, many months of work in both the House and Senate beginning in early 1970. Many of these changes are long overdue and I am pleased that we can finally see them becoming part of the law.

I am not going to describe all 90 of them—they are described in detail in the summary of provisions which have been made available to the Members and which I will insert in the RECORD at this point in my statement. However, I would like to discuss a few of them which I regard as having considerable importance.

As many Members know, the aged pay one-half of the cost of part B in medicare through monthly premiums. The bill, as reported by the conference committee, provides that these premium amounts paid by the aged will be increased in the future at a rate no faster than social security cash benefits are increased.

The conference committee approved provisions which would authorize the establishment of professional standard review organizations. These organizations, which will be composed solely of physicians practicing in an area, will assume responsibility for the review of the utilization and quality of services provided under the medicare and medicaid programs. They would not be involved in determination of reasonable charges under medicare and medicaid, only whether the services provided are sound and proper. Safeguards are included which will protect the public's interest including appeal procedures and provisions to prevent pro forma performance. It may very well be that this will turn out to be one of the most important provisions of the bill. These organizations, which have already been set up in many States including California, Utah, New Mexico, Georgia, Pennsylvania, and Illinois, have already proven that they can do the job. I expect that as the physicians who are involved in these programs consult with and advise physicians in other areas, we will see a rapid expansion of the number of these organizations over the next few years.

The bill would permit the coverage of inpatient care in mental institutions for children covered under the medicaid program. Under present law, coverage is provided only for people 65 years of age and over. This provision will be of direct benefit to many young people who suffer from mental conditions, particularly because the House conferees insisted that

any additional funds be spent only for active treatment which can reasonably be expected to lead to discharge of the young person from the mental hospital.

I will not take the time of the Members to describe any more of these provisions, but I hope that all of you will read the long list of them in the summary document and conclude as I have that these provisions represent the most important changes in the medicare and medicaid programs since their original enactment in 1965.

PROVISIONS RELATING TO SOCIAL SECURITY TAXES

The cost of the additional benefits in the OASDI and medicare programs are fully financed by changes in the tax rates paid by employers and employees.

Under present law as amended by Public Law 92-336, the OASDI tax rate is scheduled to remain at 4.6 percent from now through calendar year 1977. Beginning in 1978, it is scheduled to decline to 4.5 percent and remain at that level through the year 2010 and increase to 5.35 percent beginning in the year 2011. Under the conference report, the OASDI tax rate would be increased to 4.85 percent in 1973 and remain at that rate through 1977. Beginning in 1978, the OASDI tax rate would, under the conference report, go down to 4.8 percent and remain at that rate until the year 2010. Beginning in the year 2011, it would increase to 5.85 percent.

I call to the attention of the Members of the House that these tax rates are lower for the next 38 years than the tax rates which would have been effective under the law prior to the time it was amended by Public Law 92-336. Under that prior law, the OASDI tax rate would have increased to 5 percent for calendar years 1973 through 1975 and increased again to 5.15 percent beginning in 1976 and would have remained at that level thereafter.

The hospital insurance tax rates would be increased under the conference report in order to finance the extension of the medicare program to social security disability beneficiaries. These tax rates were raised by Public Law 92-336 in order to make up the actuarial deficit that was building up in the hospital insurance trust fund. As amended by that legislation, the hospital insurance tax rate is scheduled to increase to 0.9 percent for the years 1973 through 1977; to 1 percent for 1978 through 1985; to 1.1 percent for 1986 through 1992; and finally to 1.2 percent beginning in 1993. Under the conference report, the new schedule of rates for the hospital insurance tax would be 1 percent for 1973 through 1977; 1.2 percent for 1978 through 1980; 1.3 percent for 1981 through 1985; and 1.4 percent beginning in 1986. I include at this point two tables on the tax rates:

COMPARISON OF CONTRIBUTION RATES (EMPLOYERS AND EMPLOYEES, EACH)  
[In percent]

	Calendar years			Calendar years				
	OASDI	HI <sup>1</sup>	Total	OASDI	HI <sup>1</sup>	Total	Total	
<b>Present law:</b> \$10,800 base in 1973; \$12,000 base in 1974; Automatic thereafter.....	1973-77	4.60	0.90	5.50	1973-77	4.85	1.00	5.85
	1978-85	4.50	1.00	5.50	1978-80	4.80	1.25	6.05
	1986-92	4.50	1.10	5.60	1981-85	4.80	1.35	6.15
	1993-97	4.50	1.20	5.70	1986-97	4.80	1.45	6.25
	1998-2010	4.50	(1.20)	(5.70)	1998-2010	4.80	(1.45)	(6.25)
	2011 +	5.35	(1.20)	(6.55)	2011 +	5.85	(1.45)	(7.30)

<sup>1</sup> Cost estimates for hospital insurance are made for a 25-year period only.

DOLLAR AMOUNT OF EMPLOYEE SOCIAL SECURITY CONTRIBUTIONS FOR CALENDAR YEARS 1973 AND 1974—FOR SELECTED LEVELS OF ANNUAL EARNINGS

	Contribution rate (percent)	Maximum covered earnings	Median earnings (male) (\$7,433 for 1973; \$7,804 for 1974)	Minimum wage earner \$3,328 earnings
<b>1973:</b>				
Present law (\$10,800).....	5.5	\$594.00	\$408.82	\$183.04
Conference bill (\$10,800).....	5.85	631.00	434.83	194.69
<b>1974:</b>				
Present law (\$12,000).....	5.5	660.00	429.22	183.04
Conference bill (\$12,000).....	5.85	702.00	456.53	194.69

I would like to reemphasize that while the combined tax rates including both the OASDI and hospital insurance tax rates would be higher in future years under H.R. 1 than they would have been before the Social Security Act was amended this year, that the tax rate schedule for the OASDI program alone has been reduced and that the increase

in the taxes that workers and employers will be paying in the future are going primarily into the hospital insurance trust fund in order to provide hospital insurance benefits to disability beneficiaries and to make up the actuarial deficit that had existed in the hospital insurance trust fund.

The fiscal effects of the provisions in

the bill on the medicaid program are quite substantial. The Department of Health, Education, and Welfare estimates that Federal expenditures under medicaid will be reduced by almost \$500 million in this fiscal year and almost three-quarters of a billion dollars next fiscal year. I insert at this point a table on medicaid costs and savings in H.R. 1:

COST IMPACT ON MEDICAID OF H.R. 1 (CONFERENCE VERSION)

[Dollar amounts in millions]

Effective date	Fiscal year—		Effective date	Fiscal year—	
	1973	1974		1973	1974
Sec. 201. Disabled under medicare.....	July 1973	- \$67	Sec. 249E. Title XIX eligibility for recipients of social security benefit increase.....	do.....	+39
Sec. 204. Change in SMI deductible.....	January 1973	+ \$3	Sec. 271. Increased matching, Puerto Rico and the Virgin Islands.....	July 1971	+10
Sec. 207. Incentives for utilization review.....	July 1973	-152	Sec. 299B. Coverage of mentally ill children.....	January 1973	+40
Sec. 208. Cost-sharing under medicaid.....	January 1973	-44	Sec. 299E. 90 percent funding of family planning services.....	October 1972	+15
Sec. 209. Determination of payments for families under medicaid.....	January 1974	+15	Sec. 299I. Coverage of renal disease.....	July 1973	-17
Sec. 225. Limits on SNH/ICF payments.....	January 1973	-11	<b>Total fiscal impact.....</b>		<b>-470</b>
Sec. 231. Maintenance of effort.....	Enacted	-540			<b>-746</b>
Sec. 235. Management information system.....	January 1972	+10			
Sec. 247. Level of care requirements.....	January 1973	-6			
Sec. 249B. 100 percent reimbursement SNH inspectors.....	October 1972	+14			

PROVISIONS RELATING TO WELFARE PROGRAMS

Mr. Speaker, one of the very worthwhile and significant improvements which was made through this bill is the provision for supplemental income security for aged, blind, and disabled persons. At the present time these persons receive assistance through a great variety of State programs administered by the State welfare agencies under widely varying provisions as to eligibility and payment.

The conference committee report would create a single Federal program administered by the Social Security Administration with uniform Federal benefits and uniform eligibility requirements. The program entitled, "Supplemental Security Income for the Aged, Blind, and Disabled," would assure to otherwise eligible persons a monthly income of \$130 if they have no other income. For a couple the amount would be \$195; \$20 of any type of income, social security benefits or otherwise, would be exempted so that persons with some other income

would be assured \$150 a month if single and \$215 if married to an eligible spouse.

The special minimum which we established for social security beneficiaries, would assure to a person with 30 years of earnings under social security at least \$170 a month. This would give some recognition of an individual's earnings or savings during his working lifetime and an even larger income if he has worked for 30 years. In addition, the aged, blind and disabled would have exempted \$65 a month of earnings and one-half of the remainder of earnings, thereby encouraging them to continue in such employment as they may be able to do. The blind would have similar exemptions together with an assurance that they would have no less of their income from other sources disregarded than they do today.

Resources, which eligible individuals might have, include the home and surrounding land if the value does not exceed a reasonable amount, household goods, personal effects, an automobile,

and up to \$1,500 in other resources—savings, cash surrender value of life insurance, bonds, et cetera—if single, and up to \$2,250 if married. In the unlikely event that this should result in anyone that is now eligible under a State program becoming ineligible the conference report provides that anyone eligible under a State program immediately prior to the new Federal program which goes into effect in January 1974, would be assured of continuing eligibility.

Definitions for blindness and disability similar to those being used for social security beneficiaries would be established but no one would lose eligibility because of these who has been eligible under a State program.

States which have maintained higher levels of payment than those provided would be encouraged to continue to make supplemental payments and for these to be administered by the Department of Health, Education, and Welfare. The Federal Government would pay any administrative costs and would guarantee

the States that their 1972 level of need could be met together with the cash value of food stamps without the State having to expend more than they spent in 1972.

Special provisions are made for narcotic addicts and alcoholics to assure that rehabilitation services are provided wherever they are available and that payments are made through third parties rather than giving the addicts checks for cash.

Severely disabled children under age 18 would be eligible for help.

H.R. 1 TITLE III  
[Dollars in millions]

	Fiscal year—			Calendar 1974
	1973	1974	1975	
<b>CURRENT LAW</b>				
Payments.....	\$2,100	\$2,100	\$2,200	\$2,150
Administration.....	180	190	200	195
Subtotal.....	2,280	2,290	2,400	2,345
Food stamps.....	300	300	310	305
Total.....	2,580	2,590	2,710	2,645
<b>H.R. 1</b>				
Maintenance payments....	2,100	2,800	3,500	3,500
Hold harmless.....		150	300	300
Administration.....	280	370	350	350
Subtotal.....	2,380	3,320	4,150	4,150
\$4 pass through.....	.33	.25		
Subtotal.....	2,413	3,345	4,150	4,150
Food stamps.....	300	150		
Total.....	2,713	3,495	4,150	4,150
Net cost over current law....	133	905	1,440	1,505

These are the broad outlines of the major provisions of this important bill. I now submit a summary of the bill, including further detail. I insert it in the RECORD immediately following these remarks, along with additional tables.

In the field of family welfare programs, the Committee on Ways and Means devoted a great deal of attention to the recommendations of the administration and to the views of other Members and sources during 1969, 1970, and early 1971. H.R. 1, as you will recall, was passed by the House in June, 1971. For over 15 months it was considered by the Senate Committee on Finance and a large number of complex public assistance amendments, completely divergent from those passed by the House were included in it as it finally passed the Senate. We frankly do not feel that in a week's time we could understand, much less arrive at a reasonable compromise between these new Senate provisions and the House bill. Accordingly, we reluctantly put aside both the House and Senate versions of welfare reform of the family programs.

Mr. Speaker, I feel that in the conference report on H.R. 1 we are bringing the House major and needed improvements in cash social security, medicare, medicaid and assistance for needy blind, disabled and aged people. I deeply regret that we do not bring to the House significant reform in the AFDC program. However, I believe that what we do have represents one of the most important bills in this Congress and that major

gains have been made in a fiscally prudent manner.

I will include at this point a summary and certain tables:

SUMMARY OF H.R. 1, THE "SOCIAL SECURITY AMENDMENTS OF 1972" AS APPROVED BY THE CONFEREES

I. SOCIAL SECURITY CASH BENEFIT PROVISIONS  
1. Special minimum cash benefits

The bill would provide a special minimum benefit of \$8.50 multiplied by the number of years in covered employment up to 30 years, producing a benefit of at least \$170 a month for a worker who has been employed for 30 years under social security coverage. This benefit would be paid as an alternative to the regular benefits in cases where a higher benefit would result.

Under this provision, the new higher minimum benefit would become payable to people with 20 or more years of employment; at that point, the special minimum benefit would be more than the regular minimum—\$85 as compared to the regular minimum benefit of \$84.50 payable under present law. A worker with 25 years of employment under social security would thus be guaranteed a benefit of at least \$127.50; while one with 30 years would receive at least \$170 a month. Minimum payments to a couple would be one and one-half times these amounts.

Years of covered employment:	Special minimum
19 or less.....	(1)
20.....	\$85.00
21.....	93.50
22.....	102.00
23.....	110.50
24.....	119.00
25.....	127.50
26.....	136.00
27.....	144.50
28.....	153.00
29.....	161.50
30 or more.....	170.00

<sup>1</sup> Regular \$84.50 minimum applies.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—150,000 people would get increased benefits on the effective date and \$20 million in additional benefits would be paid in 1974.

2. Increase in widow's and widower's insurance benefits

Under present law, when benefits begin at or after age 62 the benefit for a widow (or dependent widower) is equal to 82½ percent of the amount the deceased worker would have received if his benefit had started when he was age 65. A widow can get a benefit at age 60 reduced to take account of the additional 2 years in which she would be getting benefits.

The bill would provide benefits for a widow equal to the benefit her deceased husband would have received if he were still living. Under the bill, a widow whose benefits start at age 65 or after would receive either 100 percent of her deceased husband's primary insurance amount (the amount he would have been entitled to receive if he began his retirement at age 65) or, if his benefits began before age 65, an amount equal to the reduced benefit he would have been receiving if he were alive.

Under the bill, the benefit for a widow (or widower) who comes on the rolls between 60 and 65, would be reduced (in a way similar to the way in which widows' benefits are reduced under present law when they begin drawing benefits between ages 60 and 62) to take account of the longer period over which the benefit would be paid.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—3.8 million people would get increased benefits on the effective date and \$1.1 billion in additional benefits would be paid in 1974.

3. Increased benefits for those who delay retirement beyond age 65

The bill includes a provision which would provide for an increase in social security benefits of 1 percent for each year after age 65 that the individual delays his retirement.

*Effective date.*—For computation and re-computation after 1973 based on earnings after 1973.

4. Age 62 computation point for men

Under present law, the method of computing benefits for men and women differs in that years up to age 65 must be taken into account in determining average earnings for men, while for women only years up to age 62 must be taken into account. Also, benefit eligibility is figured up to age 65 for men, but only up to age 62 for women. Under the bill, these differences, which provide special advantages for women, would be eliminated by applying the same rules to men as now apply to women.

*Effective date.*—The new provision would become effective, starting January 1973 and become fully effective in January 1975.

*Dollar payments.*—About \$14 million in additional benefits would be paid in 1974.

5. Liberalization of the retirement test

The amount that a beneficiary under age 72 may earn in a year and still be paid full social security benefits for the year would be increased from the present \$1,600 to \$2,100. Under present law, benefits are reduced by \$1 for each \$2 of earnings between \$1,680 and \$2,800 and for each \$1 of earnings above \$2,880. The committee bill would provide for a \$1 reduction for each \$2 of all earnings above \$2,100, there would be no \$1-for-\$1 reduction as under present law. Also, in the year in which a person attains age 72 his earnings in and after the month in which he attains age 72 would not be included, as they are under present law, in determining his total earnings for the year.

Future increases in the amount of exempt earnings would be automatic as average earnings rise.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—1.2 million beneficiaries would become entitled to higher benefit payments on the effective date and 450,000 additional people would become entitled to benefits. About \$856 million in additional benefits would be paid in 1974.

6. Dependent widower's benefits at age 60

Aged dependent widowers under age 63 could be paid reduced benefits (on the same basis as widows under present law) starting as early as age 60.

*Effective date.*—January 1973.

7. Childhood disability benefits

Childhood disability benefits would be paid to the disabled child of an insured retired, deceased, or disabled worker, if the disability began before age 22, rather than before 18 as under present law. In addition, a person who was entitled to childhood disability benefits could become re-entitled if he again becomes disabled within 7 years after his prior entitlement to such benefits was terminated.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—13,000 additional people would become eligible for benefits on the effective date and \$17 million in additional benefits would be paid in 1974.

8. Continuation of child's benefits through the end of a semester

Payment of benefits to a child attending school would continue through the end of the semester or quarter in which the student (including a student in a vocational school) attains age 22 (rather than the month before he attains age 22) if he has not received, or completed the requirements for, a bachelor's degree from a college or university.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—55 thousand beneficiaries would become entitled to higher benefit payments on the effective date and 5 thousand additional people would become entitled to benefits. About \$19 million in additional benefits would be paid in 1974.

**9. Eligibility of a child adopted by an old-age or disability insurance beneficiary**

The provisions of present law relating to eligibility requirements for child's benefits in the case of adoption by old-age and disability insurance beneficiaries would be modified to make the requirements uniform in both cases. A child adopted after a retired or disabled worker becomes entitled to benefits would be eligible for child's benefits based on the worker's earnings if the child is the natural child or stepchild of the worker or if (1) the adoption was decreed by a court of competent jurisdiction within the United States, (2) the child lived with the worker in the United States for the year before the worker became disabled or entitled to an old-age or disability insurance benefit, (3) the child received at least one-half of his support from the worker for that year, and (4) the child was under age 18 at the time he began living with the worker.

*Effective date.*—January 1973.

**10. Benefits for a child entitled on the record of more than one worker**

The bill would provide that a child who is entitled to benefits on the earnings record of more than one worker would get benefits based on the earnings record which results in paying him the highest amount, if the payment would not reduce the benefits of any other individual who is entitled to benefits based on that earnings record. (Entitlement of a child on the earnings record that will give the child the highest benefit could otherwise result in a reduction of the benefits for other people entitled on the same earnings record because of the family maximum limitation.)

*Effective date.*—January 1973.

**11. Benefits for a child based on the earnings record of a grandparent**

Under the bill, benefits would be extended to grandchildren not adopted by their grandparents if their parents have died or are disabled and if the grandchildren were living with a grandparent at the time the grandparent qualified for benefits.

*Effective date.*—January 1973.

**12. Nontermination of child's benefits by reason of adoption**

Under the present law, a child's entitlement to benefits ends if he is adopted unless he is adopted by (1) his natural parent, (2) his natural parent's spouse jointly with the natural parent, (3) the worker (e.g., a stepparent) on whose earnings the child is getting benefits, or (4) a stepparent, grandparent, aunt, uncle, brother, or sister after the death of the worker on whose earnings the child is getting benefits.

Under the bill, a child's benefits would no longer stop when the child is adopted, regardless of who adopts him.

**13. Elimination of the support requirements for divorced women**

Under present law, benefits are payable to a divorced wife age 62 or older and a divorced widow age 60 or older if her marriage lasted 20 years before the divorce, and to a surviving divorced mother. In order to qualify for any of these benefits a divorced woman is required to show that: (1) she was receiving at least one-half of her support from her former husband, (2) she was receiving substantial contributions from her former husband pursuant to a written agreement, or (3) there was a court order in effect providing for substantial contributions to her support by her former husband. The bill

would eliminate these support requirements for divorced wives, divorced widows, and surviving divorced mothers.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—10 thousand additional people would become eligible for benefits on the effective date and \$23 million in additional benefits would be paid in 1974.

**14. Waiver of duration-of-marriage requirement in case of remarriage**

The duration-of-marriage requirement in present law for entitlement to benefits as a worker's widow, widower, or stepchild—that is, the period of not less than 9 months immediately prior to the day on which the worker died that is now required (except where death was accidental or in the line of duty in the uniformed service in which case the period is 3 months)—would be waived in cases where the worker and his spouse were previously married, divorced, and remarried, if they were married at the time of the worker's death and if the duration-of-marriage requirement would have been met at the time of the divorce had the worker died then.

*Effective date.*—January 1973.

**15. Reduction in waiting period for disability benefits**

Under the bill, the present 6-month period throughout which a person must be disabled before he can be paid disability benefits would be reduced by 1 month (to 5 months).

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—950 thousand beneficiaries would become entitled to additional benefit payments in 1974 and 4 thousand additional people would become entitled to benefits. About \$128 million in additional benefits would be paid in 1974.

**16. Disability insured status for individuals who are blind**

Under present law, to be insured for disability insurance benefits a worker must be fully insured and meet a test of substantial recent covered work (generally 20 quarters of coverage in the period of 40 calendar quarters preceding disablement). The bill would eliminate the test of recent attachment to covered work for blind people; thus a blind person would be insured for disability benefits if he is fully insured—that is, he has as many quarters of coverage as the number of calendar years that elapsed after 1950 (or the year he reached age 21, if later) and up to the year in which he became disabled.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—30,000 additional people would become immediately eligible for benefits on the effective date, and \$38 million in additional benefits would be paid in 1974.

**17. Disability insurance benefits applications filed after death**

Disability insurance benefits (and dependents' benefits based on a worker's entitlement to disability benefits) would be paid to the disabled worker's survivors if an application for benefits is filed within 3 months after the worker's death, or within 3 months after enactment of the provision. It would be effective for deaths occurring after 1969.

**18. Disability benefits affected by the receipt of workmen's compensation**

Under present law, social security disability benefits must be reduced when workmen's compensation is also payable if the combined payments exceed 80 percent of the worker's average current earnings before disablement. Average current earnings for this purpose can be computed on two different bases and the larger amount will be used. The bill adds a third alternative base, under which a worker's average current earnings can be based on the 1 year of his highest earnings

in a period consisting of the year of disablement and the 5 preceding years.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—40 thousand people would get increased benefits on the effective date and \$22 million in additional benefits would be paid in 1974.

**19. Wage credits for members of the uniformed services**

Present law provides for a social security noncontributory wage credit of up to \$300, in addition to contributory credit for basic pay, for each calendar quarter of military service after 1967. Under the bill, the \$300 noncontributory wage credits would also be provided for service during the period January 1957 (when military service came under contributory social security coverage) through December 1967.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—130 thousand people would get increased benefits on the effective date and \$46 million in additional benefits would be paid in 1974.

**20. Optional determination of self-employment earnings**

Self-employed persons could elect to report for social security purposes two-thirds of their gross income from nonfarm self-employment. Not more than \$1,600 in income (farm and nonfarm) could be reported in this manner. (This optional method of reporting is similar to the option available under present law for farm self-employment.) A regularity of coverage requirement would have to be met and the option could be used only five times by any individual.

*Effective date.*—January 1973.

**21. Coverage of members of religious orders who are under a vow of poverty**

Social security coverage would be made available to members of religious orders who have taken a vow of poverty, if the order makes an irrevocable election to cover these members as employees of the order.

*Effective date.*—January 1973.

**22. Self-employment income of certain individuals living temporarily outside the United States**

Under present law, a U.S. citizen who retains his residence in the United States but who is present in a foreign country or countries for approximately 17 months out of 18 consecutive months, must exclude the first \$20,000 of his earned income in computing his taxable income for social security and income tax purposes. The bill would provide that U.S. citizens who are self-employed outside the United States and who retain their residence in the United States would not exclude the first \$20,000 of earned income for social security purposes and would compute their earnings for self-employment for social security purposes in the same way as those who are self-employed in the United States.

*Effective date.*—January 1973.

**23. Issuance of social security numbers and penalty for furnishing false information to obtain a number**

The bill includes a number of provisions dealing with the method of issuing social security account numbers. Under present law, numbers are issued upon application, often by mail, upon the individual's motion.

Under the bill the Secretary would be required to issue numbers to non-citizens entering the country under conditions which would permit them to work. In the case of a person who may not legally work at the time he is admitted to the United States, the number would be issued at the time his status changes. In addition to these general rules, numbers would be issued to persons who do not have them at the time they apply for benefits under any federally financed program.

The Secretary would be authorized to issue numbers to individuals when they enter the school system.

As a corollary to this more orderly system of issuing social security account numbers, the bill would provide criminal penalties for (1) furnishing false information in applying for a social security number; (2) knowingly and willfully using a social security number that was obtained with false information or (3) using someone else's social security number. The penalty would involve a fine of up to \$1,000 or imprisonment for up to 1 year or both.

*Effective date.*—January 1973.

#### 24. Trust fund expenditures for rehabilitation services

The bill provides an increase in the amount of social security trust fund moneys that may be used to pay for the costs of rehabilitating social security disability beneficiaries. The amount would be increased from 1 percent of the previous year's disability benefits (as under present law) to 1½ percent for fiscal year 1973 and to 1½ percent for fiscal year 1974 and subsequent years.

*Dollar expenditures.*—\$28 million in additional expenditures for vocational rehabilitation would be made in 1974.

#### 25. Recomputation of benefits based on combined railroad and social security earnings

The bill would provide that a deceased individual who during his lifetime was entitled to social security benefits and railroad compensation and whose railroad remuneration and earnings under social security are, upon his death, to be combined for social security purposes would have his primary insurance amount recomputed on the basis of his combined earnings, whether or not he had earnings after 1965.

#### 26. Payments to disabled former employee

Provides that payments made by an employer to a former disabled employee will not be counted for social security benefit or tax purposes if the payment is made after the calendar year in which the former employee became entitled to social security disability insurance benefits.

#### 27. Social security coverage for foreign missionaries

Eliminates for certain foreign ministers the \$20,000 exclusion from earned income earned abroad in the case of a minister or a member of a religious order.

#### 28. Coverage of students and certain part-time employees

Permits States to modify their social security coverage agreements for State and local employees so as to remove from coverage services of students employed by the public school or college they are attending, and the services of part-time employees.

#### 29. Wage credits for World War II internees

Provides non-contributory social security credits for U.S. citizens of Japanese ancestry who were interned by the U.S. Government during World War II. In order to qualify for the wage credits an individual must have been 18 or older at the time he was interned and the credits will be determined on the basis of the then prevailing minimum wage or the individual's prior earnings, whichever is larger.

#### 30. Duration-of-relationship requirements

Amends the provision of present law which reduces from 9 months to 3 months the duration-of-relationship requirement when death is accidental or in line of duty in the Armed Forces so that there would be no duration-of-relationship requirement in cases of an accidental death if it is reasonable to expect that

the deceased would have lived for at least 9 months.

#### 31. Other Cash Benefits Amendments

Other amendments included in the committee bill relate to the executive pay level of the Commissioner of Social Security; coverage of registrars of voters in Louisiana; coverage of certain policemen and firemen in West Virginia and Idaho and certain hospital employees in New Mexico; coverage of certain employees of the Government of Guam; coverage of Federal Home Loan Bank employees; and acceptance of money gifts made unconditionally to social security.

### II. MEDICARE-MEDICAID AMENDMENTS

#### 1. Medicare coverage for the disabled

Effective July 1, 1973, a social security disability beneficiary would be covered under medicare after he had been entitled to disability benefits for not less than 24 consecutive months. Those covered would include disabled workers at any age; disabled widows and disabled dependent widowers between the ages of 50 and 65; beneficiaries age 18 or older who receive benefits because of disability prior to reaching age 22; and disabled qualified railroad retirement annuitants. An estimated 1.7 million disabled beneficiaries would be eligible initially.

#### 2. Hospital insurance for the uninsured

The bill will permit persons age 65 or over who are ineligible for part A of medicare to voluntarily enroll for hospital insurance coverage by paying the full cost of coverage (initially estimated at \$33 monthly and to be recalculated annually). Where the Secretary of HEW finds it administratively feasible, those State and other public employee groups which have, in the past, voluntarily elected not to participate in the Social Security program could opt for and pay the part A premium costs for their retired or active employees age 65 or over. Enrollment in part B of medicare would be required as a condition of buying into the part A program.

*Effective date:* July 1, 1973.

#### 3. Part B premium increases

The bill will limit part B premium increases for fiscal years 1974 and thereafter to not more than the percentage by which the Social Security cash benefits had been generally increased since the last part B premium adjustment. Costs above those met by such premium payments would be paid out of general revenues in addition to the regular general revenue matching.

*Effective date:* July 1, 1973.

#### 4. Part B deductible

Beginning with calendar year 1973, the bill increases the annual part B deductible from \$50 to \$60.

#### 5. Automatic enrollment in part B

Effective July 1, 1973, the bill provides (except for residents of Puerto Rico and foreign countries) for automatic enrollment under part B for the elderly and the disabled as they become eligible for part A hospital insurance coverage. Persons eligible for automatic enrollment must also be fully informed as to the procedure and given an opportunity to decline the coverage.

#### 6. Effective utilization review programs in medicare

Effective July 1, 1973, the bill authorizes a one-third reduction in Federal matching payments for long-term stays in hospitals, nursing homes, intermediate care facilities, and mental institutions, if States fail to have effective programs of control over the utilization of institutional services or where they fail to conduct the independent professional audits of patients as required by law. The bill also authorizes the Secretary, after June 30, 1973, to compute a reasonable differential

between the cost of skilled nursing facility services and intermediate care facility services provided in a State to medicare patients.

#### 7. Cost sharing under medicare

The bill made the following changes with respect to premiums, copayments, and deductibles under medicare.

1. It requires States which cover the medically indigent to impose monthly premium charges. The premium would be graduated by income in accordance with standards prescribed by the Secretary.

2. States could, at their option, require payment by the medically indigent of nominal deductibles and nominal co-payment amounts which would not have to vary by level of income.

3. With respect to cash assistance recipients, nominal deductible and co-payment requirements, while prohibited for the six mandatory services required under Federal law (inpatient hospital services; outpatient hospital services; other X-ray and laboratory services; skilled nursing home services; physicians' services; and home health services), would be permitted with respect to optional medicare services such as prescribed drugs, hearing aids, etc.

*Effective date:* January 1973.

#### 8. Protection against loss of medicare because of increased earnings

An individual or member of a family eligible for cash public assistance and medicare who would otherwise lose eligibility for medicare as a result of increased earnings from employment would be continued on medicare for a period of 4 months from the date where medicare eligibility would otherwise terminate.

#### 9. Coordination between medicare and Federal employee plans

Effective January 1, 1975, medicare would not pay a beneficiary, who is also a Federal retiree or employee, for services covered under his Federal employee's health insurance policy which are also covered under medicare unless he has had an option of selecting a policy supplementing medicare benefits. If a supplemental policy is not made available, the F.E.P. would then have to pay first on any items of care which were covered under both the Federal employee's program and medicare.

*Effective date:* January 1974.

#### 10. Medicare services outside of the United States

Effective January 1, 1973, the bill authorizes use of a foreign hospital by a U.S. resident where such hospital was closer to his residence or more accessible than the nearest suitable United States hospital. Such hospitals must be approved under an appropriate hospital approval program.

In addition, the bill authorizes part B payments for necessary physicians' services furnished in conjunction with such hospitalization.

The bill also authorizes medicare payments for emergency hospital and physician services needed by beneficiaries in transit between Alaska and the other continental States.

#### 11. Optometrists under medicare

The bill requires States, which had previously covered optometric services under medicare and which, in their State plans, specifically provided for coverage for eye care under "physicians' services," which an optometrist is licensed to provide, to reimburse for such care whether provided by a physician or an optometrist.

*Effective date:* Enactment.

#### 12. Beneficiary liability under medicare

The bill would, with respect to claims for services provided after the date of enactment, relieve beneficiaries from liability in certain

situations where medicare claims are disallowed and the beneficiary is without fault.

**13. Limitation on Federal payments for disapproved capital expenditures**

The bill would preclude medicare and medicaid payments for certain disapproved capital expenditures (except for construction toward which preliminary expenditures of \$100,000 or more had been made in the 3-year period ending December 17, 1970) which are specifically determined to be inconsistent with State or local health facility plans. The provision would become effective after December 31, 1972 or earlier, if requested by a State.

**14. Demonstrations and reports**

The bill authorizes the Secretary to undertake studies, experiments or demonstration projects with respect to: various forms of prospective reimbursement of facilities; ambulatory surgical centers; intermediate care and homemaker services (with respect to the extended care benefit under medicare); elimination or reduction of the three-day prior hospitalization requirement for admission to a skilled nursing facility; determination of the most appropriate methods of reimbursing for the services of physicians' assistants and nurse practitioners; provision of day care services to older persons eligible under medicare and medicaid; and, possible means of making the services of clinical psychologists more generally available under medicare.

*Effective date:* Enactment.

**15. Limitation on coverage of costs under medicare**

The bill authorizes the Secretary to establish limits on overall direct or indirect costs which will be recognized as reasonable for comparable services in comparable facilities in an area. He may also establish maximum acceptable costs in such facilities with respect to items or groups of services (for example, food costs, or standby costs). The beneficiary would be liable (except in the case of emergency care) for any amounts determined as excessive (except that he may not be charged for excessive amounts in a facility in which his admitting physician has a direct or indirect ownership in the facility).

*Effective date:* January 1973.

**16. Limits on prevailing physician charge levels**

The bill recognizes as reasonable, for medicare reimbursement purposes only, those charges which fall within the 75th percentile. Starting in 1973, increases in physicians' fees allowable for medicare purposes, would be limited by a factor which takes into account increased costs of practice and the increase in earnings levels in an area.

With respect to reasonable charges for medical supplies and equipment, the amendment would provide for recognizing only the lowest charges at which supplies of similar quality are widely and consistently available.

**17. Limits on payments to skilled nursing facilities and intermediate care facilities under medicaid**

Effective January 1, 1973, Federal financial participation in reimbursement for skilled nursing facility care and intermediate care per diem costs would not be available to the extent such costs exceed 105 percent of prior year levels of payment under the provision (except for those costs attributable to any additional required services). The provision would except increased payment resulting from increases in the Federal minimum wage or other new Federal laws.

**18. Payments to health maintenance organizations**

Authorizes medicare to make a single combined Part A and B payment, on a capitation basis, to a "Health Maintenance Organization," which would agree to provide care to a group not more than one-half of whom

are medicare beneficiaries who freely choose this arrangement. Such payments may not exceed 100 percent of present Part A and B per capita costs in a given geographic area, and the exact amount of the payment would be dependent on the efficiency of the HMO.

The Secretary could make these arrangements with existing prepaid groups and foundations, and with new organizations which eventually meet the broadly defined term "Health Maintenance Organization."

*Effective date:* July 1973.

**19. Payments for the services of teaching physicians**

The bill provides that, for accounting periods beginning after June 30, 1973, services of teaching physicians would be reimbursed on a costs basis unless:

- (A) The patient is bona fide private or;
- (B) The hospital has charged all patients and collected from a majority on a fee-for-service basis.

For donated services of teaching physicians, a salary cost would be imputed equal to the prorated usual costs of full-time salaried physicians. Any such payment would be made to a special fund designated by the medical staff to be used for charitable or educational purposes.

**20. Advance approval of ECF and home health coverage**

The bill authorizes Secretary to establish, by diagnosis, minimum periods during which the posthospital patient would be presumed to be eligible for benefits.

*Effective date:* January 1973.

**21. Termination of payment to suppliers of service**

Under the bill the Secretary would be authorized to suspend or terminate medicare payments to a provider found to have abused the program. Further, there would be no Federal participation in medicaid payments which might be made subsequently to this provider. Program review teams would be established in each State to furnish the Secretary with professional advice in discharging this authority.

*Effective date:* January 1973.

**22. Elimination of requirement that States move toward comprehensive medicaid program**

The bill repeals Section 1903(e) which required each State to show that it was making efforts in the direction of broadening the scope of services in its medicaid program and liberalizing eligibility requirements for medical assistance.

**23. Elimination of medicaid maintenance of effort**

The bill repeals Section 1902(d). Under Section 1902(d) a State could not reduce its aggregate expenditures for the State share of its medicaid program from one year to the next.

*Effective date:* Enactment.

**24. Determination of reasonable cost of inpatient hospital services under medicaid and maternal and child health programs**

The bill would allow States, with the advance approval of the Secretary, to develop their own methods and standards for reimbursement of the reasonable costs of inpatient hospital services. Reimbursement by the States would in no case exceed reasonable cost reimbursement as provided for under medicare.

**25. Customary charges less than reasonable costs under medicare**

Effective for accounting periods beginning after December 31, 1972, the bill provides that reimbursement for services under medicaid and medicare cannot exceed the lesser of reasonable costs determined under medicare, or the customary charges to the general public. The provisions would not apply to services furnished by public providers free of charge or at a nominal fee. In such cases reimbursement would be based on those

items included in the reasonable cost determination which would result in fair compensation.

*Effective date:* January 1973.

**26. Institutional planning under medicare**

The bill would require all providers, as a condition of medicare participation, to have a written overall plan and budget reflecting an operating budget and a capital expenditures plan which would be updated at regular intervals.

The required annual operating budget would not have to be a detailed item budget.

*Effective date:* Fiscal years after March 1973.

**27. Cost determination system under medicaid**

The bill provides for Federal matching for the cost of designing, developing, and installing mechanized claims processing and information retrieval systems at 90 percent and 75 percent for the operation including contract operation (of such systems).

*Effective Date:* July 1972.

**28. Prohibition against reassignment of claims for benefits**

Effective January 1, 1973, the bill prohibits payment to anyone other than the physician or other person who provided the service, unless such person is required as a condition of his employment to turn his fees over to his employer.

**29. Utilization review requirements under medicaid and maternal and child health programs**

Effective January 1973, the bill requires hospitals and skilled nursing homes participating in titles 5 and 19 to use the same utilization review committees and procedures now required under title 18 for those programs with certain exceptions approved by the Secretary. This requirement is in addition to any other requirements now imposed by the Federal or State governments.

**30. Notification of unnecessary hospital and skilled nursing facility admissions**

The bill requires notification to patient and physician and a payment cut-off after 3 days, in those cases where unnecessary utilization is discovered during a sample review of admissions to medicare hospitals or skilled nursing facilities.

**31. Use of State health agency to perform certain functions under medicaid**

Effective January 1973, the bill requires that the same State health agency (or other appropriate State medical agency) certify facilities for participation under both medicare and medicaid. The bill also requires that Federal participation in medicaid payments be contingent upon the State health agency establishing a plan for statewide review of appropriateness and quality of services rendered.

**32. Relationship between medicaid and comprehensive health programs**

The bill permits States to waive Federal statewideness and comparability requirements in medicaid with approval of the Secretary if a State contracts with an organization which has agreed to provide health services in excess of the State plan to eligible recipients who reside in the area served by the organization and who elect to receive services from such organization. Payment to such organizations could not be higher on a per-capita basis than the per-capita medicaid expenditures in the same general area.

**33. Proficiency testing**

The bill provides for proficiency testing of paramedical personnel under medicaid until December 31, 1977.

**34. Penalty for fraudulent acts and false reporting**

The bill establishes penalties for soliciting, offering or accepting bribes or kickbacks, or for concealing events affecting a person's rights to benefit with intent to defraud, and

for converting benefit payments to improper use, of up to one year's imprisonment and a \$10,000 fine or both. Additionally, the bill establishes false reporting of a material fact as to conditions or operations of a health care facility as a misdemeanor subject to up to 6 months' imprisonment, a fine of \$2,000, or both.

#### 35. *Provider Reimbursement Review Board*

The bill establishes a Provider Reimbursement Review Board to hear cases involving an issue of \$10,000 or more. Groups of providers can appeal where the amounts at issue on a common matter aggregate \$50,000 or more. Any provider which believes that its fiscal intermediary has failed to make a timely cost determination on its annual cost report or timely determination on a supplemental filing can appeal to the Board where the amount involved is \$10,000 or more. The change is effective for accounting periods ending on or after June 30, 1973.

#### 36. *Validation of Joint Commission on Accreditation of Hospitals Surveys*

The bill provides that State certification agencies, as directed by the Secretary, would survey on a selective sample basis (or where substantial allegations of noncompliance have been made) hospitals accredited by the JCAH. The bill also authorizes the Secretary to promulgate health and safety standards without being restricted to JCAH standards.

#### 37. *Payment for durable medical equipment under medicare*

The bill authorizes the Secretary to experiment with reimbursement approaches which are intended to eliminate unreasonable expenses resulting from prolonged rentals of durable medical equipment and then to implement the approaches found effective.

#### 38-42. *Skilled Nursing Facilities under medicare and medicaid*

38. *Conforming standards for extended care and skilled nursing home facilities.*—The bill would establish a single definition and set of standards for extended care facilities under medicare and skilled nursing homes under medicaid. The provision creates a single category of "skilled nursing facilities" which would be eligible to participate in both health care programs. A "skilled nursing facility" would be defined as an institution meeting the present definition of an extended care facility and which also satisfies certain other medicaid requirements set forth in the Social Security Act.

*Effective date:* July 1973.

39. *"Skilled care" definition for medicare and medicaid.*—The bill would change the definition of care requirements with respect to entitlement for extended care benefits under medicare and with respect to skilled nursing care under medicaid. Present law would be amended to authorize skilled care benefits for individuals in need of "skilled nursing care and/or skilled rehabilitation services on a daily basis in a skilled nursing facility which it is practical to provide only on an inpatient basis." Coverage would also be continued during short-term periods (e.g. a day or two) when no skilled services were actually provided but when discharge from a skilled facility for such brief period was neither desirable nor practical.

*Effective date:* January 1973.

40. *14-Day transfer requirement for extended care benefits.*—Under existing law, medicare beneficiaries are entitled to extended care benefits only if they are transferred to an extended care facility within 14 days following discharge from a hospital. Under the bill an interval of more than 14 days would be authorized for patients whose conditions did not permit immediate provision of skilled services within the 14-day limitation. An extension not to exceed 2 weeks beyond the 14 days would also be authorized in those instances where an admis-

sion to an ECF is prevented because of the non-availability of appropriate bed space in facilities ordinarily utilized by patients in a geographic area. *Effective date:* Enactment.

41. *Reimbursement rates for care in skilled nursing facilities.*—The bill amends title 19 to require States, by July 1, 1976, to reimburse skilled nursing and intermediate care facilities on a reasonably cost-related basis, using acceptable cost-finding techniques and methods approved and validated by the Secretary of HEW. Cost reimbursement methods which the Secretary found to be acceptable for a State's medicaid program could be adapted, with appropriate adjustments, for purposes of medicare skilled nursing facility reimbursements in that State.

42. *Skilled nursing facility certification procedures.*—Under the bill, facilities which participate in both medicare and medicaid would be certified by Secretary of HEW. The Secretary would make that determination, based principally upon the appropriate State health agency evaluation of the facilities.

#### 43. *Federal financing of nursing home inspections*

The bill authorizes 100% Federal reimbursement for the survey and inspection costs of skilled nursing facilities and intermediate care facilities under medicaid, from October 1, 1972, through July 1, 1974.

#### 44. *Disclosure of information concerning medicare agents and providers*

The bill provides the DHEW regularly make public the following types of evaluations and reports with respect to the medicare and medicaid programs: (1) individual contractor performance reviews and other formal evaluations of the performance of carriers, intermediaries, and State agencies including the reports of follow-up reviews; (2) comparative explanations of the performance of contractors—including comparisons of either overall performance or of any particular contractor operation; (3) program validation survey reports—with the names of individual deleted.

#### 45. *Prohibition against institutional medical care payments under cash welfare programs*

The bill precludes Federal matching for that portion of any money payment which is related to institutional medical or remedial care.

#### 46. *Determining eligibility for medicaid for certain individuals*

Individuals eligible for medicaid in September 1972 could not lose their eligibility because of the recent 20% social security benefit increase until October 1973.

#### 47. *Professional standards review organizations*

The bill provides for the establishment of professional standards review organization consisting of substantial numbers of practicing physicians (usually 300 or more) in local areas to assume responsibility for comprehensive and on-going review of services covered under the medicare and medicaid programs. Until January 1, 1976 only such qualified physician-sponsored organizations may be designated as PSRO's. Subsequent to that date priority will be given to such organizations but where they do not choose to or do not qualify to assume such responsibilities in an area, the Secretary may designate another organization having professional medical competence as the PSRO for the area. The PSRO would be responsible for assuring that institutional services were (1) medically necessary and (2) provided in accordance with professional standards. A PSRO, at its option, and with the approval of the Secretary, may also assume responsibility for the review of non-institutional care and services provided under medicare and medicaid. PSRO's would not be involved with reasonable charge determinations. The provision is designed to assure proper utilization of care and services provided under medicare and medicaid utilizing a formal professional mechanism representing the broadest possible cross-section of practicing physicians in an area. Safeguards are included, designed to protect the public interest, including appeals procedures, and to prevent pro forma assumption in carrying out review responsibilities. The provision requires recognition of and use by the PSRO of utilization review committees in hospitals and medical organizations to the extent they are determined to be effective.

48. *Physical therapy services and other services under medicare*

Effective July 1973, the bill would include as covered services under part B, physical therapy provided in the therapist's office pursuant to a physician's written plan of treatment.

It also authorizes a hospital or extended care facility to provide outpatient physical therapy services to its inpatients, so that an inpatient could conveniently receive his part B benefits after his inpatient benefits have expired.

#### 49. *Coverage of supplies related to colostomies*

The bill provides for medicare coverage of the costs of supplies directly related to the care of a colostomy.

50. *Coverage prior to application for medicaid*

The bill requires, effective July 1, 1973, all States to provide medicaid coverage for care and services furnished in or after the third month prior to application to those individuals who were otherwise eligible when the services were received. Included as eligible under the three-months retroactive coverage requirement would be deceased individuals whose fatal condition prevented them from applying for medicaid coverage but who would have been eligible if application had been made.

States are expected to modify their provider agreements where applicable so as to permit the application of appropriate utilization control procedures retroactively in these cases to assure that appropriate and necessary care was delivered.

#### 51. *Hospital admissions for dental services under medicare*

The bill authorizes the dentist who is caring for a medicare patient to make the certification of the necessity for inpatient hospital admission for noncovered dental services under the above circumstances without requiring a corroborating certification by a physician.

This provision would be effective with respect to admissions occurring after the second month following enactment of the bill.

52. *Extension of grace period for termination of supplementary medical insurance coverage where failure to pay premiums is due to good cause*

The bill extends the 90-day grace period for an additional 90 days where the Secretary finds that there was good cause for failure to pay the premium before the expiration of the initial 90-day grace period.

This provision would apply to such cases of nonpayment of premiums due within the 90-day period preceding the date of enactment.

53. *Extension of time for filing claim for supplementary medical insurance benefits where delay is due to administrative error*

The bill provides that where a claim under supplementary medical insurance is not filed timely due to error of the Government or one of its agents, the claim may nevertheless

be honored if filed as soon as possible after the facts in the case have been established. This amendment would apply with respect to bills submitted and requests for payment made after March 1968.

**54. Waiver of enrollment period requirements where individual's rights were prejudiced by administrative error or inaction**

The bill authorizes the Secretary to provide such equitable relief as may be necessary to correct or eliminate the effects of these situations, including (but not limited to) the establishment of a special initial or subsequent enrollment period, with a coverage period determined on the basis thereof and with appropriate adjustments of premiums.

This provision would apply to all cases which have arisen since the beginning of the program.

**55. Elimination of provisions preventing enrollment in supplementary medical insurance program more than 3 years after first opportunity**

The bill eliminates the 3-year limit with respect to both initial enrollment and reenrollment after an initial termination. Enrollment periods would remain as presently defined and the restriction limiting individuals who terminate enrollment to reenroll only once would be retained.

This provision would apply to all those who are ineligible to enroll because of the 3-year limit in effect under present law.

**56. Waiver of recovery of incorrect medicare payments from survivor who is without fault**

The bill permits any individual who is liable for repayment of a medicare overpayment to qualify for waiver of recovery of the overpaid amount if he is without fault and if such recovery would defeat the purpose of title II or would be against equity and good conscience.

**57. Requirement of minimum amount of claim to establish entitlement to hearing under supplementary medical insurance program**

The bill requires that a minimum amount of \$100 be at issue before an enrollee in the supplementary medical insurance program will be granted a fair hearing by the carrier.

The provision would be effective with respect to hearings requested after the enactment of the bill.

**58. Collection of supplementary medical insurance premiums from individuals entitled to both social security and railroad retirement benefits**

The bill provides that the Railroad Retirement Board shall be responsible for collection of supplementary medical insurance premiums for all enrollees who are entitled under that program.

**59. Provide that services of optometrists in furnishing prosthetic lenses not require a physician's order**

The bill would recognize the ability of an optometrist to attest to a beneficiary's need for prosthetic lenses by amending the definition of the term "physician" in title XVIII to include a doctor of optometry authorized to practice optometry by the State in which he furnishes services. An optometrist would be recognized as a "physician" only for the purpose of attesting to the patient's need for prosthetic lenses. (Of course, neither the physician nor the optometrist would be paid by medicare for refractive services when the beneficiary has been given a prescription by a physician for the necessary prosthetic lenses.) This change would not provide for coverage of services performed by optometrists other than those covered under present law, nor would it permit an optometrist to serve as a "physician" on a professional standards review organization.

**60. Prohibition against requiring professional social workers in ECF's under medicare**

The bill specifies that the provision of medical social services will not be required as a condition of participation for an extended care facility under medicare.

**61. Refund of excess premiums under medicare**

The bill provides authority for the Secretary to dispose of excess supplementary medical insurance premiums and excess hospital insurance premiums in the same manner as unpaid medical insurance benefits are treated.

**62. Waiver of requirement of registered professional nurses in skilled nursing facilities in rural areas**

The bill authorizes the granting of a special waiver of the R.N. nursing requirement for skilled nursing facilities in rural areas provided that a registered nurse is absent from the facility for not more than two day-shifts (if the facility employs one full-time registered nurse) and the facility is making good faith efforts to obtain another on a part-time basis.

In addition, this special waiver may be granted only if (1) the facility is caring only for patients whose physicians have indicated (in written form on order sheet and admission note) that they could go without a registered nurse's services for a 48-hour period or (2) if the facility has any patients for whom physicians have indicated a need for daily skilled nursing services, the facility has made arrangements for a registered nurse or a physician to spend such time as is necessary at the facility to provide the skilled nursing services required by patients on the uncovered day.

**63. Exemption of Christian Science sanatoriums from certain nursing home requirements under medicare**

The bill exempts Christian Science sanatoriums from the requirements for a licensed nursing home administrator, requirements for medical review, and other inappropriate requirements of the medicare program.

Such sanatoriums will be expected to continue to meet all applicable safety standards.

**64. Licensure requirement for nursing home administrators**

The bill permits States to establish a permanent waiver from licensure requirements for those persons who served as nursing home administrators for the three-year period prior to the establishment of the State's licensing program.

**65. Increase in maximum Federal medicare amount for Puerto Rico and the Virgin Islands**

The bill provides that the Federal ceiling on title XIX payments to Puerto Rico be increased to \$30 million effective with fiscal year 1972 and fiscal years thereafter. The 50 percent Federal matching rate would remain unchanged. The annual medicare amount for the Virgin Islands would be increased from \$650,000 to \$1,000,000.

**66. Medicare: Freedom of choice in Puerto Rico**

The bill delays, until June 30, 1975, the requirement that Puerto Rico implement the "freedom of choice" provision, under which medicare recipients can choose providers or practitioners in its medicare program.

**67. Inclusion of American Samoa and the Trust Territory of the Pacific Islands under title V**

The bill authorizes eligibility under title V for Samoa and the Trust Territory of the Pacific Islands.

**68. Coverage of chiropractic services under part B of medicare**

The bill broadens the definition of the term "physician" in title XVIII to include a licensed chiropractor who also meets uniform

minimum standards to be promulgated by the Secretary.

The services furnished by chiropractors would be covered under the program as "physicians' services," but only with respect to treatment of the spine by means of manual manipulation which the chiropractor is legally authorized to perform. Claims for such treatment must be verifiable with a satisfactory X-ray indicating the existence of a subluxation of the spine.

The amendment would become effective with respect to services provided on or after July 1, 1973.

**69. Chiropractors' services under medicare**

The bill conforms the coverage of chiropractic under medicare with the provisions conditioning eligibility of such services included in the amendment adding chiropractic coverage to Part B of medicare except for the requirement that an X-ray show the existence of a subluxation.

**70. Services of podiatric interns and residents under part A of medicare**

Effective January 1973, the bill includes within the definition of approved hospital teaching programs services furnished by an intern or resident-in-training in the field of podiatry under a teaching program approved by the Council on Podiatry Education of the American Podiatry Association.

**71. Use of consultants for extended care facilities**

The bill allows those State agencies which are capable of and willing to provide specialized consultative services for medicare patients in a skilled care facility which requests them, to do so, subject to approval of the State's arrangements by the Secretary.

**72. Direct laboratory billing of patients**

The bill provides that, with respect to diagnostic laboratory tests for which payment is to be made to a laboratory, the Secretary would be authorized to negotiate a payment rate with the laboratory which would be considered the full charge for such tests, and for which reimbursement would be made at 100% of such negotiated rate. Such negotiated rate would be limited to an amount not to exceed the total payment that would have been made in the absence of such rate.

**73. Clarification of meaning of "physicians' services" under title XIX**

The bill defines a physician, under Title XIX, for purposes of the mandatory provision of physicians' services as being a duly licensed doctor of medicine or osteopathy.

**74. Limitation on adjustment or recovery of incorrect payments under the medicare program**

The bill would limit medicare's right of recovery of overpayments to a 3-year period (or a 1-year period) from the date of payment where the beneficiary acted in good faith; would permit the Secretary to set a time between 1 and 3 years within which claims for underpayment would have to be made.

**75. Speech pathology services under medicare**

The bill would cover under medicare the costs of speech pathology services where such services are provided in clinics participating in the program as providers of covered physical therapy services.

**76. Termination of medical assistance advisory council**

The bill terminates the medicare advisory council.

**77. Modification of role of health insurance benefits advisory council**

The bill provides for modification of the role of HIBAC so that its role would be that of offering suggestions for the consideration of the Secretary on matters of general policy in the medicare and medicare programs.

**78. Authority of Secretary to administer oaths in medicare proceedings**

The bill authorizes the Secretary, in carrying out his responsibility for administration of the medicare program, to administer oaths and affirmations in the course of any hearing, investigation, or other proceeding.

**79. Withholding medicaid payments to terminated medicare providers**

The bill authorizes the Secretary upon 60-days' notices to withhold Federal participation in medicaid payments by States with respect to institutions which have withdrawn from medicare without refunding medicare overpayments or submitting medicare costs reports.

**80. Intermediate care in States without medicaid**

The bill allows Federal matching for intermediate care in States which, on January 1, 1972, did not have a medicaid program in operation.

**81. Required information relating to excess medicare tax payments by railroad employees**

The bill deletes the requirement that railroads include amount of hospital insurance tax withheld on W-2 forms. Employees would be notified, however, that those with dual employment may be entitled to a refund of excess hospital insurance tax paid.

**82. Appointment and confirmation of Administrator of Social and Rehabilitation Service**

The bill provides that appointments made on or after the enactment of this bill to the office of the Administrator of the Social and Rehabilitation Service will be made by the President, by and with the advice and consent of the Senate.

**83. Repeal of section 1903(b) (1)**

The bill deletes the requirement that States spend at least as much for care of individuals age 65 or over in mental hospitals as in fiscal year 1965.

**84. Coverage under medicaid of intermediate care furnished in mental and tuberculosis institutions**

The bill provides that intermediate care can be covered for individuals age 65 or older in mental institutions if such individuals could also be covered when in mental hospitals for hospital or skilled nursing facility care. Effective date: Services furnished after December 31, 1972.

**85. Independent review of intermediate care facility payments**

The bill provides that independent professional review to determine proper patient placement and care of Title XIX patients is mandatory in all intermediate care facilities.

**86. Intermediate care maintenance of effort in public institutions**

The bill provides that the designation of the base period for the maintenance of effort requirement pertaining to non-Federal expenditures with respect to patients in public institutions for the mentally retarded to be the four quarters immediately preceding the quarter in which the State elected to make such services available.

**87. Disclosure of ownership of intermediate care facilities**

The bill requires that intermediate care facilities not otherwise licensed as skilled nursing homes by a State make ownership information available to the State licensing agency. Effective date: January 1, 1973.

**88. Treatment in mental hospitals for medicaid eligibles under age 21**

The bill authorizes coverage of inpatient care (under specific conditions) in mental institutions for medicaid eligibles under age 21. Effective date: January 1973.

**89. Public disclosure of information concerning survey reports of an institution**

The bill requires the Secretary to make reports of an institution's significant deficiencies or the absence thereof (such as in the areas of staffing, fire safety, and sanitation) a matter of public record readily and generally available. Such information would be available for inspection within 90 days of completion of the survey.

**90. Family planning services mandatory under medicaid**

(1) The bill authorizes 90% Federal funding for the costs of family planning services under medicaid and title IV.

(2) Provision requires States to make available on a voluntary and confidential basis such counseling, services and supplies, directly and/or on a contract basis with family planning organizations throughout the State, to present, former, or likely recipients who are of child-bearing age and who express a desire for such services.

(3) The Federal share of AFDC funds would be reduced by 1%, beginning in fiscal 1974, if a State in the prior year fails to inform the adults in AFDC families of the availability of family planning services or if the State fails to actually provide or arrange for such services for persons desiring to receive them who are applicants or recipients of cash assistance.

**91. Penalty for failure to provide child health screening services under medicaid**

The bill would reduce the Federal share of AFDC matching funds by 1%, beginning in fiscal 1975, if a State—

(a) fails to inform the adults in FDC families of the availability of child health screening services;

(b) fails to actually provide or arrange for such services; or

(c) fails to arrange for or refer to appropriate corrective treatment children disclosed by such screening as suffering illness or impairment.

**92. Home health coinsurance**

Effective January 1973, the bill eliminates requirement of coinsurance payment under Part B of medicare for home health services.

**93. Long-term care**

The bill includes as intermediate care facilities or skilled nursing facilities under medicaid long-term institutions certified by the Secretary on Indian reservations.

**94. Medicare appeals**

The bill clarifies present law that there is no authorization for an appeal to the Secretary or for judicial review on matters solely involving amounts of benefits under part B, and that insofar as part A amounts are concerned, appeal is authorized only if the amount in controversy is \$100 or more and judicial review only if the amount in controversy is \$1,000 or more.

**95. Medicare: Coverage of persons needing kidney transplantation or dialysis**

The bill provides that fully or currently insured workers under social security and their dependents with chronic renal disease would be deemed disabled for purposes of coverage under parts A and B of medicare. Coverage would begin 3 months after a course of renal dialysis is begun.

**III. SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED**

The bill would replace the present State programs of aid to the aged, blind, and disabled, effective January 1, 1974, with a new wholly Federal program of supplemental security income.

**National supplemental security income; disregard of social security or other income**

Under the bill, aged, blind, and disabled persons with no other income would be guar-

anteed a monthly income of at least \$130 for an individual or \$195 for a couple. In addition the bill would provide that the first \$20 of social security or any other income would not cause any reduction in supplemental security income payments.

As a result, aged, blind, and disabled persons who also have monthly income from social security or other sources (which are not need-related) of at least \$20 would, be assured total monthly income of at least \$150 for individual or \$215 for a couple.

**Earned income disregard**

In addition to a monthly disregard of \$20 of social security or other income, there would be an additional disregard of \$65 of earned income plus one-half of any earnings above \$65. This will enable those aged, blind, and disabled individuals who are able to do some work to do so and in the process give them a higher income in addition to supplemental security income.

In addition, as under present law, any income necessary for the fulfillment of a plan for achieving self-support would be disregarded for persons qualifying on the basis of blindness. A savings clause would assure that blind persons would not receive any reduction in benefits due to these provisions.

**Definitions of blindness and disability**

Under present law each State is free to prescribe its own definition of blindness and disability for purposes of eligibility for aid to the blind and aid to the permanently and totally disabled.

Under the new supplemental security income program, there would be a uniform Federal definition of "disability" and "blindness."

The term "disability" would be defined as "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 has lasted or can be expected to last for a continuous period of not less than 12 months." This definition is the same as that now used in the Social Security disability insurance program.

The term "blindness" would be defined as central visual acuity of 20/200 or less in the better eye with the use of correcting lens. Also included in this definition is the particular sight limitation which is referred to as "tunnel vision."

A blind or disabled person who was on the rolls in December 1973 and met the State definition for blindness, disability as defined in the State plan in effect October 1972 would be considered blind or disabled for purposes of this title so long as he continues to be blind or disabled.

No disabled person would be eligible if the disability is medically determined to be due solely to drug addiction or alcoholism unless such individual is undergoing appropriate treatment, if available. Payments for addicts or alcoholics would only be made to third parties as protective payments.

**Other Federal eligibility standards**

Eligibility for supplemental security income would be open to an aged, blind or disabled individual if his resources were less than \$1500 (or \$2250 for a couple). In determining the amount of his resources, the value of the home (including land surrounding home), household goods, personal effects, including an automobile, and property needed for self support would, if found to be reasonable, be excluded. Life insurance policies would not be counted if the face value of all policies was less than \$1,500. (Current recipients under State programs with higher resources limits would retain their eligibility.)

**State supplementation**

States wishing to pay an aged, blind or disabled person amounts in addition to the

Federal supplemental security income payment would be free to do so. The bill would permit States to enter into agreements for Federal administration of State supplemental benefits. Under these agreements supplemental payments would have to be made to all persons eligible for Federal supplemental security income payments except that a State could require a period of residence in the State as a condition of eligibility.

*Ineligibility for food stamps*

Individuals in the Supplemental Security Income program would not be eligible for food stamps or surplus commodities.

*Savings clause*

The bill provides no direct Federal participation in the costs of State supplemental payments. However, a savings clause is included under which the Federal Government would assume all of a State's costs of supplemental payments which exceed its calendar year 1972 share of the costs of aid to the aged, blind, and disabled. This savings clause would apply only to State supplementation needed to maintain the State's assistance levels in effect as of January 1972. The savings clause would, however, also cover an upward adjustment over the January levels to the extent necessary to offset the elimination of food stamp eligibility.

*Medicaid coverage*

Under present law, the States are required to cover all cash assistance recipients under the Medicaid program. The bill would exempt from this requirement newly eligible recipients who qualify because of the new provision for a \$130 minimum benefit with a disregard of \$20 of social security or other income.

*Social services*

States would be authorized to continue programs providing social services to aged, blind, and disabled persons. These services are currently provided under the welfare programs for the aged, blind, and disabled which would be replaced by the new Federal supplemental security income program. There would be 75 percent Federal matching for the services provided, subject to the overall limitations established by the State and Local Fiscal Assistance Act.

*Amendments to present law for aid to aged, blind, and disabled persons (effective until January 1, 1974):*

*Separation of social services not required*

Separation of social services and eligibility determination is specifically not required.

*Cost for providing manuals*

At its option, the State may require a charge for reasonable cost of providing manuals and other policy issuances.

*Appeals process*

The bill provides that the decision of the local agency on the matter considered at an evidentiary hearing may be implemented immediately.

*Absence from State for 90 days*

The bill provides that the State may make any person ineligible for money payments who has been absent from the State over 90 consecutive days until such person has been present in the State for 30 consecutive days in the case of an individual who has maintained his residence in the State during such period or 90 days in the case of any other individual.

*Rent payments for public housing*

Permits the States, if they elect to do so, to make rent payments directly to a public housing agency on behalf of a recipient or a group or groups of recipients.

*Safeguarding information*

The bill permits the use or disclosure of information concerning applicants or recipients to public officials who require such information in connection with their official duties.

*Passalong of social security increases*

Present law requires State programs of aid to the aged, blind, and disabled to assure that the total income of recipients who also get social security are at least \$4 higher as a result of the 1969 social security benefit increase. The bill would add an additional \$4 "passalong" related to this year's 20 percent social security increase and would make both "passalong" provisions applicable until January 1974.

IV. CHILD WELFARE SERVICES AND SOCIAL SERVICES

*Grants to States for child welfare services (including foster care and adoptions)*

The committee adopted an amendment increasing the annual authorization for Federal grants to the States for child welfare services to \$196 million in fiscal year 1973, rising to \$266 million in 1977 and thereafter. For fiscal year 1973, this is \$150 million more than the \$46 million which has been appropriated every year since 1967. It is anticipated that a substantial part of any increased ap-

propriation under this higher authorization will go toward meeting the costs of providing foster care which now represents the largest single item of child welfare expenditure on the county level. The bill, however, avoided earmarking amounts specifically for foster care so that wherever possible the State and counties could use the additional funds to expand preventive child welfare services with the aim of helping families stay together and thus avoiding the need for foster care. The additional funds can also be used for adoption services, including action to increase adoptions of hard-to-place children.

*Social services*

Provides a saving provision to the limitation on expenditures for social services contained in the State and Local Assistance Act of 1972 so that States for the first quarter of fiscal 1973 will be reimbursed as they would have been under previous laws. This saving provision would be applicable only to the extent that the resultant Federal funding for this quarter does not exceed \$50 million.

TABLE 1.—SOCIAL SECURITY TAX RATES FOR EMPLOYERS AND EMPLOYEES UNDER PRESENT LAW AND UNDER H.R. 1

Calendar year	[In percent]					
	OASDI		HI		Total	
	Present law	New schedule	Present law	New schedule	Present law	New schedule
1973 to 1977.....	4.60	4.85	0.9	1.0	5.50	5.85
1978 to 1980.....	4.50	4.80	1.0	1.25	5.50	6.05
1981 to 1985.....	4.50	4.80	1.0	1.35	5.50	6.15
1986 to 1992.....	4.50	4.80	1.1	1.45	5.60	6.25
1993 to 1997.....	4.50	4.80	1.2	1.45	5.70	6.25
1998 to 2010.....	4.50	4.80	(1.2)	(1.45)	(5.70)	(6.25)
2011 plus.....	5.35	5.85	(1.2)	(1.45)	(6.55)	(7.3)

Note: Under both present law and the new schedule, the contribution and benefit base would be \$10,800 in 1973 and \$12,000 in 1974, with automatic adjustment thereafter.

TABLE 2.—Social security programs: First full-year cost of H.R. 1

Provision	Additional benefit payments in calendar year 1974
Total.....	\$4,372
Social security cash benefit programs:	
Earnings in year of attainment of age 72.....	14
Retirement test at \$2,100.....	842
Special minimum at \$170 for 30 years.....	20
Credit for delayed retirement prospectively.....	27
Liberalized disability provision for blind (House).....	38
Reduction in disability waiting period to 5 months.....	128
Increased benefits for widows and widowers.....	1,109
Eliminate support requirement for divorced wives.....	23
Student child benefits payable after 22 to end of semester.....	19
Age 62 computation point for men.....	14
Liberalized workmen's compensation offset.....	22
Children disabled at ages 18 to 21.....	17
Increased allowance for vocational rehabilitation expenses.....	28
Military wage credit.....	46
Subtotal, cash benefits.....	2,347
Hospital insurance program:	
Coverage of the disabled.....	1,412
Liberalized definition of skilled nursing facility care.....	110
Waiver of beneficiary liability for disallowed claims.....	85

Coverage of renal dialysis and transplantation.....	\$75
Subtotal, hospital insurance.....	1,632
Supplementary medical insurance program (general revenues):	
Coverage of the disabled.....	365
Increase in part B deductible.....	-58
Coverage of chiropractors' services.....	17
Coverage of speech pathologist services.....	9
Coverage of renal dialysis and transplantation.....	52
Eliminate coinsurance on home health services.....	8
Subtotal, supplementary medical insurance program.....	393

Source: Department of Health, Education, and Welfare.

TABLE 3.—Changes in estimated Medicaid cost (+) and savings (-) under H.R. 1

	Calendar year 1974
Changes in H.R. 1:	
Coverage of the disabled under Medicare.....	-70
Increase in Medicare pt. B deductible from \$50 to \$60.....	+8
Reduction in Medicaid matching if States fail to perform required utilization review.....	-162
Imposition of premium, copayment and deductible requirements on Medicaid recipients.....	-89
Families with earnings under Medicaid: Eligibility extended 4 months.....	+33
Limitation on nursing home and intermediate care facility reimbursement to 105 percent of last year's payment.....	-22

**TABLE 3.—Changes in estimated medicaid cost (+) and savings (–) under H.R. 1—Con.**  
[In millions of dollars]

Calendar year 1974	
Elimination of requirement that States move toward comprehensive Medicaid program by 1977.....	(1) —\$640
Elimination of requirements that States maintain their year to year fiscal efforts in Medicaid.....	—\$640
Payments to States under Medicaid for installation and operation of claims processing and information retrieval systems.....	+10
Increased Medicaid matching for Puerto Rico and the Virgin Islands.....	+10
More specific requirements as to eligibility for skilled nursing level of care.....	—14
100 percent reimbursement for the cost of certifying skilled nursing homes under Medicaid.....	+10
Expansion of Medicaid coverage to include inpatient care for mentally ill children.....	+120
90 percent Federal funding of family planning services.....	+36
Coverage of persons needing renal dialysis or transplantation under Medicare.....	—20
Preserving Medicaid eligibility for social security beneficiaries.....	-----
<b>Total estimated reduction in Medicaid costs under H.R. 1..</b>	<b>—790</b>

<sup>1</sup> The current law estimates take no account of the effect of the requirement that States move toward comprehensive medicaid programs by 1977; therefore, no savings are attributed to the repeal of this requirement.

Source: Department of Health, Education, and Welfare.

**TABLE 4.—CALENDAR YEAR 1974 FEDERAL COSTS OF SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED, AND CHILD WELFARE SERVICES**

[Dollars in billions]

	Gross costs	Current law	Amount of increase
<b>Aged, blind, and disabled:</b>			
Benefit payments.....	\$3.5	\$2.1	\$1.4
Savings clause for State supplementation.....	.3		.3
Food programs.....	.3		.3
Administrative costs.....	.4	.2	.2
<b>Subtotal, aged, blind, and disabled.....</b>	<b>4.2</b>	<b>2.6</b>	<b>1.6</b>
Child welfare services.....	.2	(1)	.2
<b>Total.....</b>	<b>4.4</b>	<b>2.6</b>	<b>1.8</b>

<sup>1</sup> Current law cost is \$46,000,000.

Source: Department of Health, Education, and Welfare.

**CHANGES IN ACTUARIAL BALANCE OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, LONG-RANGE DYNAMIC COST ESTIMATES, PRESENT LAW AND CONFERENCE BILL**

[In percent]

Item	OASI	DI	Total
Actuarial balance under present law.....	+0.09	—0.02	+0.07
\$2,100 retirement test.....	—0.21	(1)	—0.21
\$170 special minimum PIA.....	—0.06	(1)	—0.06
Delayed retirement increment (prospective).....	—0.07	(2)	—0.07
5-month disability waiting period.....	(2)	—0.03	—0.03
100 percent PIA widow's benefit at age 65.....	—0.24	(2)	—0.24

Item	OASI	DI	Total
Age-62 point for men (prospective).....	—0.22	(1)	—0.22
Miscellaneous changes <sup>3</sup> .....	—0.01	—0.02	—0.03
Revised contribution schedule <sup>4</sup> .....	+0.71	+0.08	+0.79
<b>Total effect of changes in bill.....</b>	<b>—0.10</b>	<b>+0.03</b>	<b>—0.07</b>
Actuarial balance under bill.....	—0.01	+0.01	0

<sup>1</sup> Less than 0.005.

<sup>2</sup> Not applicable to this program.

<sup>3</sup> Includes the following: Workmen's compensation offset based on 80 percent of highest earnings; child's benefits to children disabled at ages 18 to 21; disabled child 7 years re-entitlement; broaden definition of adopted child; student's benefits to end of semester in which attainment of age 22; child's benefit on grandparent's account if full orphan and supported by him; elimination of support requirement for divorced wife's and widow's benefits; reduced widower's benefits at age 60, and liberalization of insured status requirements for disability benefits with respect to blind persons.

<sup>4</sup> The schedule for employer and employee each is as follows:

	OASI	DI	Total
1973-77.....	4.300	0.550	4.85
1978-2010.....	4.225	.575	4.80
2011+.....	5.100	.750	5.85

**CHANGES IN ACTUARIAL BALANCE OF THE HOSPITAL INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED AVERAGE-COST AS PERCENT OF TAXABLE PAYROLL BY TYPE OF CHANGE, LONG-RANGE DYNAMIC COST ESTIMATES, PRESENT LAW AND CONFERENCE BILL**

[In percent]

Item	HI system
Actuarial balance of present system.....	+0.01
Coverage of disabled beneficiaries.....	—0.43
Kidney dialysis.....	—0.06
Liberalized level of care in ECF's.....	—0.02
Waiver of beneficiary liability.....	—0.01
Revised contribution schedule.....	+0.53
<b>Total effect of changes in bill.....</b>	<b>+0.01</b>
Actuarial balance under bill.....	+0.02

The new schedule for employer, employee, and self-employed each is as follows: 1973-77, 1.00; 1978-80, 1.25; 1981-85, 1.35; 1986+, 1.45.

**COST IMPACT ON MEDICARE OF H.R. 1 (CONFERENCE VERSION)**

Fiscal year—

	1973	1974
<b>Total, pt. A.....</b>	<b>+48</b>	<b>+1,508</b>
Sec. 201. Disabled under medicare.....	+15	+310
Sec. 213. Waiver of beneficiary liability.....	+33	+99
Sec. 247. Liberalized ECF.....	+2	+67
Sec. 299K. Renal dialysis.....	+5	+14
<b>Total, pt. B.....</b>	<b>—1</b>	<b>+314</b>

**ADDITIONAL SOCIAL SECURITY PAYMENTS RESULTING FROM THE SOCIAL SECURITY AMENDMENTS OF 1972**

[In millions]

Provision	1973	1974
<b>Total.....</b>	<b>\$1,842</b>	<b>\$2,347</b>
Cash benefits:		
Increased benefits for widows and widowers up to 100 percent of PIA at age 65 (limited to OAI B)....	977	1,109

Provision	Additional payments in calendar year	
	1973	1974
Retirement test changes:		
\$2,100 exempt amount; \$1 for \$2 above \$2,100.....	\$556	\$842
Earnings in year of attainment of age 72.....	10	14
Special minimum PIA up to \$170.....	18	20
Credit for future delayed retirement.....	10	27
Noncontributory credits for military service after 1955.....	41	46
Eliminate support requirement for divorced wives and surviving divorced wives.....	20	23
Student child benefits payable after age 22 to end of semester.....	17	19
Age 62 computation point for men.....	2	14
Reduce disability waiting period to 5 months.....	108	128
Liberalized disability insured status for blind workers.....	32	38
Liberalized workmen's compensation offset (80 percent of high 1 year).....	17	22
Children disabled at age 18-21.....	16	17
Increased allowance for vocational rehabilitation expenditures.....	18	28
<b>Medicare:</b>		
<b>Total, pt. A.....</b>	<b>773</b>	<b>1,634</b>
Coverage of disabled.....	624	1,412
Liberalize ECF benefits.....	.88	110
Waiver of beneficiary liability.....	30	35
Coverage of chronic kidney disease.....	31	77
<b>Total, pt. B.....</b>	<b>72</b>	<b>476</b>
Coverage of disabled.....	98	455
Increase in deductible.....	—64	—115
Coverage of speech pathology.....	8	18
Coverage of chiropractors.....	7	35
Eliminate SMI coinsurance for home health.....	12	15
Coverage of chronic kidney disease patients.....	11	53

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to my colleague, the gentleman from Oregon.

Mr. ULLMAN. Mr. Speaker, this is a most significant bill. The gentleman has outlined some of the provisions in it, but would the gentleman not agree this has more far-reaching provisions generally in social security and medicare and medicaid than any bill we have passed in recent times?

Mr. MILLS of Arkansas. I have said I think it is the best and most far-reaching improvement we have passed since the act of 1965 on medicare.

Mr. ULLMAN. If the gentleman will yield further, because of the connection with the budget and the ceiling, I think Members should fully understand the fiscal impact of this bill on the current budget.

Mr. MILLS of Arkansas. As I pointed out the increased cost with respect to the old-age assistance and disability for the blind does not take effect until January 1, 1974. Actually we are improving the cost to the budget by about \$900 million in the fiscal year 1973.

Mr. ULLMAN. I think this is tremendously important. It will carry some very far-reaching measures that I think Members should be aware of and I think we should have them in the report.

Mr. MILLS of Arkansas. Yes. I have already inserted an extended statement.

(Mr. MILLS of Arkansas asked and was given permission to revise and extend his remarks.)

Mr. BINGHAM. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Speaker, I thank the gentleman for yielding.

I am particularly interested in the problem of the impact of the increase of 20 percent in social security. I notice the conferees have provided that this eligibility for medicaid in September 1972 would not reduce eligibility.

Mr. MILLS of Arkansas. That is right.

Mr. BINGHAM. But only for 1 year.

Mr. MILLS of Arkansas. That is right.

Mr. BINGHAM. Could the gentleman comment on the thinking of the conferees?

Mr. MILLS of Arkansas. We can look at it again at the end of that year and make a determination as to whether we want to continue it or not. Most of the people we are dealing with are of an average age of 75. These are grandfathering in are in the declining years of their lives. If it is necessary to continue this a year or two I think there would be no objection.

Mr. BINGHAM. I thank the gentleman.

Can the gentleman comment on the impact of the 20-percent increase?

Mr. MILLS of Arkansas. We have added another \$4 pass-through to the one which we enacted in 1969. It is a second \$4 pass-through which would guarantee those people who draw social security and welfare this month at least a \$4 increase in the total of their benefits.

Mr. BINGHAM. I thank the gentleman. I assume the conferees recognized that would not totally take care of the problem.

Mr. MILLS of Arkansas. Oh, no; it does not cover the whole increase, but my goodness, we cannot raise social security and then continue to negate all of the increases in social security for purposes of welfare determinations. We just cannot do it.

Mr. KAZEN. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Speaker, did the gentleman do anything about insuring that this pass-through increase to the people will not be reduced by the Senate by that much?

Mr. MILLS of Arkansas. It can be reduced all right. Say it amounts to \$20, the State is prohibited from reducing it by the full \$20. The State would reduce it by \$16, but it must pass on \$4.

Mr. KAZEN. I thank the gentleman.

Mr. MILLS. Mr. Speaker, I urge adoption of the conference report.

Mr. BYRNES of Wisconsin. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. PRICE of Texas. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Texas (Mr. PRICE).

(Mr. PRICE of Texas asked and was given permission to revise and extend his remarks.)

Mr. PRICE of Texas. Mr. Speaker, we

have before us here today a classic example of poor timing and inefficiency by the Congress. In this, the 59th minute of the 11th hour before adjournment, Members are being asked to pass judgment upon legislation which will directly affect the well-being of millions of retired and disabled citizens, and an even greater number of Americans who are workers and taxpayers.

Considering the fact that H.R. 1 was the first bill to be introduced at the opening of the 92d Congress, it is a sad commentary that this bill is one of the very last pieces of legislation to be voted upon, especially since the final bill is but an emasculated, mangled, and toothless shadow of the original proposal. I am particularly referring to the highly touted welfare reform provisions which were designed to extricate us from our current welfare mess. While I do not favor the guaranteed annual income approach which has been the darling of liberals and professional welfare lobby groups, nevertheless I believe that something should have been done by the Congress to face up to the fact that taxpayers and citizens in general are thoroughly disgusted with the present situation which has made public dependence a way of life for far too many persons.

Since it is obvious that welfare reform legislation has been swept under the rug for this session, I believe it imperative that the 93d Congress make this a matter of top priority immediately upon convening. And instead of following the path of least resistance by enacting a guaranteed income scheme which would only further expand the power of the Federal Government at the expense of the States and further perpetuate welfare dependency as an occupation, I plan to introduce and support legislation to provide meaningful reform. Following the President's recommendation for a reorganization of the Federal Government, let us apply the President's concept of special revenue sharing to all welfare programs and put the States fully in charge of administering welfare. Furthermore, such a proposal ought to contain "teeth" such as I have proposed whereby any person fraudulently filling out welfare forms or undeservingly collecting welfare should be subject to the same penalties applied to any other thief. I see no difference whether one steals from a private citizen or from the public treasury; both acts are despicable and ought to be dealt with as such.

Any welfare reform proposal enacted by the Congress ought to be a true workfare program—able-bodied persons receiving benefits should be required to receive job training where possible and should be made to work for whatever assistance they receive. Goodness only knows the filth, trash, and debris that needs cleaning up along our highways, rivers, lakes and streets, and research has shown that a great many needs for workers exists in public service type work in hospitals, schools, and the like. If the public must underwrite the cost of keeping a certain percentage of the citizenry with over 11 million now

on the welfare rolls, let that money be an investment for the public good instead of fruitless drain that it is now.

Mr. Speaker, H.R. 1 as before us is a far cry from the original \$18 billion bill it was before going to conference. And while I will support the social security amendments as offered, I believe that the bill is at best a last-minute attempt at compromise. I applaud the provision to raise from \$1,680 to \$2,100 the amount an elderly citizen receiving social security benefits can earn in outside income before losing his benefits, however I intend to press for action in the next session on my bill which would remove these income limitations altogether. It simply makes no sense that a citizen should pay into social security all of his working life and then be denied the fruits of his labors at the time he needs the benefits the most. While social security is bragged about as a way to meet the needs of our retired citizens, the plain fact is that the system is stacked against the low income worker who is most dependent upon the benefits as his chief source of retirement income. Persons with substantial incomes from investments are free to collect the full amount of social security benefits due them, while poor citizens who must work to supplement their benefits are penalized if they earn more than pin money. Let us make social security more equitable—equal work deserves equal pay, and equal contributions to social security deserve equal benefits to retired citizens.

(Mr. FORSYTHE (at the request of Mr. BYRNES of Wisconsin) was granted permission to extend his remarks at this point in the RECORD.)

Mr. FORSYTHE. Mr. Speaker, once again, with H.R. 1, we are put in the position of having to vote for legislation that only does part of the job, even after more than 2 years of study and debate.

There is no more pressing problem facing this Congress than true reform of the welfare system. The House took a major step on June 22, 1971, when it passed its version of H.R. 1, providing a responsible mix of improved benefits with strong incentives to get people to work instead of accepting Government handouts.

But that bill was emasculated by the Senate, and now all we have is the promise of fiscal relief for the States when the Federal Government takes over the adult welfare categories, now administered by the States, 2 years hence.

Certainly any reform of the welfare system must include financial relief for the States. However, it also ought to provide ways of curbing abuse, of helping those truly in need, and of forcing the loafers to accept training and employment.

In my view, this lack of action by the 92d Congress on basic welfare reform constitutes its greatest failure. Hopefully, the 93d Congress will act more responsibly.

I was also bitterly disappointed over other actions taken by the House-Senate conference, with regard to older citizens.

The provision forbidding the reduction of Federal benefits, such as medicare, for

the aged because of increases in social security should not have been cut from the bill. It is absolutely hypocritical for the Congress, on the one hand, to offer a 20-percent boost in social security benefits, and then to take away medicare because the individual is suddenly too affluent. Fortunately for New Jerseyites, Governor Cahill has assured that this will not occur in our State.

I was also disappointed that the conferees eliminated the provision placing some prescription drugs under medicare. Now, there may have been some technical problems with the specific provision before them. These, however, should have been improved, instead of the provision being withdrawn entirely. One of the first bills I sponsored provided this coverage.

H.R. 1 does take a positive step in increasing the earnings limitation for social security recipients from \$1,680 to \$2,100 a year before benefits will be reduced.

I reiterate: This was a positive step, but by no means is adequate. I was one of many Members of this body who sponsored legislation to eliminate this ceiling, and I am still convinced that this must be done.

On the whole, however, H.R. 1 does make solid advances to benefit our senior citizens, to whom we all owe so much.

Cash benefits are increased for widows to a full 100 percent of their husband's payment. This is certainly long overdue.

The bill encourages healthy persons age 65 to stay on the job and to delay drawing social security, by offering extra cash benefits. Obviously, this will help utilize the great talent resource that we have among Americans of this age group and will contribute to making life ever more meaningful for them.

I was especially pleased with the provision extending medicare payments to cover expensive kidney machine treatments. In the New Jersey Senate, I sponsored legislation, which is now law, providing help for victims of kidney disease. This is very close to my heart.

The bill makes many other important advances in medicare and social security. These, combined with the 20-percent boost in social security and railroad retirement benefits previously approved, as well as the nutrition program now in effect, give this Congress a fine record of responsiveness to the older American.

Mr. BYRNES of Wisconsin. Mr. Speaker, given the problem facing the conferees, I think they really did an exceptional job. I guess that too often I find myself in the role of a protester.

This situation is not different, except that now I express a protest at the way this very, very important subject was handled, not by this body, but by the other so-called coequal legislative branch of Government.

We passed H.R. 1 on June 22, 1971. That was almost 18 months ago. It contained important changes in the Social Security Act but, most importantly, it was an attempt to face up to what is surely one of the most serious problems that we have in this country, one that cries for attention; namely, the problem of welfare reform. In fact, we had sent

our recommendations for welfare reform to the other body once before, in the previous Congress, and nothing happened. Then, a year ago last June, we sent H.R. 1, which also embodied welfare reform, to the other body. But when did we get this bill back? For all practical purposes, it was not returned to the House until last Tuesday.

The hope was that the Congress would adjourn last Saturday. Four days before the anticipated adjournment we got this bill back from the Senate with 583 amendments. The Senate conferees asked us to sit down and try to work out the differences in hundreds of areas that are of utmost importance to many millions of our people.

The conferees labored far beyond what human endurance should require in concluding work on this major bill at 10:30 p.m. last Saturday evening after having been almost constantly in conference from 9:30 that morning.

I repeat, I think that given those circumstances, the conferees did a commendable job. I think that this House generally can be pleased with the efforts of its conferees who took this bill, which was an \$18-million bill after it came from the Senate, and brought it down to a figure that is more reasonable and responsive to the needs and the capacities of our society today.

I support the conference report, but I do so in protest at the way this most important measure has been handled by the other body and the almost impossible situation in which this House has been placed.

Mr. Speaker, I particularly protest the unwillingness and the apparent inability of the Congress to come to grips with this most pressing problem facing our society—that of welfare reform.

Nobody supports the current welfare system. It is outdated and unworkable. The protests against it have been made not just within the past year or the past 2 years. They have been growing for many years.

We thought we faced up to it 4 years ago in the House. Then we thought we faced up to it a year and a half ago when we passed H.R. 1. But it is still unresolved. We still have that same old system which is unsatisfactory to all.

I believe it is unsatisfactory from any standpoint. It is unsatisfactory to the people who have to foot the bill. It is unsatisfactory to anybody who has to administer the program.

Yet here we are again avoiding the issue and not facing up to the problem.

It is my hope that one of the first things the Senate and the House address themselves to in the next Congress is welfare reform because I do not believe that we can afford to neglect doing something about it much longer. As time goes on it becomes more and more essential that we take action.

It is true, as the chairman of our committee has said, that the Senate was adamant against even talking to us about the program which the House sent to the Senate. Quite frankly, and I think justifiably, we were equally adamant on the House side against talking about the proposals made by the Senate, since they

were not responsive to the problem at all, and would push the problem under the rug at a great deal of cost, rather than provide actual reform.

So we were at a stalemate. This was all we could do.

It had been my hope, time permitting, that we might have made a greater effort with the Senate conferees in getting them to at least accept the underlying philosophies of the House bill, philosophies which I believe are essential to any meaningful reform of our welfare system. But time ran out and circumstances would not permit us to deal effectively with a proposition sent to us at the last minute, one involving, as I said, some 583 amendments and some 940 pages. We got to the point, with adjournment of the Congress impending, that there was no such thing as time as far as our capacity to deal effectively with the issues was concerned.

But with the start of a new Congress in January of 1973, I hope it will be kept in mind by both committees and by the Members of the House that just because we failed to approve welfare reform in two Congresses, there is all the more reason for a redetermination to do something about it next year.

With that, Mr. Speaker, I urge my colleagues to support this conference report, which I believe certainly results in a basic improvement of many of the provisions of our laws relating to social security, hospital insurance, supplemental medical benefits, old age assistance, the adult assistance program of aid to the blind and the disabled. I believe that real progress has been made, and I strongly urge approval of this report.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman from Wisconsin yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Speaker, much as I share the extreme disappointment of the distinguished ranking member of the Committee on Ways and Means that this conference report comes to us in a form in which it does not deal in a meaningful fashion with the welfare reform program, I certainly want to commend him and the other conferees for the work that they have done and for the genuinely good bill which they have returned to us, save for the exception that he has already noted.

Mr. Speaker, I join with him in expressing the hope that this will be a matter of the utmost priority for the 93d Congress, and I would only at this time take a further moment to express my own deep personal regret that because of the gentleman's pending retirement he will not be with us to share with us the benefit of his wisdom and his counsel and his almost unequalled expertise on these matters, and we will miss the contribution that I am sure he could have made on this matter.

Mr. BYRNES of Wisconsin. Mr. Speaker, I thank the gentleman.

Mr. MILLS of Arkansas. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. BURTON).

Mr. BURTON. Mr. Speaker, I rise in support of the conference committee re-

port. I would like to associate myself with the remarks of the gentleman from Illinois (Mr. ANDERSON) with reference to the outstanding leadership that the gentleman from Wisconsin (Congressman BYRNES) has given us in this House in this area of policy over the years.

Mr. Speaker, I think the conference committee is to be commended for having waded through some several hundred pages of highly technical language and for having shorn off titles IV and V that the other body in these closing days added to H.R. 1.

The social security amendments are highly desirable.

However, when the history of this particular legislation is written, it will be noted that this new—supplemental security income—section particularly with a federally administered program to maintain income for our aged, blind, and disabled, with a federally stated minimum, will prove to be, the one most remarkable achievement that this particular conference committee report contains. I believe it to be accurate to state that I was the first to urge a national minimum for adults as a part of the welfare reform program of the administration. Thanks to Tom Joe, this is now a reality.

Mr. Speaker, the chairman and I, when H.R. 1 left this House, had a colloquy on the meaning of some of the income and resource language in H.R. 1 as it then existed. The language before us appears to be the same, so I will not take the time of the House to redo that colloquy.

Mr. Speaker, I would like to close by commending the distinguished chairman of the full committee and all the Democratic conferees for coming back under very difficult circumstances with a very acceptable product, and to confirm the following:

First. That the new Federal program does not permit the imposition of liens and further does not permit the imposition of relatives responsibility, except for parents of minor children and a spouse for a spouse, and

Second. That the committee intends that the Secretary, if he administers the States supplemental payments, does not permit the imposition of liens, or the imposition of more restrictive relatives responsibility than that permitted in the Federal programs, and a more restrictive resources test than would be applied under the basic Federal program.

Third. That the Federal program does not permit an "imputation" of rent for an owner occupied residence. Therefore, this practice engaged in by some States, for example, California—which results in a reduction in grants—shall not be permitted under the Federal program.

Fourth. That the income and resource provisions are to be liberally construed.

Mr. MILLS of Arkansas. I fully concur. The gentleman from California (Mr. BURTON) statement is correct.

Mr. Speaker, I yield 2 minutes to the gentleman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Speaker, I wonder if the gentleman could tell us what the impact of the 20-percent social security

increase is on those who are receiving both assistance for low-income housing and old-age assistance.

Mr. MILLS of Arkansas. Mr. Speaker, I cannot. That question came up, of course, in the committee, and it came up in the conference, but there was nothing that we could do in the conference to ease the situation insofar as low-rent housing is concerned.

Neither of the two committees, as the gentlewoman understands and knows, has jurisdiction over low-rent housing, so there is not a thing we can do about it. I, frankly, cannot tell the gentlewoman how many people might be adversely affected by the increase in social security as it relates to the limitation for purposes of eligibility for low-rent housing.

Ms. ABZUG. Will the gentleman yield further?

Mr. MILLS of Arkansas. I will be glad to yield to the gentlewoman from New York.

Ms. ABZUG. It was my understanding that there were some provisions in the bill of the other body with respect to the impact of the 20-percent social security increase, not only on medicaid, but on food stamps and old-age assistance, those presently receiving food stamps and old-age assistance.

Mr. MILLS of Arkansas. There could be an effect.

Ms. ABZUG. What about the effect of the conference bill?

Mr. MILLS of Arkansas. There could be an effect on all three areas.

Mr. Speaker, the bill itself "grandfathers" in those who were eligible for medicaid prior to the increase in social security benefits, so that none of them can be made ineligible for a year as a result of this increase.

Nothing has been done to protect them with respect to food stamps. The \$4 pass-through—for want of a better term we have named it "pass-through"—protects them against the complete reduction in the welfare payment to overcome the amount in the increase of the social security payment, so that the States must allow for \$4 more to back up this item.

Ms. ABZUG. I thank the gentleman. Mr. MILLS of Arkansas. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. I thank the able chairman for yielding to me.

Mr. Speaker, I wish to commend the able chairman and his fellow managers on the part of the House for the excellent job they did in the conference, but I note with a great deal of concern reference in the report to the action taken on amendments Nos. 328 and 329.

Under amendment No. 328, the Senate amendment added a new section which provided under medicare that certain drugs which would be required on an outpatient basis, in other words, for use in the home, would be covered by medicare.

Amendment No. 329, the Senate amendment added a new section which made available under medicare the cost of eyeglasses, dentures, hearing aids, and podiatric services for members of families with an income of \$5,000 or less or

individuals with an income of less than \$3,000.

May I ask the able chairman of the committee why it was felt necessary for the managers on the part of the House to ask the Senate to recede on these two very desirable provisions?

Mr. MILLS of Arkansas. If the gentleman will yield, actually the addition of care for eyes, ears, and dentures costs the equivalent of 2.42 percent of payroll. It was a poor amendment adopted by the Senate and there was no provision for it in the bill at all, so that although it was very good for making drugs available outside the hospital for those eligible under medicare, this was an item that was dropped in the conference because of the added cost. It was not because it was not a desirable amendment, but we were trying to get a bill through that would enable us to live with the increases in rates and not go too far up on those rate increases.

Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. BURKE).

Mr. BURKE of Massachusetts. Mr. Speaker, I rise in support of the conference report.

I am particularly pleased with the recommendations on the child welfare services provisions dealing with authorization and funding for that purpose.

There are other benefits here that are really good, and I believe every Member of this House will vote for this conference report.

Mr. MILLS of Arkansas. If the gentleman will yield to me, I think the record should indicate that the gentleman from Massachusetts as a conferee was most helpful in the development of this conference report and particularly helpful with respect to the matter he is referring to.

Mr. BURKE of Massachusetts. Mr. Speaker, the conference report before us today on H.R. 1 is certainly one of the most long awaited conference reports in the history of Congress. For close to 1½ years, we have been waiting for the other body to complete action on H.R. 1 so as to go to conference and to get action this Congress on two of the major issues of our time, improving the lot of our elderly and beginning a long-overdue reform of this Nation's welfare system. As a matter of fact, the history of the conference report before us today goes back to the Congress when H.R. 1's predecessor expired in the Senate in the closing days of that Congress as the clock ran out.

Thus, we have in a real sense been this way twice now and on both occasions, the Ways and Means Committee on which I serve spent months in both public and executive sessions considering any number of various proposals affecting both the elderly and the welfare system. Whatever its shortcomings and there were many when H.R. 1 passed this House and left for the other body, I think we all felt that it at least possessed the merit of being a big step in the right direction and constituted a real beginning of a Federal effort to tackle the problem of spiraling welfare costs and the patchwork quilt pattern of welfare practices from State to State.

Having served on the conference committee that presents this report to you today and having all but given up hope that any kind of resolution to the vast differences between the two bodies on the issues involved would be forthcoming this Congress, I really feel that what we are voting on here today is a mere shadow of its former self. This conference report on H.R. 1 cannot be regarded by anyone whether they be advocating reform of our social security system or reform of our welfare system as constituting real progress in that direction or anything more than stop gap legislation. Sure, there are some increased benefits for the elderly in this bill. Very few, but some. Given the attitude that the elderly are bound to be grateful for whatever crumbs they get from the Federal Government, I am in no doubt that this conference report will pass with overwhelming approval.

But, when I think of the possibilities that were presented to this Congress to score significant advances in both these crucial areas, this bill is a poor excuse for years of hard work and labor. No one is going to be satisfied with this report. The pressure is already building up to make both these issues priorities items for the next Congress. I do not know when we are going to learn that problems as overriding as old age and welfare reform will not just disappear for lack of action, but will remain to haunt us until the problems are tackled and mastered. This report does neither.

As a matter of fact, irony of ironies, the biggest cheers around the country today are from those celebrating the fact that for all intents and purposes, this report drops titles IV and V from H.R. 1, as amended by the Senate. In other words, we have abandoned for this Congress any effort to come to grips with what is fast becoming this Nation's No. 1 domestic problem, welfare reform.

Thus, money will continue to be thrown at a problem that knows no bounds, by a Federal Government which has no control over the problem at the local level, since these programs are administered by the local governments with varying degrees of failure.

H.R. 1's attempt at welfare takeover by the Federal Government with promised relief for the local property taxpayer, a beginning of the end to mass migration in search of higher payments, fell victim to all the emotions the very mention of the word "welfare" seems to stir up across this land. It fell victim to a combination of forces of those who are against all kinds of welfare and recognize no genuine need and would like to turn back the hands of time to the 19th century social Darwinism of Herbert Spencer; those who wanted a payment level of \$6,900 or nothing; those who found it impossible to compromise between \$2,400 and \$3,000 for a family of four; and perhaps the largest group of all, those that were confused and afraid to get involved with any legislation having to do with welfare. Well, all these groups should be happy today. Especially those that would not touch the welfare mess with a 10-foot pole. It may well be years before they will be asked to get involved again.

I must confess that given the best solution the Senate could come up with—namely, no solution at all, but rather an expensive era of trial and error—the last thing anyone needs in welfare is more trial and more error—I must confess I would rather have no title IV and V rather than that abomination we would have had to accept in the name of welfare reform. At least we know that welfare remains unfinished business. Too many might have been confused by such a compromise and thought they could walk away from the job feeling they had accomplished something.

As far as improving the lot of our elderly in this Nation, H.R. 1, particularly as it left the Senate, promised more than this report delivered. Sure, we have increased the outside earnings limitation a paltry \$420 a year. Sure, there are added widows' benefits and some improvement in the strenuous requirements covering eligibility of the blind. Sure, there have been some long-overdue increases in minimum benefits. But I predict today that what this bill will be remembered mostly for in years to come is the tax increase contained in it.

Unless and until this Congress sits down and really analyzes the needs of the elderly in this Nation today who are totally dependent upon social security for their very sustenance, estimates what it will cost to give these people a reasonable degree of security in their declining years and then considers how to finance the massive costs involved, we are always going to be treated to piecemeal reform around election year and ever-increasing social security payroll taxes.

Those that are working will always feel they are paying for those that are retired and wonder if they will have any security in their old age, so overwhelming a burden will the payroll tax be at the rate it is increasing now. It is time this country stopped trying to go it alone on the myth of a voluntary contributory pension plan, via social security taxes with 50 percent of the burden borne by the employer and 50 percent by the employee. It is time we benefited from the experience of other nations and resorted to the use of general revenues to bear some of the burden.

The aims and uses of the social security system today have changed so substantially since 1935 that we can no longer afford to finance it by 1935's methods. As long as social security continued to be that little something extra, a 50-50 plan had a reasonable chance of success. Nobody felt as though they were getting a Federal hand-out. They were contributing to their own insurance plan. But, today social security is all some of our senior citizens have to count on and if these people are to begin to enjoy some of the dignity, they have a right to expect in old age, then benefits are in need of substantial increases and the present tax system cannot bear the burden.

I sympathize with the employers around this country and those who are working today who groan and dread each new social security increase. They know they are going to be hit between the eyes with another round of what is fast be-

coming the most regressive tax in this country today, the social security tax. The solution is not to ignore the needs of the elderly to keep the tax down. The solution is to put the social security system on a new financing basis which will spread the costs evenly across the income level in a progressive way.

For years now, I have had my proposal before this body to finance social security on a one-third employer, one-third employee, and one third general revenue basis unless and until this House begins to seriously consider some alternative to the present approach, then these may well be the last social security increases we shall see for some time. Prescription drugs, dental and podiatric care will not be part of the social security program until such reform is accomplished. Long overdue tax reform which would consider the special needs of the elderly, owning homes or paying rent will continue to elude us until something is done about social security taxes.

In other words, until the myth that the social security system in the final quarter of the 20th century can be a self-financed contributory retirement plan instead of a major Federal program constituting an all-out attack on the problems of the elderly, then our elderly are going to continue to complain about the meager improvements and benefits and the employers and employees are going to continue to scream about the unbearable burden of social security taxes. Mr. Speaker, these are the issues which should have been tackled by the Congress; unfortunately, these are the issues which remain unfinished business.

Mr. Speaker, as we today consider approval of the conference report on H.R. 1 which would expand the social security and medicare benefits, and establish a new Federal program of benefits for the aged, blind, and disabled, I want to draw attention to a provision within the Senate Finance Committee report (92-1230) on H.R. 1, which has disturbed a number of people. The section to which I refer would prohibit the Secretary of Health, Education, and Welfare from allowing donated voluntary funds for social services for matching under title IV A of the Social Security Act. In effect such a directive from the Congress would deal a blow to the many productive voluntary and much needed programs now in operation.

The problem of open-ended Federal matching for social services has since been recognized. The problem presented because the HEW Secretary failed to issue effective and detailed regulations has now been dealt with by Congress. But to put an end to allowing State matching requirements be met by funds donated by private sources, would be to throw the baby out with the bath water. I cannot let this opportunity to establish legislative history go by without expressing my serious objection to the impression now afoot that Congress wishes to restrict private matching, in spite of the fact that the Senate provisions were dropped in Conference.

The following memorandum from the United Way of America details the excellent work of private, charitable, volun-

tary organizations. Even the Secretary of Health, Education, and Welfare is opposed to this congressional elimination of the current private-public partnership which effectively delivers social services to those persons in need. I would hope, Mr. Speaker, that the Secretary of Health, Education, and Welfare does not refrain from approving social services matching plans. What might appear to be abuses to some, when States subsequently contract with these same contributors to perform services with the resulting matching grants, can certainly be tightened up and reexamined. But any blanket prohibition would be utterly disastrous not only to the needy involved, but to what is left of private charity and public philanthropy in this country today.

The material follows:

OCTOBER 13, 1972.

Hon. WILBUR D. MILLS,  
Chairman, House Ways and Means Committee,  
Washington, D.C.

DEAR MR. CHAIRMAN: As we have discussed, I am most concerned about the legislative history which has been made regarding use of donated private funds for social services matching under Title IV A of the Social Security Act. In its report on H.R. 1, the Senate Finance Committee directed HEW to issue regulations prohibiting the use of such funds for this purpose.

Having served as United Fund chairman in the past, I am convinced that this kind of partnership between private donations and public agencies should be encouraged rather than discouraged, and I would strongly urge that the legislative history so far created on this point be modified.

United Fund representatives have indicated that their contributions to state social service agencies now amount to approximately \$17 million dollars per year, some 60% of which is being used for child care. They acknowledge that in a few cases, the social service agencies have in turn contracted with United Fund agencies to provide services which may be more directed toward United Fund priorities than the state social service plan priorities. They would be very much willing to accept the limitation that donated funds may be used for matching purposes only if the funds are spent for services in accordance with the state plans and not merely to provide for United Fund priorities.

I thank you for your key role in obtaining Congressional acceptance of the ceiling on social services spending as part of the general revenue sharing bill. With this provision, I am sure that we can now begin to obtain the necessary control over this important program. However, I believe a prohibition on public-private partnership in this field would be a great mistake, and your assistance in correcting this point in the legislative history on H.R. 1 would be very much appreciated.

With best wishes,  
Sincerely,

ELLIOT L. RICHARDSON.

UNITED WAY OF AMERICA, OCTOBER 17, 1972

The involvement of the private voluntary sector in the delivery of social welfare services is not a new phenomenon. The private sector has provided local initiative and resources to implement several existing Federal assistance programs. These include day care, programs for the mentally retarded, alcoholics, and drug abusers, services to the aged, blind and disabled, and many more. Moreover, matching funds, in kind and cash, have been made available through United Way to implement OEO and Model Cities legislation.

Since 1970, United Way has channeled more than 17 million in matching funds to state welfare departments for social services. These funds, collected from the private voluntary sector, enable states to provide services directly through public agencies or to purchase services from individuals, other public agencies, or the private sector. United Way of America organizations, while providing matching funds, are not eligible to subcontract with state or municipalities for any of these funds.

A favorable by-product of the fund matching program is a strengthened public/private partnership which clearly demonstrates effective involvement of volunteer leadership in local communities. This leadership represents a broad sector of business, industrial, and low, moderate and upper income lay citizens who bring knowledge, expertise and resources to the design and delivery of essential services for people in need.

(No. 92-1230) on the Social Security Act

The Senate Finance Committee Report (H.R. 1) would direct the Secretary of the Department of Health, Education and Welfare to issue regulations which eliminate private sources of funds to be used as the states' matching requirement for Federal financial participation. The result of Congressional approval of this measure would seriously affect existing funding mechanisms in our communities. For example, it would eliminate a United Way contribution of \$788,000 in funds to obtain \$1,679,000 in Federal match in the State of Maine.

We therefore advocate that instead of totally eliminating the use of private sources for matching, as stated in the report, that the Secretary of the Department of Health, Education and Welfare earmark, within those funds to be appropriated, certain sums to be matched by the private sector.

Mr. ROSTENKOWSKI. Mr. Speaker, I would like at this time to join with my distinguished colleague, the Honorable JAMES BURKE of Massachusetts, in expressing my concern for that section of H.R. 1 which would prohibit the Secretary of HEW from allowing donated voluntary funds for social services for matching under title IV A of the Social Security Act.

I approve the directive to the Secretary of HEW regarding the issuance of regulations prescribing the conditions under which the State welfare agencies may purchase services that they do not themselves provide, but I respectfully disagree with providing regulations that state that the State matching requirements cannot be made by funds donated by private sources.

Secretary Richardson's position is clear in that he believes it would be a mistake, nationally, to prohibit the public-private partnership in the field of social services. Nationwide, I am sure that such a prohibition would have adverse effects which this Congress does not intend.

In Chicago, the local community fund, in collaboration with the city of Chicago's Department of Human Resources, has supported in the last 2 years a camping program which has allowed more than 6,500 disadvantaged children each year to go to camp who otherwise never would have been able. Nationwide, this program has provided 3- and 4-week camping opportunities to more than 50,000 disadvantaged children. Los Angeles, Cleveland, Boston, Chicago—more than 20 large cities have participated constructively and positively in this program of public and private fi-

nancing with the State plan and with the full approval of HEW.

The private voluntary sector in Chicago is currently ready to contract with the State of Illinois Department of Children and Family Services for a day care program which would allow more than 3,000 children between the ages of infancy and 14 to receive the full benefits and full range of services in more than 40 site locations and would offer employment opportunities for their parents in this program. This program provides parents' day care services so that they may take training or secure employment, and they would then be relieved of the necessity for continuance on public assistance. The private voluntary agencies in Chicago have worked long and successfully and well with local government to achieve social service opportunities for families and individuals in need. They are currently building a case history of those kind of successes which we all look to; namely, the alleviation of the welfare rolls.

The model cities day care program in Chicago and the day care programs in the private sector do not overlap and will not be duplicate efforts. Several meetings with the Model Cities Administration and the private sector have taken place in the last 6 months. It is the hope that these meetings will achieve a common discipline in day care parental training as well as develop evaluation tools and systems of monitoring. This innovative program hangs in balance. Its outcome is based upon the interpretation which the Secretary of HEW would allow that local private funds can be made available. Without such local private funds, this day care program cannot begin and the camping program will terminate.

The State of Illinois, under revenue sharing, will have slightly in excess of \$135 million allocated from the Federal Treasury. If all the private donated funds in Illinois for this fiscal year were to be added together, the private sector would be providing local donations of no more than \$2 million which would be matched by \$6 million of the already agreed upon formula proportion of Illinois of \$135 million.

Social services are keyed to people who need them and if the legislation we are going to vote upon today is to achieve its objectives and goal, it does not to my mind seem reasonable that simultaneously we should begin prohibitions and restrictions that would preclude any viable attempt to achieve alleviation of the stresses of city living. Be it in the city of Chicago or any other large or small city or community in the United States. The relationship of the public plan and the private dollar is a good one and I hold that the Department of Health, Education, and Welfare should continue its approval and allow that States may accept privately donated funds to be used as appropriate matching funds to effect State plans and achieve the goals of State priorities.

Mr. MILLS of Arkansas. Mr. Speaker, I yield myself the remainder of the time.

I yield to the gentleman from Ohio (Mr. VANİK).

Mr. VANIK. I want to join in the commendation that we have today for the fine work of the conferees and ask one question or make one request. I would like to request that there be placed in the RECORD a tabulation on the effect of the retirement test; that is, the \$2,100 retirement test, as it relates to various levels of income.

Mr. MILLS of Arkansas. We propose to do that, but it will take a little time to get it ready.

Mr. Speaker, I now yield to the gentleman from New York (Mr. CAREY).

Mr. CAREY of New York. Mr. Speaker, I wish to commend the conferees, especially on their action taken with regard to the disabled in this report on H.R. 1.

However, I am particularly concerned with what the conference report does not say with respect to the relationship between the Federal WIN program and State-funded and operated work programs designed to help able-bodied welfare recipients achieve self-sufficiency.

As the chairman may recall, New York State launched an innovative work program on July 1, 1971, under which able-bodied welfare recipients were required to report twice monthly to State employment offices where they received a full range of employment services, including referral to jobs, training, and counseling, and picked up their welfare checks at the same time.

The first-year results of this program speak for themselves: 29,369 recipients were placed in jobs and 53,030 were dropped from the welfare rolls for failure to comply.

However, a three-judge Federal court ordered the program stopped in a July 28, 1972 decision which held that Congress pre-empted the work program field when it established the Federal WIN program in 1967. The State of New York is appealing its case to the U.S. Supreme Court.

My specific question for the chairman has to do with the intent of the Congress in authorizing the WIN program in 1967 and in amendments to that program in subsequent years. It is my understanding that Congress intended, through the WIN program, merely to assist the States in the critical area of guiding able-bodied welfare recipients toward self-sufficiency—and not to supersede individual State programs designed to achieve the same end. Under this interpretation, New York and other States could operate their own programs as supplementary to the Federal WIN program. Is my understanding of the congressional intent in this area correct?

Mr. MILLS of Arkansas. I agree with the interpretation of my friend, the gentleman from New York, on the matter, so long as the State program does not contravene the provisions of Federal law.

(Mr. CAREY of New York asked and was given permission to revise and extend his remarks.)

Mr. MILLS of Arkansas. Mr. Speaker, I yield to the gentleman from Pennsylvania (Mr. BARRETT).

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

[Mr. BARRETT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. MILLS of Arkansas. Mr. Speaker, I yield to the gentleman from Wisconsin (Mr. REUSS).

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. REUSS. Mr. Speaker, H.R. 1, as agreed to by the House conferees, is in many respects a progressive bill. It boosts widows' social security benefits, permits retirees to earn more without loss of benefits, gives medicare benefits to disability retirees, and institutes a guaranteed minimum for aged, blind, and disabled welfare recipients.

However, the bill is regressive in that it raises the entire \$6 billion a year needed to pay for these improvements by increasing the payroll tax on 96 million employed persons, and their employers from the present 5.2 percent in 1972 and 5.5 percent in 1973 to 5.85 percent in 1973 and 6 percent by 1978, together with an increase in the wage base from this year's \$9,000 to \$12,000 in 1974.

There are no loopholes in the social security tax for the working man. It is a flat tax imposed upon earnings up to a dollar limit, regardless of whether the earner is an average working man or a millionaire. Thus while a person earning \$12,000 a year will be paying, in 1973, 5 percent of his income in social security taxes, and in 1978, 6 percent, a corporate executive pulling down \$100,000 a year will have to contribute only six-tenth—in 1978, seven-tenth—of 1 percent of his earnings.

Providing a decent life for the aged and the disabled is not the responsibility of the low- and moderate-income working class alone: it is a concern for all Americans. The increased benefits should be funded from general revenues. The notion of an inviolate social security trust fund is outdated. Certain social security expenditures are already paid for out of general revenues: Part B of medicare, for instance, takes approximately \$1 billion a year from general funds.

I do not propose that we simply add another \$6 billion to the Nixon fiscal 1973 budget deficit. General revenues must be increased by about \$6 billion to cover these new expenditures. I would have liked to move today that the report on H.R. 1 be recommitted with instructions to replace the provisions raising payroll taxes by two reform loophole-plugging measures—repealing the Asset Depreciation Range system and tightening up the Minimum Tax—which would yield approximately the same revenue and would shift the burden to those more able to pay—wealthy individuals and corporations. The measures would not have been within the scope of the conference, however, and I am unable to do so.

Mr. Speaker, I support the conference report on H.R. 1 because of the progressive provisions which it preserves. But I strongly urge that the Ways and Means Committee give highest priority next Congress to reforming the whole system and the system of social security

financing, and specifically to revoke the new social security rate schedule in the conference report and to raise the necessary money fairly through plugging tax loopholes.

Mr. Speaker, again I thank the gentleman for yielding, and I congratulate the committee on a very progressive conference report on the social security side, but one that I fear is regressive in its funding. Essentially it taxes 96 million workers regressively in order to pay for what should be at least in my opinion a public responsibility.

Therefore I hope that early in the next session the tax writing committee can turn its attention to plugging some of the loopholes we face in the country.

Mr. MILLS of Arkansas. That is the first order of business, as my friend, the gentleman from Wisconsin, knows, of the Committee on Ways and Means; we are going to enter into that, and we do expect the gentleman from Wisconsin to come before the committee and give us his ideas on how to do it.

Mr. REUSS. Mr. Speaker, I think it is wise, and I hope that the committee will consider using some of the new revenues, to use general revenues in part for the social security improvements we are voting today.

Again I thank the gentleman for yielding.

Mr. MILLS of Arkansas. Mr. Speaker, I yield to the gentleman from Massachusetts (Mr. DRINAN).

Mr. DRINAN. Mr. Speaker, I wonder if the distinguished chairman of the Committee on Ways and Means could give us some thoughts with respect to a possible date on which eyeglasses, hearing aids, prescription drugs, and so forth, will become available to the elderly. We already are having inquiries as to when there might be some reasonable expectation that the provisions relating to such items might become law. I understand, of course, that it was dropped in the conference, but nevertheless in my judgment I believe that it would be good legislation.

So could the distinguished chairman of the Committee on Ways and Means, for the benefit of the Members, give us some indication of a timetable so that the elderly might know when these various essential medical devices might be available?

Mr. MILLS of Arkansas. I am sorry, Mr. Speaker, but I cannot answer the gentleman's question and be honest with the gentleman, because I just do not know when we can get to it. As pointed out, this Senate amendment costs 2.42 percent of payroll. That is in the first year, and that is a very, very sizable amount of money, and that of course is only the initial cost, so there was nothing available in H.R. 1 in order to accomplish it, and therefore it was dropped regardless of its merits.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has expired.

Mr. BYRNES of Wisconsin. Mr. Speaker, I will be glad to yield additional time to the gentleman from Arkansas (Mr. MILLS), but before doing so let me just yield to the distinguished minority lead-

er, the gentleman from Michigan (Mr. GERALD R. FORD) such time as he may consume.

(Mr. GERALD R. FORD asked and was given permission to revise and extend his remarks.)

Mr. GERALD R. FORD. Mr. Speaker, I think that under the circumstances, the conferees have done the very best job they can in trying to resolve, as I understood it, some 580-some differences between the House version and the Senate version of H.R. 1. Perhaps if there had been more time something that might have been meaningful in the way of welfare reform might have come out of the conference. Unfortunately, under the circumstances that we face, that result did not seem feasible.

I must conclude, however, that by not acting on the legitimate and long overdue welfare program this Congress has failed the American people.

The House of Representatives in 1970 passed the President's family assistance program. The other body failed to act.

In 1971 and 1972 the other body failed to respond to the public demand for welfare reform, and what they sent to conference could hardly be considered welfare reform under any definition.

So the conferees were hamstrung in what they could do both because of the limitations of time and as to the substantive matters involved.

Mr. Speaker, there is no more important issue in the minds of the American people wherever I travel than the need, the necessity, for welfare reform. For this Congress to fail the American people on this issue is unforgivable. I trust it will have the highest priority on next year's agenda because the public demands it and the public needs it.

Mr. BYRNES of Wisconsin. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Speaker, having just concluded this final conference with the gentleman from Wisconsin and the gentleman from Ohio, two retiring Members of the Congress, I want to pay my respects to both JOHN BYRNES and JACK BETTS for their many years of outstanding service to this Nation.

My friend, JOHN BYRNES, has been on this committee for many, many years. I do not really think that the Congress or the country have fully appreciated or evaluated the tremendous service that he has rendered, and his expertise in these many areas of complicated law covered by the Committee on Ways and Means—unparalleled except for our distinguished chairman. On so many issues that we have covered on a day-to-day basis, both the gentleman from Wisconsin and the gentleman from Ohio have contributed in a nonpartisan way to constructive solutions.

Their service to their Nation has been unparalleled and outstanding. The committee will sorely miss their continued service. I wish them the very best in their retirement and hope that their skill and expertise may continue in some way to be utilized for the public good.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I am happy to yield to the gentleman.

Mr. MILLS of Arkansas. Mr. Speaker, I would like to associate myself with the remarks made by my good friend, the gentleman from Oregon, regarding the services of our two good friends—JOHN BYRNES and JACK BETTS who have seen fit, contrary to all our desires, to retire at the end of this Congress to what, I am sure, will be a more pleasant life, but one that takes them from us in the way my friend, the gentleman from Oregon, has described.

They are leaving two awfully big pairs of shoes to be filled. I do hope when we reconvene in the next Congress that the expertise of these two gentlemen will be taken into consideration by my Republican colleagues when they fill these two vacancies on our committee—we want the best you have because we are losing the best you have.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman.

Mr. GERALD R. FORD. Mr. Speaker, I spoke just a moment ago about the substance of the legislation before us. I had intended to make some remarks during the consideration of the next conference report concerning the gentleman from Wisconsin and the gentleman from Ohio (Mr. BETTS), both of whom are leaving this body of their own free will and of their own accord. Both of them have been long, close personal friends of mine. Both of them have done in a legislative way a job that I think could not have been done better by anybody. I think they have the mutual respect of both sides of the aisle for their performance during their long service in the Congress.

It goes without saying, Mr. Speaker, that I will miss both of them. It goes without saying, Mr. Speaker, that those of our colleagues who have been associated with them on the Committee on Ways and Means will greatly miss their expertise and their attitude in trying to solve problems rather than creating difficulties.

Both of them will be missed, I am sure, by all because of their outstanding performance over a long period of time not only for their districts but for their country.

Mr. ULLMAN. Mr. Speaker, I yield to the gentleman from New York (Mr. CONABLE).

(Mr. CONABLE asked and was given permission to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, like all the rest of my colleagues, I view the departure from this body of JOHN BYRNES and JACKSON BETTS with a sense of loss and of foreboding. These men have made a fine, solid, dependable contribution to the work of the Ways and Means Committee and the House of Representatives. Both are characterized by directness and intellectual honesty. Both are exceptionally diligent. Both exhibit the loyalty and personal integrity which we admire in human beings, and even more in successful politicians.

As ranking minority member of Ways and Means, Mr. BYRNES has carried a major legislative burden with grace and eloquence. We all depend on him in

countless ways, and his retirement leaves a void which will be hard to fill. He and his cheerful, friendly, wise and dependable colleague from Ohio diminish us by their departure, just as they have added to the luster of this institution by their service here. I suppose we can console ourselves with the thought that wise men have served here before, and this Nation calls to its service the strengths it needs when it needs them; but for me, personally, I doubt that I will be able to find others I admire in the same way I admire these two men. I hope they will come back to see us frequently.

Mr. BIESTER. Mr. Speaker, another session of Congress is passing by and Congress has again failed to tackle some of the persistent and growing problems in American society. Last year the House faced up to one of the problems—a welfare "system" growing more and more out of control—when we passed the welfare reform provisions of H.R. 1.

H.R. 1 is before us again, but it is a far cry from the measure which we sent over to the Senate. Welfare reform got lost in the shuffle, a victim of unreconcilable differences from all sides of the issue.

Although I am deeply disappointed by our retreat on this aspect of the House-passed version of H.R. 1, I will vote for the conference report. I will do so primarily because of the desperately needed social security benefits for retired persons which are included.

I would venture that none of us in this Chamber have to deal on a daily basis with more frustrating and moving constituent problems than those of our senior citizens, particularly those who are eking out a marginal existence on a small, fixed income. Changes which will be brought about as a result of H.R. 1 are going to help: increased widows' payments, higher pensions for those working beyond retirement age, raised earnings limitations, new monthly minimums for certain categories of employees and modifications in the medicare program.

As Congress attempts to keep abreast of what is necessary to insure a decent standard of living for the elderly, Congress must also address itself to the inadequacies in the conventional process of social security funding. The time is rapidly approaching—if, indeed, it has not already arrived—when funding from general revenues will be necessary to realize the liberalized benefits which are required.

The current system of payroll and employer taxes is reaching its limits of tolerability. As a regressive tax, the payroll tax falls more heavily on lower and middle-income workers; the provisions of H.R. 1 significantly increase the employee payroll contributions over the next several years.

Using general revenues to improve the effectiveness of the social security system is not a new idea, but it is one which must be carried out if the average American is to receive a fair shake in the whole social security system.

Mr. FRENZEL. Mr. Speaker, the conference report on H.R. 1 is, like most other legislative compromises, a mixed bag of blessings and banes.

The main blessings are the improvements in social security, and the fine job our House conferees did in scaling down the fantastic Senate spending appetite. The package before us, described by the chairman as the most significant improvements since 1965, carries about one-third the cost of the Senate bill. I regret the increase in rates and income levels necessary to support these increases. Social security taxes are onerous and regressive, and surely by now must have reached maximum tolerable levels.

Had I guessed that these sweeping changes could have been achieved this year, I surely would have supported the Byrne amendment to the 20-percent increase passed a few months ago. With reasonable Senate cooperate we could have had equitable, retainable, basic increases in benefits and these other fringe improvements. Because of the way the Senate performed, we have sacrificed some useful fringe benefits and forced a regressive tax upwards.

The curse in this bill is that, for the second straight year, the Senate has refused to participate in achieving the great national goal of welfare reform. The President, and the people of this country, have asked that Congress make welfare reform a high priority. The House has done so twice. The Senate has failed twice.

Again, congratulations are due the House conferees for rejecting the Senate proposal for demonstrations, or trials, of welfare reform. These trials would only postpone reform and give a new license for the operation of an obsolete, unworkable system. I join the gentleman from Wisconsin (Mr. BYRNES) in urging that welfare reform get an even stronger commitment from Members of this body next year.

Since this bill is flawed only by what has gone before and by what is not in it, it obviously is deserving of our support. I hope it is passed overwhelmingly.

Mr. COTTER. Mr. Speaker, I rise in support of H.R. 1, but I do so with some reluctance. This bill corrects many of the abuses in the existing social security system. For example, it gives widows 100 percent of their husbands' benefits; it increased the amount of outside earnings to \$2,100, although I believe that \$3,000 represents a more realistic figure.

Yet fair play should be a keystone of free government. Today, however, we give our final approval to some very basic changes in our social security system—yet we fail to effectively grapple with the fact that our social security system places more of a burden on the middle-income American than on the very rich. Under the present rules, a man earning \$9,000—and a man earning two or three times that amount pay the same tax, \$468 for social security. The \$9,000 wage earner is paying 5.2 percent of his gross pay while the \$18,000-a-year man pays 2.6 percent of his gross income for social security and the \$27,000-a-year man pays less than 2 percent of his income for his social security benefits. Even under the new provisions, which will ultimately raise the wage base to \$12,000 and the tax rate to 6 percent, the disparity will

continue to exist. A \$9,000 wage earner will pay 6 percent of his gross pay, or \$540 for social security, but the \$18,000-a-year man will pay \$720, or 4 percent, for the same benefits.

What I am arguing for is equity in this situation. At a minimum, each wage earner should be expected to pay the same percentage of his entire salary for social security benefits. This is the most elementary equity. Each worker pays at the same rate. Many would argue that there should be a progressive social security tax rate.

I am undertaking a study of each of these approaches, and will introduce legislation to replace the existing social security tax system.

Mr. VANIK. Mr. Speaker, in examining the Senate Finance Committee's report accompanying H.R. 1, I notice that it includes a direction to the Secretary of Health, Education, and Welfare to issue regulations which would eliminate private sources of funds to be used as the States' matching requirement for Federal financial participation.

On top of the other limitations which we have placed on social service programs, this Senate Finance Committee suggestion is totally unrealistic and should be disregarded by the Department. The social service funding situation has undergone so many changes since the Senate Finance Committee's report was released, that it is obvious that the entire Congress—not just the Senate Finance Committee—must review the entire title IV(A) and other social service programs of the Government.

The involvement of the private voluntary sector in the delivery of social welfare services is not a new phenomenon. The private sector has provided local initiative and resources to implement several existing Federal assistance programs. These include day care, programs for the mentally retarded, alcoholics, and drug abusers, services to the aged, blind, and disabled, and many more. Moreover, matching funds, in kind and cash, have been made available United Way to implement OEO and Model Cities legislation.

A favorable byproduct of the fund matching program is a strengthened public-private partnership which clearly demonstrates effective involvement of volunteer leadership in local communities. This leadership represents a broad sector of business, industrial, and low, moderate, and upper income lay citizens who bring knowledge, expertise, and resources to the design and delivery of essential services for people in need.

A limitation on private voluntary sector assistance in social service matching funds will only create more confusion—during a most confusing transition period. It is imperative that the present system of public and private support of social services programs continue.

Mr. DONOHUE. Mr. Speaker, I intend to support this conference report on H.R. 1 because the conferees, under existing circumstances, have developed an overall acceptable program through the elimination of a great many of the unhappy additions that were placed in our original House bill, by the Senate, and by

their restrengthening of other provisions in our original bill that were weakened by Senate action. We have the option, at this late day, apparently, of accepting this conference report or having no bill at all in this Congress. I think the wiser choice, in the national interest, in this situation, is the adoption of the compromise report.

Mr. Speaker, may I say that many authorities in the administration of social services and in the operation of our Federal program of benefits for the aged, blind, and disabled are very deeply concerned by a provision that was projected in the Senate committee report on our original H.R. 1 bill to the effect that the HEW Secretary would be required to disallow State use of donated voluntary funds for social services for matching under title IV(A) of the Social Security Act.

The substantive effect of such a projection would, in the opinion of the experts, mark the end of numerous productive programs and essentially needed social services in countless communities throughout the various States and I know that this sad development would truly occur in my own Commonwealth.

I think the record of our previous action here on this vitally important measure would show that this Senate committee projection was not in our original House bill, that it was dropped in the conference discussions and the attempted elimination of the existing private-public partnership, which operates so effectively in so many of these social services needs areas, is actually opposed by the highest Government authority himself, the Secretary of the Health, Education and Welfare Department.

Under these circumstances, Mr. Speaker, I would urge and hope that the legislative history on the adoption of this conference report would indicate and emphasize the congressional desire to encourage this wholesome kind of partnership between public agencies and private donors with the clarifying limitation, where necessary, that such donated funds may be used for matching purposes only if the funds are spent for services in full accord with State plans and not solely to provide for the priorities or suggestions set forth by a private donor.

Mr. Speaker, there is no question or doubt that wherever and whenever any abuses or excesses occur in any cooperative exercise of this kind of private unit-public agency relationship that they should be forbidden and eliminated; I am confident that very, very few, if any, such abuses take place in my own area and I know that the donations from voluntary sources to our Massachusetts State Department of Public Welfare have helped that department to generate over \$3 million of essential social services all over the State. In an era when we are bent, and I think wisely, on promoting the tremendous national material benefits, not to mention goodwill, of a wholesome private-public partnership in most every area of American life I believe it would be a serious mistake, now, to erect any barrier, such as the prohibition proposed in the Senate report, against the

progress of this healthy partnership. In this matter, I most earnestly hope that the Health, Education and Welfare Department Secretary is permitted the modified discretion that he desires and which seems most prudent in the effective operation of the social security law and in advancing the national interest involved.

Mr. REID. Mr. Speaker, I rise in support of H.R. 1, the Social Security Amendments of 1972.

However, I must say, Mr. Speaker, that I was very disappointed that the conference did not see fit to include two important provisions which had been added by the other body and which would have provided significant fiscal relief to the State of New York. Although I did engage in a colloquy just last week with the gentleman from Arkansas (Chairman MILLS) on these provisions, I regret that both the Javits-Mondale amendment authorizing funds for child care—from which New York State could have expected about \$80 million—and another amendment providing New York State with approximately \$166 million in intermediate fiscal relief, were dropped from the bill.

I was glad to see, however, that the Federal takeover of aid to the aged, blind, and disabled will provide New York State with a vitally needed \$168 million, which will hopefully cushion the fiscal blow that my State presently faces.

Finally, and briefly, I want to state my support for a number of other provisions which amend the Social Security Act and liberalize benefits and recipient requirements.

Mr. BINGHAM. Mr. Speaker, it is a great disappointment to me, as I am sure it is to many other Members of the House, that this very important legislation, H.R. 1, affecting so many of our great social programs, has been so delayed by the Senate that we are forced to act on it in the rush of the final hours of the 92d Congress. The House passed its version of H.R. 1 way back in June of 1971. The House-passed bill was not perfect, but it contained a great many urgently needed reforms in the social security system and other programs.

As if the delay by the Senate were not enough, the bill the Senate proposed failed to include a reasonable plan for reform of our existing welfare system, which is so terribly inadequate both for those who find themselves in need of assistance and the remaining citizens who pay the bill for that assistance through their taxes. Again, the House-passed version of H.R. 1 was not perfect. But it did contain a start toward sweeping welfare reform. In the absence, however, of a correspondingly constructive proposal by the Senate, we are now faced with a bill which contains no comprehensive welfare reform provisions at all.

What we are left with, Mr. Speaker, is another assortment of provisions, most relating to the social security system, which should have been approved long ago. Most are needed and worthy of support. But they certainly leave sweeping welfare reform as a major failure of this Congress.

As far as social security improvements are concerned, I had hoped that this bill

would provide complete assurance that the 20-percent increase in social security benefits which went into effect in October would be passed on in full to all social security recipients without any loss of other benefits which they might be receiving, such as old-age assistance, medicaid, disability, aid to dependent children, and the like. I am pleased to note that I took the lead in the House in introducing separate legislation to this effect, and have been most concerned that appropriate action be taken before this Congress adjourns to make sure that the 20-percent benefit increase the Congress approved actually results in the 20-percent increase in total income for every recipient that the Congress intended.

This bill does solve the problem, at least temporarily, with regard to medicaid. It provides that anyone and everyone eligible for medicaid as of September 1972, shall continue to be eligible for medicaid until October of next year regardless of any increase in income as a result of the 20-percent social security benefit raise. That will give the Congress time to consider what might best be done on a permanent basis to see that medicaid recipients are not deprived of needed medicaid benefits and thereby robbed of purchasing power as a result of social security benefit increases, and I, for one, intend to seek the strongest possible protection of medicaid recipients in this respect.

With regard to other benefits threatened by the 20-percent social security increase, this bill guarantees only that total income for social security recipients will be \$4 higher after the increase than before—far less of a guarantee that I had proposed and feel is essential. This guarantee applies to benefits to the aged, blind, and disabled, but does not cover eligibility for food stamps, ADC, or housing allowances. I believe that action should be taken by the next Congress to expand and improve this guarantee, and I am hopeful that, in the meantime, the various State officials who have certain powers over eligibility for these benefits within their respective States will take every action available to them to see that needy senior citizens continue to receive the full amount of these benefits despite the 20-percent social security increase so that that increase will have the maximum impact on their spending power.

The remaining provisions of this bill make a great many improvements in the coverage and operation of the social security programs, including medicare and medicaid. A number of these improvements were recommended in the broad social security bill I sponsored in this Congress (H.R. 9300). In particular, an increase in the minimum social security benefit to an amount equal to \$8.50 times the years of coverage under social security, similar to what I proposed, is contained in this final version of H.R. 1. Likewise, provision is made for widows to receive the full amount—100 percent—of their husband's benefits; and outside earnings permitted without reduction in social security benefits are increased from the current \$1,650 to \$2,100 per year.

Over all, a minimum of about 6.3 million people will receive higher benefits and about 500,000 people will become eligible for benefits as a result of the liberalized coverage contained in this bill. That is a gratifying achievement which I am glad to support and for which the members of the Ways and Means Committee and the House and Senate conferees on this bill deserve to be commended.

Finally, Mr. Speaker, this bill contains provisions expanding coverage under medicare which will make that program much more helpful to our older citizens who desperately needed improved health care. In particular, coverage is extended to include the services of optometrists and, in some instances, chiropractors, as well as kidney transplant and dialysis. Unfortunately, coverage of the costs of essential prescription drugs, a provision which was included in my bill and which many of us have long felt is of highest importance and priority, was dropped from this bill by the conferees after having been approved by the Senate. With regard to administration of the medicare program, I am particularly gratified to note that enrollment in part B of the program is made automatic, subject to waiver after enrollment, so that we will no longer have the unfortunate situation that has existed in the past where needy older citizens have neglected to enroll at the appropriate time and have therefore been denied benefits for the considerable periods between enrollment dates.

Mr. Speaker, on the basis of these numerous constructive aspects of H.R. 1 as it is now presented to the House, and with confidence that the next Congress will go to work diligently to fill in the very major gaps I have pointed out, I intend to vote for the conference report.

Mr. BURKE of Florida. Mr. Speaker, as my colleagues know I was a cosponsor of the Social Security Amendments of 1971. When H.R. 1 passed the House in 1971, however I did not vote for it, even though I strongly advocated the need for increased social security payments. My objection then was not that I opposed any increase in social security payments, but rather because I felt that social security should not be tied with any welfare package. Our senior citizens who worked and paid into social security as did their employers, certainly never deserved to be treated as welfare recipients to me such an inference, or coupling thereof, is an insult to them.

Earlier this year the 20-percent increase in social security benefits came to the floor for a vote. Regrettably at that time I was in the hospital recovering from an operation and was therefore prevented from voting. Had I been present then I would have voted yea as I would have done today.

Yesterday, I had some very important meetings in my district involving questions of ocean outfall and the building mortatorium which is a serious problem to south Florida, and the area which includes my congressional district.

I learned late yesterday evening that the social security amendments would be called up today and that the welfare re-

form provisions had been deleted from H.R. 1.

Regrettably my plane flight was canceled and I was delayed in leaving Miami and arrived in Washington at 2:05 p.m. Unfortunately also the vote on the social security amendments which I cosponsored was taken at 1:40 p.m. and my arrival on the House floor was too late to cast my vote. Thus despite my earnest efforts in working for the passage of this legislation I was, once again for reasons beyond my control to vote for these measures which, in my opinion, are so deserving to our senior citizens. Nevertheless, I want to state that I am happy that this legislation passed, even though I could not vote for the measure. As I indicated, had I been here, I would have surely done so, and it is with a warm feeling that I join with the millions of Americans who will benefit from the passage of this bill in rejoicing in the knowledge that justice has at last prevailed.

Mr. BIAGGI. Mr. Speaker, I rise in support of the conference report on H.R. 1. While it does not provide all the reforms we sought, especially in regard to the welfare programs, it does provide many needed reforms in our social security law and fulfills many promises to the older people of this Nation.

I am pleased that many of the provisions I have fought for since coming to Congress are included in the omnibus bill. Widow's benefits will be increased from the present 82.5 percent of their husband's pension to 100 percent. A minimum benefit of \$170 a month for persons who have worked under social security will be paid. It will extend medicare benefits to the 1.7 million disabled who receive social security pensions. It would include for the first time chiropractors' care are under medicare.

The earnings limitation for recipients will also be increased from the present \$1,680 to \$2,100. While I have fought for complete elimination of the ridiculous provision of the law that restricts people from working, I am pleased that some increase was granted.

There will be many provisions to take up in the next Congress, however. Prescription drugs, and optometric care should be included under medicare. The outside earnings limitation should be eliminated. The retirement age should be reduced from 62 to 60.

The vast majority of older Americans have worked hard all their lives. They are responsible for the great achievements that this country lays claim to today. Our military and technological might and world position is due in large part to their efforts.

Unfortunately the ravages of inflation have relegated the majority of senior citizens to a life of poverty. With fixed pensions or limited income, many have found it necessary to go on welfare. Many have had to give up their homes—purchased through lifelong work—because of high property taxes or the high cost of maintenance. Many others feel unsafe to go out on the streets because of the extensive crime problem.

We cannot afford to turn our backs on these people who have built America.

Let us see that in their retirement at least, their financial problems are somewhat alleviated. This bill will help improve the financial outlook of our senior citizens. The other reforms I have mentioned, coupled with much needed tax reforms to reduce property taxes and provide for retirement income exemptions will provide a more adequate measure of relief. I urge you to bear in mind, my colleagues, that some day all of us will be retired senior citizens ourselves.

Mr. ZABLOCKI. Mr. Speaker, I rise at this time to commend our colleague from Arkansas, the Honorable WILBUR MILLS, and other distinguished House Members whose diligent work during the past week has produced legislation of which we all have reason to be proud—the conference report on H.R. 1, containing reforms in the social security system whose enactment the House has urged during the 91st and 92d Congresses.

The task which confronted these conferees was indeed monumental, for they faced the need to reach agreement on the more than 580 points of difference between the legislation as passed by the two Houses. The conference report which has resulted from their efforts represents a positive, progressive contribution toward the improved welfare of our Nation's senior citizens.

The plight of the elderly in this country has been emphasized by recently released statistics of the 1970 census report; in 1970, more than one quarter of the elderly lived in what the Government has officially defined as poverty. While H.R. 1 will not eliminate this tragic situation, its provisions will bring relief to many of our senior citizens. Provisions of the conference report to protect medicare recipients from loss of their benefits because of the 20 percent social security increase, and to require that States pass along at least \$4 of the social security increase to those recipients who also receive aid through State programs to the aged, blind, and disabled, help to insure that the social security increase has its intended impact in helping the elderly to meet increased living costs.

While I commend my colleagues for their efforts in producing this vital report and express my support for the many provisions of H.R. 1 which eliminate inequities in social security, medicare, and medicare regulations, I must also express my concern and regret that the conference report does not contain legislation which many of us had hoped would have been a significant achievement of the 92d Congress—the sorely needed reforms of our welfare system. We in the House of Representatives have clearly indicated our concern in this matter in twice sending to the Senate detailed programs to comprehensively amend existing welfare programs in order to break the cycle of poverty for many and give positive assistance to help welfare recipients become taxpayers instead of tax-takers. However, because in both the 91st and 92d Congresses the other body has failed to reach agreement, we have been unable to enact programs to provide adequately for those in real need and prevent the abuses

which have permitted some to "take a ride" at the expense of the American taxpayer.

In addition to action on welfare reform, it is my hope that the 93d Congress will give top priority to a thorough review of the manner in which social security benefits are funded. The 20-percent increase in social security benefits approved earlier this session, as well as the additional reforms in H.R. 1, as we know, have necessitated an increase in social security taxes—taxes which take a greater percentage of income from those who earn less than from those who are more affluent. In this respect, consideration should be given to the gradual change which has come about in the nature of the social security program, for more and more aged Americans now regard it not as a supplemental addition to their savings but as their only source of support in their retirement. Recognizing this development, the possibility of funding social security programs in part from general funds should be studied. The concept of employee, employer, and Government contributing equally to the trust fund is one which in my opinion should be more thoroughly explored and enacted during the 93d Congress.

At this time, I would also like to join Chairman MILLS, Congressman AL ULLMAN and others in their remarks about our colleague, JOHN BYRNES.

Mr. Speaker, it is with mixed emotions that I extend a fond farewell and best wishes to my esteemed colleague and personal friend, the Honorable JOHN W. BYRNES.

On the one hand, I share his personal satisfaction of relief from the heavy pressures of office occasioned by his retirement after 28 distinguished and productive years in Congress. At the same time I know full well that his dedicated service will be sorely missed.

It was my privilege to serve with JOHN BYRNES in the Wisconsin State Legislature. During his tenure in the State senate and over the years in Congress I have respected and admired his able efforts on behalf of the people of Wisconsin's Eighth District and the Nation. He has unfailingly given freely of himself in attaining the goals and objectives of the Congress.

His special expertise in the area of taxation, exemplified by his distinguished work as ranking minority member of the Ways and Means Committee, has earned him repeated distinction. Without doubt he is one of our Nation's leading tax experts.

#### GENERAL LEAVE

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on the conference report.

THE SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS of Arkansas. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. BYRNES of Wisconsin. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 305, nays 1, answered "present" 3, not voting 122, as follows:

[Roll No. 455]

YEAS—305

Abzug	Dulski	Keefe
Adams	Duncan	Keith
Addabbo	du Pont	Kemp
Alexander	Eckhardt	King
Anderson, Ill.	Edwards, Ala.	Kluczynski
Andrews, Ala.	Edwards, Calif.	Koch
Annunzio	Ellberg	Kyl
Ashbrook	Esch	Kyros
Ashley	Eshleman	Landgrebe
Aspinall	Evin, Tenn.	Landrum
Badillo	Fascell	Latta
Barrett	Findley	Leggett
Belcher	Fish	Lennon
Bennett	Flood	Lent
Bergland	Flynt	Long, Md.
Betts	Foley	Lujan
Biaggi	Ford, Gerald R.	McClory
Biester	Ford,	McCloskey
Bingham	William D.	McCollister
Blatnik	Forsythe	McCulloch
Boland	Fountain	McDade
Brademas	Fraser	McDonald,
Brasco	Frelinghuysen	Mich.
Bray	Frenzel	McEwen
Breaux	Frey	McFall
Brinkley	Fulton	Madden
Brotzman	Fuqua	Mahon
Brown, Mich.	Garmatz	Mallary
Brown, Ohio	Gaydos	Mann
Broyhill, N.C.	Gibbons	Mathias, Calif.
Broyhill, Va.	Gonzalez	Mathis, Ga.
Buchanan	Goodling	Mazzoli
Burke, Mass.	Grasso	Melcher
Burton	Green, Pa.	Metcalf
Byrnes, Wis.	Griffin	Miller, Calif.
Camp	Grover	Miller, Ohio
Carey, N.Y.	Gubser	Mills, Ark.
Carlson	Gude	Minish
Carney	Hagan	Mink
Carter	Halpern	Minshall
Casey, Tex.	Hamilton	Mitchell
Cederberg	Hammer-	Mizell
Celler	schmidt	Montgomery
Chamberlain	Hanley	Moorhead
Chishelm	Hansen, Idaho	Morgan
Clancy	Harrington	Mosher
Clark	Harsha	Murphy, N.Y.
Clausen,	Hathaway	Myers
Don H.	Hawkins	Natcher
Cleveland	Hays	Nedzi
Collier	Hechler, W. Va.	Nelsen
Colmer	Heckler, Mass.	Nix
Conable	Heinz	Obeys
Conover	Helstoski	O'Hara
Conte	Henderson	O'Konski
Conyers	Hicks, Mass.	O'Neill
Corman	Hicks, Wash.	Bassman
Cotter	Hillis	Patten
Coughlin	Hogan	Pepper
Culver	Hollifield	Perkins
Daniel, Va.	Horton	Pettis
Daniels, N.J.	Hosmer	Pickle
Davis, Ga.	Hull	Pike
Davis, S.C.	Hungate	Pirnie
de la Garza	Hunt	Poage
Dellenback	Hutchinson	Powell
Dellums	Jacobs	Preyer, N.C.
Denholm	Jarman	Price, Ill.
Dennis	Johnson, Calif.	Price, Tex.
Dent	Johnson, Pa.	Quile
Devine	Jonas	Quillen
Diggs	Jones, Ala.	Randall
Dingell	Jones, N.C.	Rangel
Donohue	Karth	Rarick
Dorn	Kastenmeyer	Rees
Downing	Kazen	Reid
Drinan	Keating	Reuss

Rhodes	Seiberling	Vander Jagt
Riegle	Shriver	Vanik
Roberts	Sikes	Veysey
Robinson, Va.	Skubitz	Vigorito
Robison, N.Y.	Slack	Wampler
Rodino	Smith, Calif.	Ware
Roe	Smith, Iowa	Whalen
Rogers	Spence	Whalley
Rooney, Pa.	Springer	White
Rosenthal	Staggers	Whitehurst
Rostenkowski	Stanton.	Whitten
Roush	J. William	Wiggins
Roy	Stanton.	Williams
Roybal	James V.	Wilson,
Ruth	Steed	Charles H.
St Germain	Steele	Wright
Sandinan	Stokes	Wyatt
Sarbanes	Stratton	Wydler
Satterfield	Stubblefield	Wylie
Saylor	Stuckey	Wyman
Scherle	Sullivan	Yates
Scheuer	Taylor	Yatron
Schmitz	Teague, Calif.	Young, Fla.
Schneebeli	Terry	Young, Tex.
Schwengel	Thone	Zablocki
Scott	Tiernan	Zion
Sebelius	Ullman	Zwach

NAYS—1

Teague, Tex.

ANSWERED "PRESENT"—3

Hall Pelly Rousselot

NOT VOTING—122

Abbitt	Dickinson	Mayne
Abernethy	Dow	Meeds
Abouzeck	Dowdy	Michel
Anderson.	Dwyer	Mikva
Calif.	Edmondson	Mills, Md.
Anderson,	Erlenborn	Mollohan
Tenn.	Evans, Colo.	Monagan
Andrews.	Fisher	Moss
N. Dak.	Flowers	Murphy, Ill.
Archer	Gallifanakis	Nichols
Arends	Gallagher	Patman
Aspin	Gettys	Peyster
Baker	Giaimo	Podell
Baring	Goldwater	Pryor, Ark.
Begich	Gray	Pucinski
Bell	Green, Ore.	Purcell
Bevill	Griffiths	Railsback
Blackburn	Gross	Roncallo
Blanton	Haley	Rooney, N.Y.
Boggs	Hanna	Runnels
Bolling	Hansen, Wash.	Ruppe
Bow	Harvey	Shipley
Brooks	Hastings	Shoup
Broomfield	Hébert	Sisk
Burke, Fla.	Howard	Smith, N.Y.
Burleson, Tex.	Ichord	Snyder
Burleson, Mo.	Jones, Tenn.	Steiger, Ariz.
Byrne, Pa.	Kuykendall	Steiger, Wis.
Byron	Link	Stephens
Cabell	Lloyd	Symington
Caffery	Long, La.	Talcott
Chappell	McClure	Thompson, Ga.
Clawson, Del	McCormack	Thompson, N.J.
Clay	McKay	Thomson, Wis.
Collins, Ill.	McKevitt	Udall
Collins, Tex.	McKinney	Van Deerlin
Crane	McMillan	Waggonner
Curlin	Macdonald,	Waldie
Danielson	Mass.	Widnall
Davis, Wis.	Mailliard	Wilson, Bob
Delaney	Martin	Winn
Derwinski	Matsunaga	Wolf

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Thompson of New Jersey with Mr. Widnall.  
 Mr. Hébert with Mr. Arends.  
 Mr. Waggonner with Mr. Martin.  
 Mr. Rooney of New York with Mr. Mailliard.  
 Mr. Roncallo with Mr. Archer.  
 Mr. Brooks with Mr. Collins of Texas.  
 Mrs. Hansen of Washington with Mr. Del Clawson.  
 Mr. Shipley with Mr. Andrews of North Dakota.  
 Mr. Bevill with Mr. Blackburn.  
 Mr. Cabell with Mr. Shoup.  
 Mr. Chappell with Mr. Davis of Wisconsin.  
 Mr. Mikva with Mr. Michel.  
 Mr. Wolf with Mr. Hastings.  
 Mr. Delaney with Mr. McKevitt.

Mr. Murphy of Illinois with Mr. Railsback.  
 Mr. Moss with Mr. Bob Wilson.  
 Mr. Podell with Mr. Steiger of Wisconsin.  
 Mr. Giaimo with Mr. McKinney.  
 Mrs. Green of Oregon with Mr. Ruppe.  
 Mr. Howard with Mr. Smith of New York.  
 Mr. Sisk with Mr. Steiger of Arizona.  
 Mr. Hanna with Mr. Harvey.  
 Mr. Anderson of California with Mr. Goldwater.  
 Mr. Anderson of Tennessee with Mr. Baker.  
 Mr. McCormack with Mr. Winn.  
 Mr. Macdonald of Massachusetts with Mr. Broomfield.  
 Mr. Matsunaga with Mr. Thomson of Wisconsin.  
 Mr. Nichols with Mr. Snyder.  
 Mr. Gray with Mr. Crane.  
 Mr. Gettys with Mr. McClure.  
 Mr. Fisher with Mr. Peyster.  
 Mr. Flowers with Mr. Burke of Florida.  
 Mr. Danielson with Mr. Talcott.  
 Mr. Byron with Mr. Lloyd.  
 Mr. Blanton with Mr. Kuykendall.  
 Mr. Ichord with Mr. Dickinson.  
 Mr. Mollohan with Mr. Mills of Maryland.  
 Mr. Monagan with Mr. Bow.  
 Mr. Collins of Illinois with Mr. Gallagher.  
 Mr. Clay with Mr. Gallifanakis.  
 Mr. Pucinski with Mr. Erlenborn.  
 Mr. Purcell with Mr. Mayne.  
 Mr. Runnels with Mrs. Dwyer.  
 Mrs. Griffiths with Mr. Bell.  
 Mr. Stephens with Mr. Derwinski.  
 Mr. Burlison of Missouri with Mr. Byrne of Pennsylvania.  
 Mr. Jones of Tennessee with Mr. Abernethy.  
 Mr. Abouzeck with Mr. Abbitt.  
 Mr. Aspin with Mr. McMillan.  
 Mr. McKay with Mr. Long of Louisiana.  
 Mr. Meeds with Mr. Patman.  
 Mr. Dow with Mr. Pryor of Arkansas.  
 Mr. Waldie with Mr. Baring.  
 Mr. Evans of Colorado with Mr. Curlin.  
 Mr. Link with Mr. Symington.  
 Mr. Van Deerlin with Mr. Dowdy.  
 Mr. Udall with Mr. Edmondson.  
 Mr. Haley with Mr. Thompson of Georgia.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. McKEVITT. Mr. Speaker, I was delayed en route from Denver to Washington today. However, had I been present, I would have cast my vote in favor of the conference report on H.R. 1.

TO CORRECT THE ENROLLMENT  
OF H.R. 1

Mr. MILLS of Arkansas, Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 724) directing the Clerk of the House of Representatives to make corrections in the enrollment of H.R. 1.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 724

*Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H.R. 1) to amend the Social Security Act, and for other purposes, the Clerk of the House of Representatives shall make the following corrections:*

1. At the end of the table of contents, add the following:

- Sec. 405. Separation of social services not required.
- Sec. 406. Manuals and policy issuances not required without charge.
- Sec. 407. Effective date of fair hearing decision.
- Sec. 408. Absence from State for more than 90 days.
- Sec. 409. Rent payments to public housing agency.
- Sec. 410. Statewideness not required for services.
- Sec. 411. Prohibition against participation in food stamp or surplus commodities program by persons eligible to participate in employment or assistance programs.
- Sec. 412. Child welfare services.
- Sec. 413. Safeguarding information.

2. In section 137 of the bill, strike out "(a)" after "SEC. 137."

3. In section 283 of the bill—  
(A) strike out "(including a single service rehabilitation facility)" in subsection (a);  
(B) strike out "; except that" and all that follows down through "provided" in subsection (a);

(C) redesignate subsection (b) as subsection (c); and

(D) insert the following new subsection after subsection (a):

(b) Section 1835(a)(2) of such Act (as amended by section 251 of this Act) is further amended—

(1) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; and "; and

(2) by adding after subparagraph (C) the following new subparagraph:

"(D) in the case of outpatient speech pathology services, (i) such services are or were required because the individual needed speech pathology services, (ii) a plan for furnishing such services 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."

4. In section 301 of the bill, in the proposed new section 1614(a)(1), before the period at the end of clause (B) insert the following: "(including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a)(7) or section 212(d)(5) of the Immigration and Nationality Act)".

5. In section 306 of the bill, strike out "October" the second place it appears and insert "September".

6. In section 403 of the bill, strike out all that follows the colon and insert the following:

(1) the amount, not to exceed \$50,000,000 payable to the State (as determined without regard to such section 1130) with respect to the total expenditures incurred by the State for services (of the type, and under the programs to which the allotment, as determined under such subsection (b), is applicable) for the calendar quarter commencing July 1, 1972, plus

(2) an amount equal to three-fourths of the amount of the allotment of such State (as determined under such subsection (b), but without application of the provisions of this section):

*Provided, however,* That no State shall receive less under this section than the amount to which it would have been entitled otherwise under section 1130 of the Social Security Act.

7. After section 411 of the bill, add the following new sections:

CHILD WELFARE SERVICES

SEC. 412. Effective with respect to fiscal years beginning after June 30, 1972, section 420 of the Social Security Act is amended by striking out "\$55,000,000 for the fiscal year ending June 30, 1968, \$100,000,000 for the fiscal year ending June 30, 1969, and \$110,000,000 for each fiscal year thereafter" and inserting in lieu thereof "\$196,000,000 for the fiscal year ending June 30, 1973, \$211,000,000 for the fiscal year ending June 30, 1974, \$226,000,000 for the fiscal year ending June 30, 1975, \$246,000,000 for the fiscal year ending June 30, 1976, and \$266,000,000 for each fiscal year thereafter".

SAFEGUARDING INFORMATION

SEC. 413. (a) Section 2(a)(7) of the Social Security Act is amended to read as follows:

"(7) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;"

(b) Section 1002(a)(9) of such Act is amended to read as follows:

"(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;"

(c) Section 1402(a)(9) of such Act is amended to read as follows:

"(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;"

(d) Section 1602(a)(7) of such Act is amended to read as follows:

"(7) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;"

RECIPIENTS OF ASSISTANCE FOR THE AGED, BLIND,  
AND DISABLED INELIGIBLE

SEC. 414. (a) Section 402(a) of the Social Security Act is amended (1) by striking out the period at the end thereof and inserting in lieu of such period "; and", and (2) by adding at the end thereof the following new clause: "(24) If an individual is receiving benefits under title XVI, then, for the period for which such benefits are received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the benefits of the family under this title and his income and resources shall not be counted as income and resources of a family under this title."

(b) The amendments made by subsection (a) shall be effective on and after January 1, 1973.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS of Arkansas. Mr. Speaker, this is very unusual for us, in that we do have a long list of matters that were not included or were incorrectly included by the Printing Office in connection with the conference report, and I understand that the only way to correct the conference report is by a concurrent resolution such as we have just offered.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

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PERMISSION TO INCLUDE SUMMARY OF AMENDMENTS ON H.R. 1

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent to include in my remarks in connection with the conference report on H.R. 1 just agreed to, a summary of the amendments that we have caused to be prepared.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

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H.R. 1, and ask for its immediate consideration.

The **PRESIDING OFFICER** (Mr. FANNIN). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1) to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes; having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The **PRESIDING OFFICER**. Is there objection to the consideration of the conference report?

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

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 14, 1972, at pp. H10167-10177.)

Mr. LONG. Mr. President, I am pleased that the Senate has before it the conference report on H.R. 1, the Social Security Amendments of 1972. This bill will provide a total of \$4.4 billion in additional social security benefits in the first full year: \$2.3 billion in additional cash benefits, and \$2 billion in additional medicare benefits. In addition, supplemental security income benefits for aged, blind, and disabled persons will increase their payments by \$1.6 billion.

By any measure then, the bill contains substantial increases in benefits, it does not contain everything some of us would have liked but I feel that the conferees have come out with a good bill that every Senator can support.

I would like now to outline briefly some of the major features of the conference report.

#### SOCIAL SECURITY CASH BENEFITS

The bill would substantially increase benefits for widows. Under existing law a widow gets 82½ percent of the amount her deceased husband would have received if he had retired at age 65. The bill increases this to 100 percent. This will increase benefits for some 3.8 million people and increased benefit payments will total \$1.1 billion in 1974.

Another feature of the bill provides a special minimum benefit for people who retire after working for many years under the social security program at low wages. This benefit is equal to \$8.50 a month for every year worked under social security in excess of 10 years and up to 30 years. This means that a man who works and pays social security taxes for 25 years will get a monthly benefit

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#### SOCIAL SECURITY AMENDMENTS CONFERENCE REPORT

Mr. LONG. Mr. President, I submit a report of the committee of conference on

of at least \$127.50 when he retires, and one who works for 30 or more years under the program will get at least \$170 a month; 150,000 people will be immediately eligible for increased benefits because of this special minimum provision.

For people who continue to work past age 65, the bill includes two important provisions. One of these provisions would increase from the present \$1,680 to \$2,100 the amount of annual earnings which an individual can have without losing any of his social security benefits. In addition, the bill would provide that social security benefits would be reduced by only \$1 for every \$2 earned above this \$2,100 exempt amount. Under current law, benefits are reduced dollar-for-dollar for earnings above \$2,880. This provision will result in an additional \$865 million in benefits in 1974 for some 1.7 million beneficiaries. Further, for those who continue working past age 65 at a level of earnings which is high enough to prevent any benefits from being paid, the bill provides an increase in the amount of benefits which the worker will get when he does retire.

Another provision of the bill, involving about \$14 million in additional benefits in 1974, will give men the same formula for computing benefits as is now available to women. This change in formula will allow men to drop out an additional 3 years of low earnings in figuring the average earnings on which special security benefits are based.

For disabled persons, the bill will reduce the waiting period from the onset of disability to the time when benefits can be paid from the present 6 months to 5 months. This will give close to a million beneficiaries an additional \$128 million in benefits in 1974.

For persons applying for disability insurance benefits on the basis of blindness, the bill eliminates the requirement of recent attachment to covered work. In other words, where present law generally requires 5 years of work under social security during the 10 years preceding the onset of blindness, the bill would require only that the blind individual have worked enough under social security at any time to be fully insured. This provision would benefit about 30,000 blind individuals at a cost of some \$38 million in 1974.

#### MEDICARE AND MEDICAID

H.R. 1 includes many vitally needed and long-overdue improvements in the medicare and medicaid programs. All of these changes are directed toward the objectives of equity and improved efficiency and economy in the two principal Federal health care financing programs.

The principal changes in coverage lie in extension of medicare to disabled persons and coverage of those who need kidney dialysis or kidney transplantation. Additionally, in the area of medicare benefits, the definition of care which may be provided in skilled nursing facilities has been liberalized so as to ease administration of the benefits and make

it available for more people. We also have provided a means of correcting those situations where medicare payment is denied legitimately because the service was not covered, but where the beneficiary or institution was without fault. Coverage of chiropractors has also been added to medicare.

In medicaid, the principal extension of coverage has been to provide Federal matching funds for the care of mentally ill children who are receiving care and treatment in an accredited medical institution.

In the area of skilled nursing homes and intermediate care, the bill provides for improved standards of care and enhanced uniformity of administration.

Perhaps the most significant change, designed to promote quality of care and proper rendering of services in medicare and medicaid, is the PSRO amendment. Under this provision in the bill, qualified organizations of physicians will review all institutional care and, at their option and with the approval of the Secretary, all out-of-institution care provided under medicare and medicaid. The Secretary would approve such requests, of course, unless the PSRO is demonstrably not capable of coping with such review. Appropriate safeguards are included which are designed to assure public accountability and objective performance. An ad hoc advisory group consisting of physicians experienced in the operation of prototype review organizations—such as those in New Mexico, Georgia, Colorado, and Sacramento and San Joaquin, Calif.—is expected to assist in implementation of the PSRO amendment.

This is the area in which the Senator from Utah (Mr. BENNETT) worked so diligently and devotedly for several years, and I am convinced that it will be a monument to his statesmanship.

With respect to the coverage of kidney dialysis and transplantation, the Secretary would have the authority to define reasonable charges in terms related to the reasonable costs of the treatment provided and comparable charges for physicians' time and skills, since obtaining customary and prevailing charges for new and complex procedures—many of which will be reimbursed in all instances by the program—would be quite difficult administratively.

A veritable host of improvements are described in the conference report, including termination, modification, and consolidation of advisory groups.

#### SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

The Senate-House conferees on H.R. 1 agreed to a national supplemental security income program which, when it becomes effective on January 1, 1974, would provide the aged, blind, and disabled persons with no other income a guaranteed monthly income of at least \$130 for an individual or \$195 for a couple. In addition, this new program would provide that the first \$20 of any other

income would not cause any reduction in supplemental security income payments. As a result, aged, blind, and disabled persons who also have monthly income from social security or other sources of at least \$20 would be assured total monthly income of at least \$150 for an individual or \$215 for a couple.

Also, under this new program there would be an additional disregard of \$65 of earned income, plus one-half of any earnings above \$65. This will enable those aged, blind and disabled individuals who are able to do some work to do so, and in the process give them a higher income. The conferees also agreed on a savings clause which would assure that blind persons would not receive any reduction in benefits due to these provisions.

The definitions for blindness and disability would be similar to those in title II of the Social Security Act. However, any blind or disabled person who was on the rolls in December 1973 and met the State definition for blindness or disability would be considered blind or disabled in effect in October 1972 for purposes of this title so long as he continued to be blind or disabled.

Eligibility for the new program would be open to an aged, blind or disabled individual if his resources were less than \$1,500—or \$2,250 for a couple. States wishing to pay an aged, blind or disabled person amounts in addition to the Federal supplemental security income payment would be free to do so. The bill provides no direct Federal participation in the cost of State supplemental payments; however, a savings clause is included under which the Federal Government would assume all of a State's cost of supplemental payments which exceed its calendar year 1972 share of the cost of the aid to the aged, blind, and disabled. This savings clause would apply to State supplementation needed to maintain its assistance level in effect as of January 1972, and would also cover an upward adjustment over the January 1972, assistance levels to the extent necessary to offset the elimination of food stamp eligibility.

States would be authorized to continue programs providing social services to aged, blind, and disabled persons. There would be Federal matching for the services provided subject to the overall limitations established by the recently passed State and Local Assistance Act.

For the first quarter of fiscal 1973, however, States would be reimbursed for social services as they have been under present law, to the extent that the resultant Federal funding for this quarter does not exceed \$50 million.

The bill will also permit the Social Security Administration to prepare to administer the new program of supplementary security income program effective upon enactment of the bill.

Mr. President, I ask unanimous consent to have printed in the Record at

this point a summary of conference action of H.R. 1.

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

H.R. 1—SUMMARY OF SOCIAL SECURITY AMENDMENTS OF 1972 AS APPROVED BY THE CONFEREES

I. SOCIAL SECURITY CASH BENEFIT PROVISIONS

1. Special minimum cash benefits

The bill would provide a special minimum benefit of \$8.50 multiplied by the number of years in covered employment up to 30 years, producing a benefit of at least \$170 a month for a worker who has been employed for 30 years under social security coverage. This benefit would be paid as an alternative to the regular benefits in cases where a higher benefit would result.

Under this provision, the new high minimum benefit would become payable to people with 20 or more years of employment; at that point, the special minimum benefit would be more than the regular minimum—\$85 as compared to the regular minimum benefit of \$84.50 payable under present law. A worker with 25 years of employment under social security would thus be guaranteed a benefit of at least \$127.50; while one with 30 years would receive at least \$170 a month. Minimum payments to a couple would be one and one-half times these amounts.

Years of covered employment	Special minimum
19 or less.....	( <sup>1</sup> )
20 .....	\$85.00
21 .....	93.50
22 .....	102.00
23 .....	110.50
24 .....	119.00
25 .....	127.50
26 .....	136.00
27 .....	144.50
28 .....	153.00
29 .....	161.50
30 or more.....	170.00

<sup>1</sup> Regular \$84.50 minimum applies.

Effective date.—January 1973.

Number of people affected and dollar payments.—\$150,000 people would get increased benefits on the effective date and \$20 million in additional benefits would be paid in 1974.

2. Increase in widow's and widower's insurance benefits

Under present law, when benefits begin at or after age 62 the benefit for a widow (or dependent widower) is equal to 82½ percent of the amount the deceased worker would have received if his benefit had started when he was age 65. A widow can get a benefit at age 60 reduced to take account of the additional 2 years in which she would be getting benefits.

The bill would provide benefits for a widow equal to the benefit her deceased husband would have received if he were still living. Under the bill, a widow whose benefits start at age 65 or after would receive either 100 percent of her deceased husband's primary insurance amount (the amount he would have been entitled to receive if he began his retirement at age 65) or, if his benefits began before age 65, an amount equal to the reduced benefit he would have been receiving if he were alive.

Under the bill, the benefit for a widow (or widower) who comes on the rolls between 60 and 65, would be reduced (in a way similar to the way in which widows' benefits are reduced under present law when they begin drawing benefits between ages 60 and 62) to

take account of the longer period over which the benefit would be paid.

Effective date.—January 1973.

Number of people affected and dollar payments.—3.8 million people would get increased benefits on the effective date and \$1.1 billion in additional benefits would be paid in 1974.

3. Increased benefits for those who delay retirement beyond age 65

The bill includes a provision which would provide for an increase in social security benefits of 1 percent for each year after age 65 that the individual delays his retirement.

Effective date.—For computation and re-computation after 1973 based on earnings after 1973.

4. Age 62 computation point for men

Under present law, the method of computing benefits for men and women differs in that years up to age 65 must be taken into account in determining average earnings for men, while for women only years up to age 62 must be taken into account. Also, benefit eligibility is figured up to age 65 for men, but only up to age 62 for women. Under the bill, these differences, which provide special advantages for women, would be eliminated by applying the same rules to men as now apply to women.

Effective date.—The new provision would become effective, starting January 1973 and become fully effective in January 1975.

Dollar payments.—About \$14 million in additional benefits, would be paid in 1974.

5. Liberalization of the retirement test

The amount that a beneficiary under age 72 may earn in a year and still be paid full social security benefits for the year would be increased from the present \$1,600 to \$2,100. Under present law, benefits are reduced by \$1 for each \$2 of earnings between \$1,680 and \$2,800 and for each \$1 of earnings above \$2,880. The committee bill would provide for a \$1 reduction for each \$2 of all earnings above \$2,100, there would be no \$1-for-\$1 reduction as under present law. Also, in the year in which a person attains age 72 his earnings in and after the month in which he attains age 72 would not be included, as they are under present law, in determining his total earnings for the year.

Future increases in the amount of exempt earnings would be automatic as average earnings rise.

Effective date.—January 1973.

Number of people affected and dollar payments.—1.2 million beneficiaries would become entitled to higher benefit payments on the effective date and 450,000 additional people would become entitled to benefits. About \$856 million in additional benefits would be paid in 1974.

6. Dependent widower's benefits at age 60

Aged dependent widowers under age 62 could be paid reduced benefits (on the same basis as widows under present law) starting as early as age 60.

Effective date.—January 1973.

7. Childhood disability benefits

Childhood disability benefits would be paid to the disabled child of an insured retired, deceased, or disabled worker, if the disability began before age 22, rather than before 18 as under present law. In addition, a person who was entitled to childhood disability benefits could become re-entitled if he again becomes disabled within 7 years after his prior entitlement to such benefits was terminated.

Effective date.—January 1973.

Number of people affected and dollar payments.—13,000 additional people would become eligible for benefits on the effective

date and \$17 million in additional benefits would be paid in 1974.

8. Continuation of child's benefits through the end of a semester

Payment of benefits to a child attending school would continue through the end of the semester or quarter in which the student (including a student in a vocational school) attains age 22 (rather than the month before he attains age 22) if he has not received, or completed the requirements for, a bachelor's degree from a college or university.

Effective date.—January 1973.

Number of people affected and dollar payments.—55 thousand beneficiaries would become entitled to higher benefit payments on the effective date and 6 thousand additional people would become entitled to benefits. About \$19 million in additional benefits would be paid in 1974.

9. Eligibility of a child adopted by an old-age or disability insurance beneficiary

The provisions of present law relating to eligibility requirements for child's benefits in the case of adoption by old-age and disability insurance beneficiaries would be modified to make the requirements uniform in both cases. A child adopted after a retired or disabled worker becomes entitled to benefits would be eligible for child's benefits based on the worker's earnings if the child is the natural child or stepchild of the worker or if (1) the adoption was decreed by a court of competent jurisdiction within the United States, (2) the child lived with the worker in the United States for the year before the worker became disabled or entitled to an old-age or disability insurance benefit, (3) the child received at least one-half of his support from the worker for that year, and (4) the child was under age 18 at the time he began living with the worker.

Effective date.—January 1973.

10. Benefits for a child entitled on the record of more than one worker

The bill would provide that a child who is entitled to benefits on the earnings record of more than one worker would get benefits based on the earnings record which results in paying him the highest amount, if the payment would not reduce the benefits of any other individual who is entitled to benefits based on that earnings record. (Entitlement of a child on the earnings record that will give the child the highest benefit could otherwise result in a reduction of the benefits for other people entitled on the same earnings record because of the family maximum limitation.)

Effective date.—January 1973.

11. Benefits for a child based on the earnings record of a grandparent

Under the bill, benefits would be extended to grandchildren not adopted by their grandparents if their parents have died or are disabled and if the grandchildren were living with a grandparent at the time the grandparent qualified for benefits.

Effective date.—January 1973.

12. Nontermination of child's benefits by reason of adoption

Under present law, a child's entitlement to benefits ends if he is adopted unless he is adopted by (1) his natural parent, (2) his natural parent's spouse jointly with the natural parent, (3) the worker (e.g., a stepparent) on whose earnings the child is getting benefits, or (4) a stepparent, grandparent, aunt, uncle, brother, or sister after the death of the worker on whose earnings the child is getting benefits.

Under the bill, a child's benefits would no longer stop when the child is adopted, regardless of who adopts him.

**13. Elimination of the support requirements for divorced women**

Under present law, benefits are payable to a divorced wife age 62 or older and a divorced widow age 60 or older if her marriage lasted 20 years before the divorce, and to a surviving divorced mother. In order to qualify for any of these benefits a divorced woman is required to show that: (1) she was receiving at least one-half of her support from her former husband, (2) she was receiving substantial contributions from her former husband pursuant to a written agreement, or (3) there was a court order in effect providing for substantial contributions to her support by her former husband. The bill would eliminate these support requirements for divorced wives, divorced widows, and surviving divorced mothers.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—10 thousand additional people would become eligible for benefits on the effective date and \$23 million in additional benefits would be paid in 1974.

**14. Waiver of duration-of-marriage requirement in case of remarriage**

The duration-of-marriage requirement in present law for entitlement to benefits as a worker's widow, widower, or stepchild—that is, the period of not less than 9 months immediately prior to the day on which the worker died that is now required (except where death was accidental or in the line of duty in the uniformed service in which case the period is 3 months)—would be waived in cases where the worker and his spouse were previously married, divorced, and remarried, if they were married at the time of the worker's death and if the duration-of-marriage requirement would have been met at the time of the divorce had the worker died then.

*Effective date.*—January 1973.

**15. Reduction in waiting period for disability benefits**

Under the bill, the present 6-month period throughout which a person must be disabled before he can be paid disability benefits would be reduced by 1 month (to 5 months).

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—950 thousand beneficiaries would become entitled to additional benefit payments in 1974 and 4 thousand additional people would become entitled to benefits. About \$128 million in additional benefits would be paid in 1974.

**16. Disability insured status for individuals who are blind**

Under present law, to be insured for disability insurance benefits a worker must be fully insured and meet a test of substantial recent covered work (generally 20 quarters of coverage in the period of 40 calendar quarters preceding disablement). The bill would eliminate the test of recent attachment to covered work for blind people; thus a blind person would be insured for disability benefits if he is fully insured—that is, he has as many quarters of coverage as the number of calendar years that elapsed after 1950 (or the year he reached age 21, if later) and up to the year in which he became disabled.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—30,000 additional people would become immediately eligible for benefits on the effective date, and \$38 million in additional benefits would be paid in 1974.

**17. Disability insurance benefits applications filed after death**

Disability insurance benefits (and dependents' benefits based on a worker's entitlement to disability benefits) would be paid to the disabled worker's survivors if an application for benefits is filed within 3 months

after the worker's death, or within 3 months after enactment of the provision. It would be effective for deaths occurring after 1969.

**18. Disability benefits affected by the receipt of workmen's compensation**

Under present law, social security disability benefits must be reduced when workmen's compensation is also payable if the combined payments exceed 80 percent of the worker's average current earnings before disablement. Average current earnings for this purpose can be computed on two different bases and the larger amount will be used. The bill adds a third alternative base, under which a worker's average current earnings can be based on the 1 year of his highest earnings in a period consisting of the year of disablement and the 5 preceding years.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—40 thousand people would get increased benefits on the effective date and \$22 million in additional benefits would be paid in 1974.

**19. Wage credits for members of the uniformed services**

Present law provides for a social security noncontributory wage credit of up to \$300, in addition to contributory credit for basic pay, for each calendar quarter of military service after 1967. Under the bill, the \$300 noncontributory wage credits would also be provided for service during the period January 1957 (when military service came under contributory social security coverage) through December 1967.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—130 thousand people would get increased benefits on the effective date and \$46 million in additional benefits would be paid in 1974.

**20. Optional determination of self-employment earnings**

Self-employed persons could elect to report for social security purposes two-thirds of their gross income from nonfarm self-employment. Not more than \$1,600 in income (farm and nonfarm) could be reported in this manner. (This optional method of reporting is similar to the option available under present law for farm self-employment.) A regularity of coverage requirement would have to be met and the option could be used only five times by any individual.

*Effective date.*—January 1973.

**21. Coverage of members of religious orders who are under a vow of poverty**

Social security coverage would be made available to members of religious orders who have taken a vow of poverty, if the order makes an irrevocable election to cover these members as employees of the order.

*Effective date.*—January 1973.

**22. Self-employment income of certain individuals living temporarily outside the United States**

Under present law, a U.S. citizen who retains his residence in the United States but who is present in a foreign country or countries for approximately 17 months out of 18 consecutive months, must exclude the first \$20,000 of his earned income in computing his taxable income for social security and income tax purposes. The bill would provide that U.S. citizens who are self-employed outside the United States and who retain their residence in the United States would not exclude the first \$20,000 of earned income for social security purposes and would compute their earnings for self-employment for social security purposes in the same way as those who are self-employed in the United States.

*Effective date.*—January 1973.

**23. Issuance of social security numbers and penalty for furnishing false information to obtain a number**

The bill includes a number of provisions dealing with the method of issuing social security account numbers. Under present law, numbers are issued upon application, often by mail, upon the individual's motion.

Under the bill the Secretary would be required to issue numbers to non-citizens entering the country under conditions which would permit them to work. In the case of a person who may not legally work at the time he is admitted to the United States, the number would be issued at the time his status changes. In addition to these general rules, numbers would be issued to persons who do not have then at the time they apply for benefits under any federally financed program.

The Secretary would be authorized to issue numbers to individuals when they enter the school system.

As a corollary to this more orderly system of issuing social security account numbers, the bill would provide criminal penalties for (1) furnishing false information in applying for a social security number; (2) knowingly and willfully using a social security number that was obtained with false information or (3) using someone else's social security number. The penalty would involve a fine of up to \$1,000 or imprisonment for up to 1 year or both.

*Effective date.*—January 1973.

**24. Trust fund expenditures for rehabilitation services**

The bill provides an increase in the amount of social security trust fund moneys that may be used to pay for the costs of rehabilitating social security disability beneficiaries. The amount would be increased from 1 percent of the previous year's disability benefits (as under present law) to 1¼ percent for fiscal year 1973 and to 1½ percent for fiscal year 1974 and subsequent years.

*Dollar expenditures.*—\$28 million in additional expenditures for vocational rehabilitation would be made in 1974.

**25. Recomputation of benefits based on combined railroad and social security earnings**

The bill would provide that a deceased individual who during his lifetime was entitled to social security benefits and railroad compensation and whose railroad remuneration and earnings under social security are, upon his death, to be combined for social security purposes would have his primary insurance amount recomputed on the basis of his combined earnings, whether or not he had earnings after 1965.

**26. Payments to disabled former employee**

Provides that payments made by an employer to a former disabled employee will not be counted for social security benefit for tax purposes if the payment is made after the calendar year in which the former employee became entitled to social security disability insurance benefits.

**27. Social security coverage for foreign missionaries**

Eliminates for certain foreign ministers the \$20,000 exclusion from earned income earned abroad in the case of a minister or a member of a religious order.

**28. Coverage of students and certain part-time employees**

Permits States to modify their social security coverage agreements for State and local employees so as to remove from coverage services of students employed by the public school or college they are attending, and the services of part-time employees.

**29. Wage credits for World War II internees**

Provides non-contributory social security credits for U.S. citizens of Japanese ancestry who were interned by the U.S. Government

during World War II. In order to qualify for the wage credits an individual must have been age 18 or older at the time he was interned and the credits will be determined on the basis of the then prevailing minimum wage or the individual's prior earnings, whichever is larger.

### 30. Duration-of-relationship requirements

Amends the provision of present law which reduces from 9 months to 3 months the duration-of-relationship requirement when death is accidental or in line of duty in the Armed Forces so that there would be no duration-of-relationship requirement in cases of an accidental death if it is reasonable to expect that the deceased would have lived for at least 9 months.

### 31. Other Cash Benefit Amendments

Other amendments included in the committee bill related to the executive pay level of the Commissioner of Social Security; coverage of registrars of voters in Louisiana; coverage of certain policemen and firemen in West Virginia and Idaho and certain hospital employees in New Mexico; coverage of certain employees of the Government of Guam; coverage of Federal Home Loan Bank employees; and acceptance of money gifts made unconditionally to social security.

## II. MEDICARE-MEDICAID AMENDMENTS

### 1. Medicare coverage for the disabled

Effective July 1, 1973, a social security disability beneficiary would be covered under medicare after he had been entitled to disability benefits for not less than 24 consecutive months. Those covered would include disabled workers at any age; disabled widows and disabled dependent widowers between the ages of 50 and 65; beneficiaries age 18 or older who receive benefits because of disability prior to reaching age 22; and disabled qualified railroad retirement annuitants. An estimated 1.7 million disabled beneficiaries would be eligible initially.

### 2. Hospital insurance for the uninsured

The bill will permit persons age 65 or over who are ineligible for part A of medicare to voluntarily enroll for hospital insurance coverage by paying the full cost of coverage (initially estimated at \$33 monthly and to be recalculated annually). Where the Secretary of HEW finds it administratively feasible, those State and other public employee groups which have, in the past, voluntarily elected not to participate in the Social Security program could opt for and pay the part A premium costs for their retired or active employees age 65 or over. Enrollment in part B of medicare would be required as a condition of buying into the part A program.

Effective date: July 1, 1973.

### 3. Part B premium increases

The bill will limit part B premium increases for fiscal years 1974 and thereafter to not more than the percentage by which the Social Security cash benefits had been generally increased since the last part B premium adjustment. Costs above those met by such premium payments would be paid out of general revenues in addition to the regular general revenue matching.

Effective date: July 1, 1973.

### 4. Part B deductible

Beginning with calendar year 1973, the bill increases the annual part B deductible from \$50 to \$60.

### 5. Automatic enrollment in part B

Effective July 1, 1973, the bill provides (except for residents of Puerto Rico and foreign countries) for automatic enrollment under part B for the elderly and the disabled as they become eligible for part A hospital insurance coverage. Persons eligible for auto-

matic enrollment must also be fully informed as to the procedure and given an opportunity to decline the coverage.

### 6. Effective utilization review programs in medicare

Effective July 1, 1973, the bill authorizes a one-third reduction in Federal matching payments for long-term stays in hospitals, nursing homes, intermediate care facilities, and mental institutions, if States fail to have effective programs of control over the utilization of institutional services or where they fail to conduct the independent professional audits of patients as required by law. The bill also authorizes the Secretary, after June 30, 1973, to compute a reasonable differential between the cost of skilled nursing facility services and intermediate care facility services provided in a State to medicare patients.

### 7. Cost sharing under medicare

The bill made the following changes with respect to premiums, copayments, and deductibles under medicare.

1. It requires States which cover the medically indigent to impose monthly premium charges. The premium would be graduated by income in accordance with standards prescribed by the Secretary.

2. States could, at their option, require payment by the medically indigent of nominal deductibles and nominal co-payment amounts which would not have to vary by level of income.

3. With respect to cash assistance recipients, nominal deductible and co-payment requirements, while prohibited for the six mandatory services required under Federal law (inpatient hospital services; outpatient hospital services; other X-ray and laboratory services; skilled nursing home services; physicians' services; and home health services), would be permitted with respect to optional medicare services such as prescribed drugs, hearing aids, etc.

Effective date: January 1973.

### 8. Protection against loss of medicare because of increased earnings

An individual or member of a family eligible for cash public assistance and medicare who would otherwise lose eligibility for medicare as a result of increased earnings from employment would be continued on medicare for a period of 4 months from the date where medicare eligibility would otherwise terminate.

### 9. Coordination between medicare and Federal employee plans

Effective January 1, 1975, medicare would not pay a beneficiary, who is also a Federal retiree or employee, for services covered under his Federal employee's health insurance policy which are also covered under medicare unless he has had an option of selecting a policy supplementing medicare benefits. If a supplemental policy is not made available, the F.E.P. would then have to pay first on any items of care which were covered under both the Federal employee's program and medicare.

Effective date: January 1974.

### 10. Medicare services outside of the United States

Effective January 1, 1973, the bill authorizes use of a foreign hospital by a U.S. resident where such hospital was closer to his residence or more accessible than the nearest suitable United States hospital. Such hospitals must be approved under an appropriate hospital approval program.

In addition, the bill authorizes part B payment for necessary physicians' services furnished in conjunction with such hospitalization.

The bill also authorizes medicare payments for emergency hospital and physician services needed by beneficiaries in transit between Alaska and the other continental States.

### 11. Optometrists under medicare

The bill requires States, which had previously covered optometric services under medicare and which, in their State plans, specifically provided for coverage for eye care under "physicians' services," which an optometrist is licensed to provide, to reimburse for such care whether provided by a physician or an optometrist.

Effective date: Enactment.

### 12. Beneficiary liability under medicare

The bill would, with respect to claims for services provided after the date of enactment, relieve beneficiaries from liability in certain situations where medicare claims are disallowed and the beneficiary is without fault.

### 13. Limitation on Federal payments for disapproved capital expenditures

The bill would preclude medicare and medicare payments for certain disapproved capital expenditures (except for construction toward which preliminary expenditures of \$100,000 or more had been made in the 3-year period ending December 17, 1970) which are specifically determined to be inconsistent with State or local health facility plans. The provision would become effective after December 31, 1972 or earlier, if requested by a State.

### 14. Demonstrations and reports

The bill authorizes the Secretary to undertake studies, experiments or demonstration projects with respect to: various forms of prospective reimbursement of facilities; ambulatory surgical centers; intermediate care and homemaker services (with respect to the extended care benefit under medicare); elimination or reduction of the three-day prior hospitalization requirement for admission to a skilled nursing facility; determination of the most appropriate methods of reimbursing for the services of physicians' assistants and nurse practitioners; provision of day care services to older persons eligible under medicare and medicare; and, possible means of making the services of clinical psychologists more generally available under medicare.

Effective date: Enactment.

### 15. Limitation on coverage of costs under medicare

The bill authorizes the Secretary to establish limits on overall direct or indirect costs which will be recognized as reasonable for comparable services in comparable facilities in an area. He may also establish maximum acceptable costs in such facilities with respect to items or groups of services (for example, food costs, or standby costs). The beneficiary would be liable (except in the case of emergency care) for any amounts determined as excessive (except that he may not be charged for excessive amounts in a facility in which his admitting physician has a direct or indirect ownership in the facility).

Effective date: January 1973.

### 16. Limits on prevailing physician charge levels

The bill recognizes as reasonable, for medicare reimbursement purposes only, those charges which fall within the 75th percentile. Starting in 1973, increases in physicians' fees allowable for medicare purposes, would be limited by a factor which takes into account increased costs of practice and the increase in earnings levels in an area.

With respect to reasonable charges for medical supplies and equipment, the amendment would provide for recognizing only the lowest charges at which supplies of similar quality are widely and consistently available.

### 17. Limits on payments to skilled nursing facilities and intermediate care facilities under medicare

Effective January 1, 1973, Federal financial participation in reimbursement for skilled nursing facility care and intermediate care

per diem costs would not be available to the extent such costs exceed 105 percent of prior year levels of payment under the provision (except for those costs attributable to any additional required services). The provision would exempt increased payment resulting from increases in the Federal minimum wage or other new Federal laws.

**18. Payments to health maintenance organizations**

Authorizes medicare to make a single combined Part A and B payment, on a capitation basis, to a "Health Maintenance Organization," which would agree to provide care to a group not more than one-half of whom are medicare beneficiaries who freely choose this arrangement. Such payments may not exceed 100 percent of present Part A and B per capita costs in a given geographic area, and the exact amount of the payment would be dependent on the efficiency of the HMO.

The Secretary could make these arrangements with existing prepaid groups and foundations, and with new organizations which eventually meet the broadly defined term "Health Maintenance Organization."

*Effective date:* July 1973.

**19. Payments for the services of teaching physicians**

The bill provides that, for accounting periods beginning after June 30, 1973, services of teaching physicians would be reimbursed on a costs basis unless:

(A) The patient is bona fide private or;

(B) The hospital has charged all patients and collected from a majority on a fee-for-service basis.

For donated services of teaching physicians, a salary cost would be imputed equal to the prorated usual costs of full-time salaried physicians. Any such payment would be made to a special fund designated by the medical staff to be used for charitable or educational purposes.

**20. Advance approval of ECF and home health coverage**

The bill authorizes Secretary to establish, by diagnosis, minimum periods during which the posthospital patient would be presumed to be eligible for benefits.

*Effective date:* January 1973.

**21. Terminal of payment suppliers of service**

Under the bill the Secretary would be authorized to suspend or terminate medicare payments to a provider found to have abused the program. Further, there would be no Federal participation in medic-aid payments which might be made subsequently to this provider. Program review teams would be established in each State to furnish the Secretary with professional advice in discharging this authority.

*Effective date:* January 1973.

**22. Elimination of requirement that States move toward comprehensive medicaid program**

The bill repeals Section 1903(e) which required each State to show that it was making efforts in the direction of broadening the scope of services in its medicaid program and liberalizing eligibility requirements for medical assistance.

**23. Elimination of medicaid maintenance of effort**

The bill repeals Section 1902(d). Under Section 1902(d) a State could not reduce its aggregate expenditures for the State share of its medicaid program from one year to the next.

*Effective date:* Enactment.

**24. Determination of reasonable cost of inpatient hospital services under medicaid and maternal and child health programs**

The bill would allow States with the advance approval of the Secretary, to develop their own methods and standards for reimbursement of the reasonable costs of in-

patient hospital services. Reimbursement by the States would in no case exceed reasonable cost reimbursement as provided for under medicare.

**25. Customary charges less than reasonable costs under medicare**

Effective for accounting periods beginning after December 31, 1972, the bill provides that reimbursement for services under medicaid and medicare cannot exceed the lesser of reasonable costs determined under medicare, or the customary charges to the general public. The provisions would not apply to services furnished by public providers free of charge or at a nominal fee. In such cases reimbursement would be based on those items included in the reasonable cost determination which would result in fair compensation.

*Effective date:* January 1973.

**26. Institutional planning under medicare**

The bill would require all providers, as a condition of medicare participation, to have a written overall plan and budget reflecting an operating budget and a capital expenditures plan which would be updated at regular intervals.

The required annual operating budget would not have to be a detailed item budget.

*Effective date:* Fiscal years after March 1973.

**27. Cost determination systems under medicaid**

The bill provides for Federal matching for the cost of designing, developing, and installing mechanized claims processing and information retrieval systems at 90 percent and 75 percent for the operation including contract operation (of such systems).

*Effective date:* July 1972.

**28. Prohibition against reassignment of claims for benefits**

Effective January 1, 1973, the bill prohibits payment to anyone other than the physician or other person who provided the service, unless such person is required as a condition of his employment to turn his fees over to his employer.

**29. Utilization review requirements under medicaid and maternal and child health programs**

Effective January 1973, the bill requires hospitals and skilled nursing homes participating in titles 5 and 19 to use the same utilization review committees and procedures now required under title 18 for those programs with certain exceptions approved by the Secretary. This requirement is in addition to any other requirements now imposed by the Federal or State governments.

**30. Notification of unnecessary hospital and skilled nursing facility admissions**

The bill requires notification to patient and physician and a payment cut-off after 3 days, in those cases where unnecessary utilization is discovered during a sample review of admissions to medicare hospitals or skilled nursing facilities.

**31. Use of State health agency to perform certain functions under medicaid**

Effective January 1973, the bill requires that the same State health agency (or other appropriate State medical agency) certify facilities for participation under both medicare and medicaid. The bill also requires that Federal participation in medicaid payments be contingent upon the State health agency establishing a plan for statewide review of appropriateness and quality of services rendered.

**32. Relationship between medicaid and comprehensive health programs**

The bill permits States to waive Federal statewideness and comparability requirements in medicaid with approval of the Secretary if a State contracts with an organization which has agreed to provide health serv-

ices in excess of the State plan to eligible recipients who reside in the area served by the organization and who elect to receive services from such organization. Payment to such organizations could not be higher on a per-capita basis than the per-capita medicaid expenditures in the same general area.

**33. Proficiency testing**

The bill provides for proficiency testing of paramedical personnel under medicaid until December 31, 1977.

**34. Penalty for fraudulent acts and false reporting**

The bill establishes penalties for soliciting, offering or accepting bribes or kickbacks, or for concealing events affecting a person's rights to benefit with intent to defraud, and for converting benefit payments to improper use, of up to one year's imprisonment and a \$10,000 fine or both. Additionally, the bill establishes false reporting of a material fact as to conditions or operations of a health care facility as a misdemeanor subject to up to 6 months' imprisonment, a fine of \$2,000, or both.

**35. Provider Reimbursement Review Board**

The bill establishes a Provider Reimbursement Review Board to hear cases involving an issue of \$10,000 or more. Groups of providers can appeal where the amounts at issue on a common matter aggregate \$50,000 or more. Any provider which believes that its fiscal intermediary has failed to make a timely cost determination on its annual cost report or timely determination on a supplemental filing can appeal to the Board where the amount involved is \$10,000 or more. The change is effective for accounting periods ending on or after June 30, 1973.

**36. Validation of Joint Commission on Accreditation of Hospitals Surveys**

The bill provides that State certification agencies, as directed by the Secretary, would survey on a selective sample basis (or where substantial allegations of noncompliance have been made) hospitals accredited by the JCAH. The bill also authorizes the Secretary to promulgate health and safety standards without being restricted to JCAH standards.

**37. Payment for durable medical equipment under medicare**

The bill authorizes the Secretary to experiment with reimbursement approaches which are intended to eliminate unreasonable expenses resulting from prolonged rentals of durable medical equipment and then to implement the approaches found effective.

**38-42. Skilled nursing facilities under medicare and medicaid**

**38. Conforming standards for extended care and skilled nursing home facilities.**—The bill would establish a single definition and set of standards for extended care facilities under medicare and skilled nursing homes under medicaid. The provision creates a single category of "skilled nursing facilities" which would be eligible to participate in both health care programs. A "skilled nursing facility" would be defined as an institution meeting the present definition of an extended care facility and which also satisfies certain other medicaid requirements set forth in the Social Security Act.

*Effective date:* July 1973.

**39. "Skilled care" definition for medicare and medicaid.**—The bill would change the definition of care requirements with respect to entitlement for extended care benefits under medicare and with respect to skilled nursing care under medicaid. Present law would be amended to authorize skilled care benefits for individuals in need of "skilled nursing care and/or skilled rehabilitation services on a daily basis in a skilled nursing facility which it is practical to provide only on an inpatient basis." Coverage would also be continued during short-term periods (e.g. a

day or two) when no skilled services were actually provided but when discharge from a skilled facility for such brief period was neither desirable nor practical.

*Effective date:* January 1973.

**40. 14-Day transfer requirement for extended care benefits**—Under existing law, medicare beneficiaries are entitled to extended care benefits only if they are transferred to an extended care facility within 14 days following discharge from a hospital. Under the bill an interval of more than 14 days would be authorized for patients whose conditions did not permit immediate provision of skilled services within the 14-day limitation. An extension not to exceed 2 weeks beyond the 14 days would also be authorized in those instances where an admission to an ECF is prevented because of the non-availability of appropriate bed space in facilities ordinarily utilized by patients in a geographic area.

*Effective date:* Enactment.

**41. Reimbursement rates for care in skilled nursing facilities**

The bill amends title 19 to require States, by July 1, 1976, to reimburse skilled nursing and intermediate care facilities on a reasonable cost-related basis, using acceptable cost-finding techniques and methods approved and validated by the Secretary of HEW. Cost reimbursement methods which the Secretary found to be acceptable for a State's medicare program could be adapted, with appropriate adjustments, for purposes of medicare skilled nursing facility reimbursements in that State.

**42. Skilled nursing facility certification procedures**

Under the bill, facilities which participate in both medicare and medicaid would be certified by Secretary of HEW. The Secretary would make that determination, based principally upon the appropriate State health agency evaluation of the facilities.

**43. Federal financing of nursing home inspections**

The bill authorizes 100% Federal reimbursement for the survey and inspection costs of skilled nursing facilities and intermediate care facilities under medicaid, from October 1, 1972, through July 1, 1974.

**44. Disclosure of information concerning medicare agents and providers**

The bill provides that DHEW regularly make public the following types of evaluations and reports with respect to the medicare and medicaid programs: (1) individual contractor performance reviews and other formal evaluations of the performance of carriers, intermediaries, and State agencies including the reports of follow-up reviews; (2) comparative explanations of the performance of contractors—including comparisons of either overall performance or of any particular contractor operation; (3) program validation survey reports—with the names of individuals deleted.

**45. Prohibition against institutional medical care payments under cash welfare programs**

The bill precludes Federal matching for that portion of any money payment which is related to institutional medical or remedial care.

**46. Determining eligibility for medicaid for certain individuals**

Individuals eligible for medicaid in September 1972 could not lose their eligibility because of the recent 20% social security benefit increase until October 1973.

**47. Professional standards review organizations**

The bill provides for the establishment of professional standards review organization consisting of substantial numbers of practicing physicians (usually 300 or more) in local areas to assume responsibility for com-

prehensive and on-going review of services covered under the medicare and medicaid programs. Until January 1, 1976 only such qualified physician-sponsored organizations may be designated as PSRO's. Subsequent to that date priority will be given to such organizations but where they do not choose to or do not qualify to assume such responsibilities in an area, the Secretary may designate another organization having professional medical competence as the PSRO for the area. The PSRO would be responsible for assuring that institutional services were (1) medically necessary and (2) provided in accordance with professional standards. A PSRO, at its option, and with the approval of the Secretary, may also assume responsibility for the review of non-institutional care and services provided under medicare and Medicaid. PSRO's would not be involved with reasonable charge determinations. The provision is designed to assure proper utilization of care and services provided under medicare and medicaid utilizing a formal professional mechanism representing the broadest possible cross-section of practicing physicians in an area. Safeguards are included, designed to protect the public interest, including appeals procedures, and to prevent pro forma assumption in carrying out review responsibilities. The provision requires recognition of and use by the PSRO of utilization review committees in hospitals and medical organizations to the extent they are determined to be effective.

**48. Physical therapy services and other services under medicare**

Effective July 1973, the bill would include as covered services under part B, physical therapy provided in the therapist's office pursuant to a physician's written plan of treatment.

It also authorizes a hospital or extended care facility to provide out-patient physical therapy services to its inpatients, so that an inpatient could conveniently receive his part B benefits after his inpatient benefits have expired.

Benefit payments in one year for services by an independent practitioner in his office or the patient's home could not exceed \$100. Effective January 1973, reimbursement for services provided by physical and other therapists would generally be limited to a reasonable salary-related basis rather than fee-for-service basis.

**49. Coverage of supplies related to colostomies**

The bill provides for medicare coverage of the costs of supplies directly related to the care of a colostomy.

**50. Coverage prior to application for medicaid**

The bill requires, effective July 1, 1973, all States to provide medicaid coverage for care and services furnished in or after the third month prior to application to those individuals who were otherwise eligible when the services were received. Included as eligible under the three-months retroactive coverage requirement would be deceased individuals whose fatal condition prevented them from applying for medicaid coverage but who would have been eligible if application had been made.

States are expected to modify their provider agreements where applicable so as to permit the application of appropriate utilization control procedures retroactively in these cases to assure that appropriate and necessary care was delivered.

**51. Hospital admissions for dental services under medicare**

The bill authorizes the dentist who is caring for a medicare patient to make the certification of the necessity for inpatient hospital admission for noncovered dental services under the above circumstances without requiring a corroborating certification by a physician.

This provision would be effective with respect to admissions occurring after the second month following enactment of the bill.

**52. Extension of grace period for termination of supplementary medical insurance coverage where failure to pay premiums is due to good cause**

The bill extends the 90-day grace period for an additional 90 days where the Secretary finds that there was good cause for failure to pay the premium before the expiration of the initial 90-day grace period.

This provision would apply to such cases of nonpayment of premiums due within the 90-day period preceding the date of enactment.

**53. Extension of time for filing claim for supplementary medical insurance benefits where delay is due to administrative error**

The bill provides that where a claim under supplementary medical insurance is not filed timely due to error of the Government or one of its agents, the claim may nevertheless be honored if filed as soon as possible after the facts in the case have been established.

This amendment would apply with respect to bills submitted and requests for payment made after March 1968.

**54. Waiver of enrollment period requirements where individual rights were prejudiced by administrative error or inaction**

The bill authorizes the Secretary to provide such equitable relief as may be necessary to correct or eliminate the effects of these situations, including (but not limited to) the establishment of a special initial or subsequent enrollment period, with a coverage period determined on the basis thereof and with appropriate adjustments of premiums.

This provision would apply to all cases which have arisen since the beginning of the program.

**55. Elimination of provisions preventing enrollment in supplementary medical insurance program more than 3 years after first opportunity**

The bill eliminates the 3-year limit with respect to both initial enrollment and reenrollment after an initial termination. Enrollment periods would remain as presently defined and the restriction limiting individuals who terminate enrollment to reenroll only once would be retained.

This provision would apply to all those who are ineligible to enroll because of the 3-year limit in effect under present law.

**56. Waiver of recovery of incorrect medicare payments from survivor who is without fault**

The bill permits any individual who is liable for repayment of a medicare overpayment to qualify for waiver of recovery of the overpaid amount if he is without fault and if such recovery would defeat the purpose of title II or would be against equity and good conscience.

**57. Requirement of minimum amount of claim to establish entitlement to hearing under supplementary medical insurance program**

The bill requires that a minimum amount of \$100 be at issue before an enrollee in the supplementary medical insurance program will be granted a fair hearing by the carrier.

The provision would be effective with respect to hearings requested after the enactment of the bill.

**58. Collection of supplementary medical insurance premiums from individuals entitled to both social security and railroad retirement benefits**

The bill provides that the Railroad Retirement Board shall be responsible for collection of supplementary medical insurance premi-

ums for all enrollees who are entitled under that program.

**59. Provide that services of optometrists in furnishing prosthetic lenses not require a physician's order**

The bill would recognize the ability of an optometrist to attest to a beneficiary's need for prosthetic lenses by amending the definition of the term "physician" in title XVIII to include a doctor of optometry authorized to practice optometry by the State in which he furnishes services. An optometrist would be recognized as a "physician" only for the purpose of attesting to the patient's need for prosthetic lenses. (Of course, neither the physician nor the optometrist would be paid by medicare for refractive services when the beneficiary has been given a prescription by a physician for the necessary prosthetic lenses.) This change would not provide for coverage of services performed by optometrists other than those covered under present law, nor would it permit an optometrist to serve as a "physician" on a professional standards review organization.

**60. Prohibition against requiring professional social workers in ECF's under medicare**

The bill specifies that the provision of medical social services will not be required as a condition of participation for an extended care facility under medicare.

**61. Refund of excess premiums under medicare**

The bill provides authority for the Secretary to dispose of excess supplementary medical insurance premiums and excess hospital insurance premiums in the same manner as unpaid medical insurance benefits are treated.

**62. Waiver of requirement of registered professional nurses in skilled nursing facilities in rural areas**

The bill authorizes the granting of a special waiver of the R.N. nursing requirement for skilled nursing facilities in rural areas provided that a registered nurse is absent from the facility for not more than two day-shifts (if the facility employs one full-time registered nurse) and the facility is making good faith efforts to obtain another on a part-time basis.

In addition, this special waiver may be granted only if (1) the facility is caring only for patients whose physicians have indicated (in written form on order sheet and admission note) that they could go without a registered nurse's services for a 48-hour period or (2) if the facility has any patients for whom physicians have indicated a need for daily skilled nursing services, the facility has made arrangements for a registered nurse or a physician to spend such time as is necessary at the facility to provide the skilled nursing services required by patients on the uncovered day.

**63. Exemption of Christian Science sanatoriums from certain nursing home requirements under medicare**

The bill exempts Christian Science sanatoriums from the requirements for a licensed nursing home administrator, requirements for medical review, and other inappropriate requirements of the medicare program.

Such sanatoriums will be expected to continue to meet all applicable safety standards.

**64. Licensure requirement for nursing home administrators**

The bill permits States to establish a permanent waiver from licensure requirements for those persons who served as nursing home administrators for the three-year period prior to the establishment of the State's licensing program.

**65. Increase in maximum Federal medicare amount for Puerto Rico and the Virgin Islands**

The bill provides that the Federal ceiling on title XIX payments to Puerto Rico be in-

creased to \$30 million effective with fiscal year 1972 and fiscal years thereafter. The 50 percent Federal matching rate would remain unchanged. The annual medicare amount for the Virgin Islands would be increased from \$650,000 to \$1,000,000.

**66. Medicare: Freedom of choice in Puerto Rico**

The bill delays, until June 30, 1975, the requirement that Puerto Rico implement the "freedom of choice" provision, under which medicare recipients can choose providers or practitioners in its medicare program.

**67. Inclusion of American Samoa and the Trust Territory of the Pacific Islands under title V**

The bill authorizes eligibility under title V for Samoa and the Trust Territory of the Pacific Islands.

**68. Coverage of chiropractic services under part B of medicare**

The bill broadens the definition of the term "physician" in title XVIII to include a licensed chiropractor who also meets uniform minimum standards to be promulgated by the Secretary.

The services furnished by chiropractors would be covered under the program as "physicians' services," but only with respect to treatment of the spine by means of manual manipulation which the chiropractor is legally authorized to perform. Claims for such treatment must be verifiable with a satisfactory X-ray indicating the existence of a subluxation of the spine.

The amendment would become effective with respect to services provided on or after July 1, 1973.

**69. Chiropractors' services under medicare**

The bill conforms the coverage of chiropractic under medicare with the provisions conditioning eligibility of such services included in the amendment adding chiropractic coverage to Part B of medicare except for the requirement that an X-ray show the existence of a subluxation.

**70. Services of podiatric interns and residents under part A of medicare**

Effective January 1973, the bill includes within the definition of approved hospital teaching programs services furnished by an intern or resident-in-training in the field of podiatry under a teaching program approved by the Council on Podiatry Education of the American Podiatry Association.

**71. Use of consultants for extended care facilities**

The bill allows those State agencies which are capable of and willing to provide specialized consultative services for medicare patients in a skilled care facility which requests them, to do so, subject to approval of the State's arrangements by the Secretary.

**72. Direct laboratory billing of patients**

The bill provides that, with respect to diagnostic laboratory tests for which payment is to be made to a laboratory, the Secretary would be authorized to negotiate a payment rate with the laboratory which would be considered the full charge for such tests, and for which reimbursement would be made at 100% of such negotiated rate. Such negotiated rate would be limited to an amount not to exceed the total payment that would have been made in the absence of such rate.

**73. Clarification of meaning of "physicians' services" under title XIX**

The bill defines a physician, under Title XIX, for purposes of the mandatory provision of physicians' services as being a duly licensed doctor of medicine or osteopathy.

**74. Limitation on adjustment or recovery of incorrect payments under the medicare program**

The bill would limit medicare's right of recovery of overpayments to a 3-year period

(or a 1-year period) from the date of payment where the beneficiary acted in good faith; would permit the Secretary to set a time between 1 and 3 years within which claims for underpayment would have to be made.

**75. Speech pathology services under medicare**

The bill would cover under medicare the costs of speech pathology services where such services are provided in clinics participating in the program as providers of covered physical therapy services.

**76. Termination of medical assistance advisory council**

The bill terminates the medical advisory council.

**77. Modification of role of health insurance benefits advisory council**

The bill provides for modification of the role of HIBAC so that its role would be that of offering suggestions for the consideration of the Secretary on matters of general policy in the medicare and medicare programs.

**78. Authority of Secretary to administer oaths in medicare proceedings**

The bill authorizes the Secretary, in carrying out his responsibility for administration of the medicare program, to administer oaths and affirmations in the course of any hearing, investigation, or other proceeding.

**79. Withholding medicare payments to terminated medicare providers**

The bill authorizes the Secretary upon 60-days' notice to withhold Federal participation in medicare payments by States with respect to institutions which have withdrawn from medicare without refunding medicare overpayments or submitting medicare cost reports.

**80. Intermediate care in States without medicare**

The bill allows Federal matching for intermediate care in States which, on January 1, 1972, did not have a medicare program in operation.

**81. Required information relating to excess medicare tax payments by railroad employees**

The bill deletes the requirement that railroads include amount of hospital insurance tax withheld on W-2 forms. Employees would be notified, however, that those with dual employment may be entitled to a refund of excess hospital insurance tax paid.

**82. Appointment and confirmation of Administrator of Social and Rehabilitation Service**

The bill provides that appointments made on or after the enactment of this bill to the office of the Administrator of the Social and Rehabilitation Service will be made by the President, by and with the advice and consent of the Senate.

**83. Repeal of section 1903(b)(1)**

The bill deletes the requirement that States spend at least as much for care of individuals age 65 or over in mental hospitals as in fiscal year 1965.

**84. Coverage under medicare of intermediate care furnished in mental and tuberculosis institutions**

The bill provides that intermediate care can be covered for individuals age 65 or older in mental institutions if such individuals could also be covered when in mental hospitals for hospital or skilled nursing facility care. Effective date: Services furnished after December 31, 1972.

**85. Independent review of intermediate care facility payments**

The bill provides that independent professional review to determine proper patient placement and care of Title XIX patients is mandatory in all intermediate care facilities.

**86. Intermediate care maintenance of effort in public institutions**

The bill provides that the designation of the base period for the maintenance of effort requirement pertaining to non-Federal expenditures with respect to patients in public institutions for the mentally retarded to be the four quarters immediately preceding the quarter in which the State elected to make such services available.

**87. Disclosure of ownership of intermediate care facilities**

The bill requires that intermediate care facilities not otherwise licensed as skilled nursing homes by a State make ownership information available to the State licensing agency. Effective date: January 1, 1973.

**88. Treatment in mental hospitals for medicare eligibles under age 21**

The bill authorizes coverage of inpatient care (under specific conditions) in mental institutions for medicare eligibles under age 21. Effective date: January 1973.

**89. Public disclosure of information concerning survey reports of an institution**

The bill requires the Secretary to make reports of an institution's significant deficiencies or the absence thereof (such as in the areas of staffing, fire safety, and sanitation) a matter of public record readily and generally available. Such information would be available for inspection within 90 days of completion of the survey.

**90. Family planning services mandatory under medicare**

(1) The bill authorizes 90% Federal funding for the costs of family planning services under medicare and title IV.

(2) Provision requires States to make available on a voluntary and confidential basis such counseling, services and supplies, directly and/or on a contract basis with family planning organizations throughout the State, to present, former, or likely recipients who are of child-bearing age and who express a desire for such services.

(3) The Federal share of AFDC funds would be reduced by 1%, beginning in fiscal 1974, if a State in the prior year fails to inform the adults in AFDC families of the availability of family planning services or if the State fails to actually provide or arrange for such services for persons desiring to receive them who are applicants or recipients of cash assistance.

**91. Penalty for failure to provide child health screening services under medicare**

The bill would reduce the Federal share of AFDC matching funds by 1%, beginning in fiscal 1975, if a State—

(a) fails to inform the adults in FDC families of the availability of child health screening services;

(b) fails to actually provide or arrange for such services; or

(c) fails to arrange for or refer to appropriate corrective treatment children disclosed by such screening as suffering illness or impairment.

**92. Home health coinsurance**

Effective January 1973, the bill eliminates requirement of coinsurance payment under Part B of medicare for home health services.

**93. Long-term care**

The bill includes as intermediate care facilities or skilled nursing facilities under medicare long-term institutions certified by the Secretary on Indian reservations.

**94. Medicare appeals**

The bill clarifies present law that there is no authorization for an appeal to the Secretary or for judicial review on matters solely involving amounts of benefits under part B, and that insofar as part A amounts are con-

cerned, appeal is authorized only if the amount in controversy is \$100 or more and judicial review only if the amount in controversy is \$1,000 or more.

**95. Medicare: Coverage of persons needing kidney transplantation or dialysis**

The bill provides that fully or currently insured workers under social security and their dependents with chronic renal disease would be deemed disabled for purposes of coverage under parts A and B of medicare. Coverage would begin 3 months after a course of renal dialysis is begun.

**III. SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED**

The bill would replace the present State programs of aid to the aged, blind, and disabled, effective January 1, 1974, with a new wholly Federal program of supplemental security income.

**National supplemental security income; disregard of social security or other income**

Under the bill, aged, blind, and disabled persons with no other income would be guaranteed a monthly income of at least \$130 for an individual or \$195 for a couple. In addition the bill would provide that the first \$20 of social security or any other income would not cause any reduction in supplemental security income payments.

As a result, aged, blind, and disabled persons who also have monthly income from social security or other sources (which are not need-related) of at least \$20 would, be assured total monthly income of at least \$150 for individual or \$215 for a couple.

**Earned income disregard**

In addition to a monthly disregard of \$20 of social security or other income, there would be an additional disregard of \$65 of earned income plus one-half of any earnings above \$65. This will enable those aged, blind, and disabled individuals who are able to do some work to do so and in the process give them a higher income in addition to supplemental security income.

In addition, as under present law, any income necessary for the fulfillment of a plan for achieving self-support would be disregarded for persons qualifying on the basis of blindness. A savings clause would assure that blind persons would not receive any reduction in benefits due to these provisions.

**Definitions of blindness and disability**

Under present law each State is free to prescribe its own definition of blindness and disability for purposes of eligibility for aid to the blind and aid to the permanently and totally disabled.

Under the new supplemental security income program, there would be a uniform Federal definition of "disability" and "blindness."

The term "disability" would be defined as "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 has lasted or can be expected to last for a continuous period of not less than 12 months." This definition is the same as that now used in the Social Security disability insurance program.

The term "blindness" would be defined as central visual acuity of 20/200 or less in the better eye with the use of correcting lens. Also included in this definition is the particular sight limitation which is referred to as "tunnel vision."

A blind or disabled person who was on the rolls in December 1973 and met the State definition for blindness or disability as defined in the State plan in effect October 1972 would be considered blind or disabled for purposes of this title so long as he continues to be blind or disabled.

No disabled person would be eligible if the disability is medically determined to be due solely to drug addiction or alcoholism unless such individual is undergoing appropriate treatment, if available. Payments for addicts or alcoholics would only be made to third parties as protective payments.

**Other Federal eligibility standards**

Eligibility for supplemental security income would be open to an aged, blind or disabled individual if his resources were less than \$1500 (or \$2250 for a couple). In determining the amount of his resources, the value of the home (including land surrounding home), household goods, personal effects, including an automobile, and property needed for self support would, if found to be reasonable, be excluded. Life insurance policies would not be counted if the face value of all policies was less than \$1,500. (Current recipients under State programs with higher resource limits would retain their eligibility.)

**State supplementation**

States wishing to pay an aged, blind or disabled person amounts in addition to the Federal supplemental security income payment would be free to do so. The bill would permit States to enter into agreements for Federal administration of State supplemental benefits. Under these agreements supplemental payments would have to be made to all persons eligible for Federal supplemental security income payments except that a State could require a period of residence in the State as a condition of eligibility.

**Ineligibility for food stamps**

Individuals in the Supplemental Security Income program would not be eligible for food stamps or surplus commodities.

**Savings clause**

The bill provides no direct Federal participation in the costs of State supplemental payments. However, a savings clause is included under which the Federal Government would assume all of a State's costs of supplemental payments which exceed its calendar year 1972 share of the costs of aid to the aged, blind, and disabled. This savings clause would apply only to State supplementation needed to maintain the State's assistance levels in effect as of January 1972. The savings clause would, however, also cover an upward adjustment over the January levels to the extent necessary to offset the elimination of food stamp eligibility.

**Medicaid coverage**

Under present law, the States are required to cover all cash assistance recipients under the medicare program. This bill would exempt from this requirement newly eligible recipients who qualify because of the new provision for a \$130 minimum benefit with a disregard of \$20 of social security or other income.

**Social services**

States would be authorized to continue programs providing social services to aged, blind, and disabled persons. These services are currently provided under the welfare programs for the aged, blind, and disabled which would be replaced by the new Federal supplemental security income program. There would be 75 percent Federal matching for the services provided, subject to the overall limitations established by the State and Local Fiscal Assistance Act.

**Amendments to present law for aid for aged, blind, and disabled persons (effective until January 1, 1974)**

Separation of social services not required  
Separation of social services and eligibility determination is specifically not required.

**Cost for providing manuals**

At its option, the State may require a charge for reasonable cost of providing manuals and other policy issuances.

**Appeals process**

The bill provides that the decision of the local agency on the matter considered at an evidentiary hearing may be implemented immediately.

**Absence from State for 90 days**

The bill provides that the State may make any person ineligible for money payments who has been absent from the State over 90 consecutive days until such person has been present in the State for 30 consecutive days in the case of an individual who has maintained his residence in the State during such period or 90 days in the case of any other individual.

**Rent payments for public housing**

Permits the States, if they elect to do so, to make rent payments directly to a public housing agency on behalf of a recipient or a group or groups of recipients.

**Safeguarding information**

The bill permits the use or disclosure of information concerning applicants or recipients to public officials who require such information in connection with their official duties.

**Passalong of social security increases**

Present law requires State programs of aid to the aged, blind, and disabled to assure that the total income of recipients who also get social security are at least \$4 higher as a result of the 1969 social security benefit increase. The bill would add an additional \$4 "passalong" related to this year's 20 percent social security increase and would make both "passalong" provisions applicable until January 1974.

**IV. CHILD WELFARE SERVICES AND SOCIAL SERVICES**

**Grants to States for child welfare services (including foster care and adoptions)**

The committee adopted an amendment increasing the annual authorization for Federal grants to the States for child welfare services to \$196 million in fiscal year 1973, rising to \$266 million in 1977 and thereafter. For fiscal year 1973, this is \$150 million more than the \$46 million which has been appropriated every year since 1967. It is anticipated that a substantial part of any increased appropriation under this higher authorization will go toward meeting the costs of providing foster care which now represents the largest single item of child welfare expenditure on the county level. The bill, however, avoided earmarking amounts specifically for foster care so that wherever possible the State and counties could use the additional funds to expand preventive child welfare services with the aim of helping families stay together and thus avoiding the need for foster care. The additional funds can also be used for adoption services, including action to increase adoptions of hard-to-place children.

**Social services**

Provides a saving provision to the limitation on expenditures for social services contained in the State and Local Assistance Act of 1972 so that States for the first quarter of fiscal year 1973 will be reimbursed as they would have been under previous laws. This saving provision would be applicable only to the extent that the resultant Federal funding for this quarter does not exceed \$50 million.

**TABLE 3.—Changes in estimated Medicaid costs (+) and savings (-) under H.R. 1—Calendar year 1974**

[In millions of dollars]

Changes in H.R. 1:	
Coverage of the disabled under Medicare	-70
Increase in Medicare pt. B deductible from \$50 to \$60	+8
Reduction in Medicaid matching if States fail to perform required utilization review	-162
Imposition of premium, copayment and deductible requirements on Medicaid recipients	-89
Families with earnings under Medicaid:	
Eligibility extended 4 months	+33
Limitation on nursing home and intermediate care facility reimbursement to 105 percent of last year's payment	-22
Elimination of requirement that States move toward comprehensive Medicaid program by 1977	( <sup>1</sup> )
Elimination of requirement that States maintain their year to year fiscal efforts in Medicaid	-640
Payments to States under Medicaid for installation and operation of claims processing and information retrieval systems	+10
Increased Medicaid matching for Puerto Rico and the Virgin Islands	+10
More specific requirements as to eligibility for skilled nursing level of care	-14
100 percent reimbursement for the cost of certifying skilled nursing homes under Medicaid	+10
Expansion of Medicaid coverage to include inpatient care for mentally ill children	+120
90 percent Federal funding of family planning services	+36
Coverage of persons needing renal dialysis or transplanting under Medicare	-20
Preserving Medicaid eligibility for social security beneficiaries	-----
<b>Total estimated reduction in Medicaid costs under H.R. 1</b>	<b>-790</b>

<sup>1</sup> The current law estimates take no account of the effect of the requirement that States move toward comprehensive Medicaid programs by 1977; therefore, no savings are attributed to the repeal of this requirement.

Source: Department of Health, Education, and Welfare.

**TABLE 4.—CALENDAR YEAR 1974 FEDERAL COSTS OF SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED, AND CHILD WELFARE SERVICES**

[Dollars in millions]

	Gross costs	Current law	Amount of increase
Aged, blind, and disabled:			
Benefit payments	\$3.5	\$2.1	\$1.4
Savings clause for State supplementation	.3	-----	.3
Food programs	-----	.3	-.3
Administrative costs	.4	.2	.2
Subtotal, aged, blind, and disabled	4.2	2.6	1.6
Child welfare services	.2	( <sup>1</sup> )	.2
<b>Total</b>	<b>4.4</b>	<b>2.6</b>	<b>1.8</b>

<sup>1</sup> Current law cost is \$46,000,000. Source: Department of Health, Education, and Welfare.

**Mr. RIBICOFF.** Mr. President, will the distinguished chairman yield?  
**Mr. LONG.** I yield.

**Mr. RIBICOFF.** Would the chairman be good enough to explain, for the pur-

**TABLE 1.—SOCIAL SECURITY TAX RATES FOR EMPLOYERS AND EMPLOYEES UNDER PRESENT LAW AND UNDER H.R. 1**

[In percent]

Calendar year	OASDI		HI		Total	
	Present law	New schedule	Present law	New schedule	Present law	New schedule
1973 to 1977	4.60	4.85	0.9	1.0	5.50	5.85
1978 to 1980	4.50	4.80	1.0	1.25	5.50	6.05
1981 to 1985	4.50	4.80	1.0	1.35	5.50	6.15
1986 to 1992	4.50	4.80	1.1	1.45	5.60	6.25
1993 to 1997	4.50	4.80	1.2	1.45	5.70	6.25
1998 to 2010	4.50	4.80	(1.2)	(1.45)	(5.70)	(6.25)
2011 plus	5.35	5.85	(1.2)	(1.45)	(6.55)	(7.3)

Note: Under both present law and the new schedule, the contribution and benefit base would be \$10,800 in 1973 and \$12,000 in 1974, with automatic adjustment thereafter.

**TABLE 2.—Social security programs: First full-year cost of H.R. 1—Additional benefit payments in calendar year 1974**

[Amounts in millions]

Total	\$4,372
Social security cash benefit programs:	
Earnings in year of attainment of age 72	14
Retirement test at \$2,100	842
Special minimum at \$170 for 30 years	20
Credit for delayed retirement prospectively	27
Liberalized disability provision for blind (House)	38
Reduction in disability waiting period to 5 months	128
Increased benefits for widows and widowers	1,109
Eliminate support requirement for divorced wives	23
Student child benefits payable after 22 to end of semester	19
Age 62 computation point for men	14
Liberalized workmen's compensation offset	22
Children disabled at ages 18 to 21	17
Increased allowance for vocational rehabilitation expenses	28

Military wage credit	\$46
Subtotal, cash benefits	2,347
Hospital insurance program:	
Coverage of the disabled	1,412
Liberalized definition of skilled nursing facility care	110
Waiver of beneficiary liability for disallowed claims	35
Coverage of renal dialysis and transplantation	75
Subtotal, hospital insurance	1,632
Supplementary medical insurance program (general revenues):	
Coverage of the disabled	365
Increase in part B deductible	-58
Coverage of chiropractors' services	17
Coverage of speech pathologist services	9
Coverage of renal dialysis and transplantation	52
Eliminate coinsurance on home health services	8
Subtotal, supplementary medical insurance program	393

Source: Department of Health, Education, and Welfare.

pose of the RECORD, what happened to title IV?

Mr. LONG. Generally speaking, the effect of the conference was that the House would not take the Senate title IV provisions, and the Senate would not take the House title IV provisions. There are a few provisions in title IV, such as the increased funds for child welfare services, on which we agreed.

Other than this, it was agreed that the House will send to the Senate next year some kind of a bill relating to social security and public welfare, the target date being that it should be in the Senate by March 1, to offer the Senate the opportunity to propose the sort of thing such as the child support amendments that the Senate thought were vital but which the House felt needed more time for their consideration. We will seek to act on those measures next year.

Mr. RIBICOFF. I assume that where we are in the entire welfare mess is that we are back to where we were in August of 1969.

Mr. LONG. No, because we have done much in this bill. We have done for the aged, blind, and disabled categories, I believe, most of what the Senate wanted to do and I think almost all of what the House wanted to do.

In the area of medicare and medicaid, I should think that we have done, at the Federal level, about everything that most people had high hopes of achieving, except that we were unable to make a breakthrough in the drug area. That probably will come up again next year.

In the family welfare category, the House passed a bill that the Senate would not buy, and the Senate passed a bill that the House conferees would not buy.

I wish we had more time to debate that matter. I am frank to say that when you try to persuade the House conferees to agree with the Senate version in that area, we are confronted with the situation that they have pride of authorship, too. They sponsored one approach, and the Senate sponsored a different approach. We would not buy theirs, and it would take a long time to persuade them to buy ours. It was too late in this session to persuade them to see the Senate's point of view.

Frankly, I think the House conferees were well aware of the fact that they were not going to persuade the Senate conferees to see it their way. I think that is part of the reason why in this area there was really not much chance to agree to title IV.

I would think that the welfare and workfare tests we would like to have had could have been agreed upon if the administration had not been opposing them. Frankly, the administration was opposed strongly to the type of tests we had proposed—at least, that is the impression I gained. In this particular area, I thought we had enough controversy between the Senate and the House without having a three-way debate on the matter, so we did not think the administration should be in the conference to participate in that part of the debate. I understand that the administration was opposed to the testing because of the cost, if nothing more.

Mr. RIBICOFF. I would ask the distinguished chairman who is, if anything, optimistic, does he see any reason for optimism on his part that next year, after having worked for 3 years on welfare reform, we can have meaningful welfare reform next year?

Mr. LONG. I think that we do have a lot of meaningful welfare reform in this bill for the adult categories, and I am satisfied that a great deal can be done in the family welfare area. But we are going to have to make a somewhat different start. I believe that it will take some people in the department having a little bit more ability to be flexible and to accommodate themselves more to the other fellow's point of view than we have seen over the past several years in order to bring it about.

I say that, recognizing that from the point of view of this Senator, I was determined, with the majority of us on the Senate committee also determined, that however the matter would be resolved, it should be worked out in a fashion that made it strongly to a person's advantage to go to work. It never seemed to me that the Secretary of Health, Education, and Welfare or those in his department were willing to try to bring that about. The Senator knows that at the beginning of this Congress, and prior to the end of the previous Congress, advice was given that if the administration wanted action in the family welfare area, they should substantially modify the family assistance plan they had sent down before. That did not happen, because what they sent down was substantially the same as they sent down before.

I am very optimistic that we will bring about a great deal of improvement in the family welfare program next year. I think that right now there is a strong divergence between Senate and House positions. But next year we will have another opportunity.

Mr. RIBICOFF. I do want to commend the distinguished chairman for what was achieved with the aged category. The distinguished chairman and myself saw eye to eye on that basic program right from the start. We had felt that to the extent we could take people off welfare in any category it was to the good not only of the individual but also to the Nation, and the taxpayers as a whole. I commend the distinguished chairman's leadership in this field.

So far as I am personally concerned, I do believe that failure of the Senate's position, and rejection of the Senate's position in the welfare field for the family assistance categories, is all to the good. What has been passed in the Senate, in my personal opinion, was retrogressive and would have done much more harm than good, and to the extent that the House did not accede and, as a result of the disagreement between House and Senate, title IV for all practical purposes is struck down and makes the conference report much more acceptable and much more palatable.

Mr. LONG. Mr. President, I personally feel that what the Senate recommended with regard to title IV was a very good measure. In my judgment, that is the kind of direction that welfare reform

and family assistance categories should take. The bill reported by the Senate Finance Committee, in my judgment, was even a better proposal, because it was even more work-related than what the Senate agreed to. In the spirit of compromise, we were willing to forgo the guaranteed employment opportunity aspect of the bill in favor of a testing proposal.

Only time will tell who is right. I am confident I was right in my position, and that those who felt the same way were also.

It is not my fault nor that of the Senate conferees that the conference report makes no provision for any testing to give a completely adequate opportunity for both sides to prove the other wrong. If the administration, as it was 2 years ago, does not appear to have the same desire to test in their program, as some of its advocates would be willing to accept, I would be happy to have a full-scale test of both programs. My attitude on that remains the same. I am not the one who does not want to have the test on a full-scale basis. It is the administration that does not want it. If they had been willing to advocate it, there would have been great support for it, I believe.

Mr. BENNETT. Mr. President, I would like to underline one statement of the distinguished chairman which may have passed without adequate attention. The newspapers reported some time ago that the chairman of the Ways and Means Committee had said, "Welfare is dead for next year." We raised the question specifically during the conference, and the answer was completely to the contrary of the newspaper account. The Ways and Means Committee expects to be busy next year, at least during the beginning of the year, with other things, but they have agreed to send us some kind of a bill by March 1 which satisfies the constitutional requirement that the House act first, and the chairman of that committee assures us that he will feel perfectly all right if we begin, then, to hold hearings and try to develop a new program.

With this bobtail bill, or this core, or this legal seed, if you please, I assume that we in the Senate Finance Committee will have the opportunity, very rare to us, of really initiating the new pattern if we can, a new pattern of welfare reform. That power and privilege will come to us by or before March 1, so that we are not going to lose too much time, in view of all the hearings we have held and the experience we have gained in discussing this matter in committee. With all this work behind us, we can be a long way on our way toward developing a new pattern next year.

Mr. RIBICOFF. I am curious, as the Senator says, with all the hearings and all the years and months and days of time that we have spent in this field of welfare reform over the past 3 years, as to what new material does the Senator think we can adduce in the hearings 3 or 4 months hence?

Mr. LONG. If I might respond to that, I have yet to hear the first argument on the floor of the Senate against the child

support provision that the Senate put in in the Senate bill. I read in the newspapers somewhere that this provision was too harsh. I do not think it is harsh to make a father support his children. The House conferees did not undertake to give us any substantive argument, or any reasons why they would not agree to the position to pursue runaway fathers. Instead, they just would not take it, or agree to consider it, because of the lack of time. We insisted on them hearing some of our arguments, but there was no response. The departments themselves said they would not object to anything that was done in the way of requiring a father to do his duty toward his children, yet we had no help from the administration, no support at all. We think that we will succeed in achieving part of this next year. We think that the House probably will cooperate with us in due time. At this point, in the title IV area, with the House having twice passed it on to us on the family plan, and the Senate having declined to accept the family plan on two occasions, I think that the House conferees in that area were just yielding to the ordinary pride of authorship that one feels in initiating something that appears to him to be a good idea, and saying "We are not going to accept the Senate position on this." They were pretty well persuaded to the point of view of the administration plan. And the result was that they would not agree to that.

However, there will be a lot of support generated on the House side for the position of the Senate conferees. For example, Representative GRIFFITHS' subcommittee is coming up with material that supports many of the Senate provisions that are in the bill, showing that much should be done, and also supporting the tightening up of the administration on the family program.

I have no doubt that the fact that we have taken care of so many of these provisions, covering hundreds of pages, involving many billions of dollars in the area of adult assistance and in the medicare and medicaid programs, will enable us next year to focus more closely on the family program. I have a way of hearing what others are saying, and what the Senator from Connecticut is saying, even though I do not agree. And I think the same thing works both ways.

If all of the contestants in this arena are willing to divorce themselves from their past prejudices and start all over again to improve the welfare program, a great deal can be achieved.

Frankly, I think it would be a useful thing if everyone were to approach it the way that the Senator from Connecticut suggested 2 years ago—and not have everyone with a hardened and fixed position—and we can improve the program.

Mr. RIBICOFF. Mr. President, I personally appreciate the comments of the chairman of the committee. I personally will vote for the conference report. I have no intention to delay the Senate.

I assume that the Senate will ask for the yeas and nays.

Mr. LONG. Yes, I will.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

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

Mr. LONG. I yield.

Mr. AIKEN. Mr. President, although I had hoped that the conferees might find it possible to be a little more generous in some respects, I want to say that they have included in this new bill several improvements which I had hoped for and worked for for several years.

I appreciate that the conferees have done the best job possible under the circumstances that could have been done.

Mr. President, I have one clarifying question.

The State of Vermont passes along for old age, the blind, and the disabled, as required by law, a \$4 increase as a result of the 1969 social security increase.

Starting on November 1—2 weeks from now—the State of Vermont will institute a \$7.50 income disregard for the old age, the blind and the disabled, as permitted by a 1967 law, although Vermont is just now taking advantage of that law.

The conference report on H.R. 1 requires States to pass along \$4 of the 20 percent social security increase which was provided by the Congress some time ago to folks receiving old age, blind, and disabled benefits.

My question is whether the State of Vermont can now pass along a total of \$15.50 by adding the new \$4 pass along as required in H.R. 1 to the existing \$11.50 they now pass along?

Mr. LONG. Yes, they can.

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

Mr. LONG. I yield.

Mr. BENNETT. Mr. President, in looking at the first and second pages of the conference report, we will see that the House receded from 400 amendments and that the Senate receded from 84. So, we can imagine that the Senate took care of its bill in pretty good shape.

Mr. LONG. Mr. President, I regret that we did not meet that ratio in terms of dollars. The House bill was \$10 billion less than the Senate bill. If we had added the \$10 billion additional in this measure, I think that either the tax increase necessary would have outraged a great number of people in the country or else the deficit would have outraged even more.

Mr. President, this I believe is about the best we could work out under the circumstances. I will say that the House conferees, with reference to the cost of this matter, declined to accept our provisions and add them to the cost. We were willing to drop certain House benefits, and this too reduced the cost.

Mr. FULBRIGHT. Mr. President, would the Senator yield?

Mr. LONG. I yield.

Mr. FULBRIGHT. Mr. President, would the Senator describe for the benefit of the Senator from Arkansas what is in the bill for child welfare and whether there is anything in the bill for child development centers?

Mr. LONG. There is not. The provisions for additional money for child care were not agreed to. There is a provision in the bill to provide some relief from the cut-back in the social services. But with respect to the additional \$800 million that

was suggested for child care, it was not agreed to.

Mr. FULBRIGHT. That was stricken out?

Mr. LONG. Yes.

Mr. FULBRIGHT. Does the Senator have any views as to the future? Did the House appear to be adamant and not interested in that program at all, or was it that, under the context of this bill, they thought it was too expensive? What was their attitude?

Mr. LONG. It was the expense, and also the fact that this area was relevant to the point where the Senate and House conferees could not come to agreement. Under the family program, the House advocated one program and the Senate advocated another. So, the House thought we should strike all parts of title IV other than the increase for child welfare services. Very little of title IV came out of the conference.

I regret that the special grants for model day care that the Senator proposed were lost in conference. However, I would urge the Senator to submit it early next year. We expect to have another chance to act in this family area next year, and this would be an appropriate provision. The House assured us they would send us a bill to which we could offer amendments of this sort not later than March. We would hope to make one of those areas the matter proposed by the Senator from Arkansas.

Mr. FULBRIGHT. The Senator believes it would be appropriate to prepare for the bill which he has referred a reauthorization or authorization for the child development centers, such as was considered in this bill.

Mr. JAVITS. Mr. President, we cannot hear.

Mr. LONG. From the point of view of the Senate conferees, in terms of the number of amendments that were agreed to, it would appear the Senate was successful. But we simply cannot say that in the title IV area we achieved what we wanted. On the other hand, that is the area where the Senate difference from the House conferees was greatest, and the House did not get what they wanted either.

Mr. FULBRIGHT. I was particularly interested in the amount for child development centers, first, because I think that is the most hopeful approach for doing anything in the future that is significant in regard to training children and to avoid in the long run the continuation of these very high, inordinately expensive welfare programs. In the long run, the future lies in child development centers.

Mr. LONG. In the title IV area we just talked at the House conferees. Sometimes I get the impression that we might as well have been talking to a stone wall.

Mr. FULBRIGHT. I sympathize with the Senator's position. I have had exactly the same experience with the House on foreign military assistance, to the point where we did not reach any agreement at all.

I am not criticizing the Senator. The record on this aspect of the bill is extremely important. With the Senator's support I shall introduce a follow-on pro-

gram to try to get started in each State a model setup for child development, in order that this most modern and effective program in this field may be available in every State of the Union.

Mr. LONG. I thank the Senator. I would like to help him in that regard. I think it is a very fine idea. What is being done in Little Rock along that line gives us great cause for hope that that course can be followed to give those children educational opportunities.

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

Mr. LONG. I yield.

Mr. JAVITS. I wish to comment on what the Senator from Arkansas (Mr. FULBRIGHT) just said. If I heard the Senator correctly, the Senator said he was deeply interested in a more enlightened approach to child care, the child development concept. This is very refreshing to me. This is a matter for my particular committee. The Senator from Minnesota (Mr. MONDALE) and I actually developed the bill which the President vetoed. I have heard a number of times that it has been referred to here as a measure that the Senator from Minnesota and I invented as a big city concept.

I cannot tell the Senator from Arkansas how pleased I am that he is interested, and I know he can be extremely helpful in finally fashioning a bill that will receive the support of Congress and the signature of the President.

I am happy to know that the Senator is deeply concerned with this matter.

Mr. FULBRIGHT. I was reflecting in the Finance Committee on the program we have in Little Rock at the Kramer School. I realize that the Senator from New York and the Senator from Minnesota pursued this matter through other committees. But the Senator from Louisiana and our committee agreed to a small amount in this bill which would have provided for an experimental program modeled after the Kramer project which has already been recognized nationally as a success. Under our amendment, each State would have had a project to instruct people as to what can be done in this field.

It was not intended to answer the overall need, but it was a pilot project. I am speaking of Miss Betty Caldwell and her associates at the Center for Early Development in Little Rock. We believe that they are providing the answers to the child development problem.

Mr. JAVITS. On the matter of experimentation, I like it very much. The only difficulty is it has developed a reputation of being a way to shelve something. If we combine it with evaluation and carrying out a report on the evaluation at a relatively reasonable date I think the Senator would find people like me interested in espousing this concept.

The trouble is that when we get experimental programs, the label on the bottle immediately is, "That is the end of that. We will never hear any more about it." Or, "It is so controversial you will never get a result."

So I am interested in the pilot program. It would be assuring if it were coupled with money. We have to vote yes or no in areas that are always gray, never black

and white. Why should we not do the same thing about some pilot plan?

Mr. FULBRIGHT. I may have left the wrong impression when I said "experimental." I believe that the Kramer project has proved that much can be done in the area of child development, and that we must present to the States an example of what can be done as a means of persuading them. My provision would have made \$400,000 a year available for each State to establish a similar project for demonstration purposes, rather than experimental.

Mr. JAVITS. I thank the Senator.

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

Mr. LONG. I yield.

Mr. ALLEN. Mr. President, I commend the distinguished senior Senator from Louisiana, the chairman of the Committee on Finance, and the distinguished ranking Republican member of the committee, and all members of the committee. I see the distinguished Senator from Georgia (Mr. TALMADGE) and the distinguished Senator from Wyoming (Mr. HANSEN) in the Chamber. I wish to commend the committee for the fine work they have done in this field. I commend the conference committee on cutting down the scope of this bill. I feel the conference report is a much better bill than the House sent to the Senate. I think it is a much better bill than the Senate sent back to the House. I certainly feel that this committee has been the workhorse committee of the Senate and I am always amazed and always marvel at the vast knowledge of the chairman of the committee and his

expertise in handling these bills. He stands here on this floor hour after hour and answers questions with respect to the bill, and he has an intimate and vast knowledge of each of the finance programs of the U.S. Government.

One item that has not been discussed at any great length and it has been the policy of the Committee on Finance, I have noted, reporting back a bill calling for the expenditure of Federal moneys, to provide the method for raising that money. I understand that this bill is no exception. But the measure providing for some \$6 billion in additional social security benefits comes to mind. I wish the distinguished chairman would explain for us to what extent the base of covered wages has been increased both presently and in the future, and the amount of the increase in the rate of the social security tax, for the RECORD and for the information of Senators.

Mr. LONG. This bill does not change the base compared with present law. In other words, the base for 1972 stands at \$9,000.

In 1973, it goes up to \$10,800.

For 1974, it goes up to \$12,000. That was done by the Church amendment, which provided the 20 percent increase that we passed earlier this year.

Every Senator has a copy of a pamphlet entitled "Summary of Social Security Amendments of 1972 as Approved by the Conferees."

On page 31 of that document, table 1. I ask unanimous consent that that table be printed at this point in the RECORD.

There being no objection, the table 1 was ordered to be printed in the RECORD, as follows:

TABLE 1.—SOCIAL SECURITY TAX RATES FOR EMPLOYERS AND EMPLOYEES UNDER PRESENT LAW AND UNDER H. R. 1

Calendar year	(In percent)					
	OASDI		HI		Total	
	Present law	New schedule	Present law	New schedule	Present law	New schedule
1973 to 1977	4.60	4.85	0.9	1.0	5.50	5.85
1978 to 1980	4.50	4.80	1.0	1.25	5.50	6.05
1981 to 1985	4.50	4.80	1.0	1.35	5.50	6.15
1986 to 1992	4.50	4.80	1.1	1.45	5.60	6.25
1993 to 1997	4.50	4.80	1.2	1.45	5.70	6.25
1998 to 2010	4.50	4.80	(1.2)	(1.45)	(5.70)	(6.25)
2011 plus	5.35	5.85	(1.2)	(1.45)	(6.55)	(7.3)

Note: Under both present law and the new schedule, the contribution and benefit base would be \$10,800 in 1973 and \$12,000 in 1974, with automatic adjustment thereafter.

Mr. LONG. Mr. President, the Senator will see in the table the tax rates under present law, and under the new schedule in H. R. 1, both for cash benefits and for medicare.

Mr. ALLEN. Translated, though, into dollars and cents tax figures, what would a wage earner earning \$12,000 today pay, and what will he be required to pay in the year 1974 on \$12,000?

Mr. LONG. He would pay \$468 in taxes in 1972.

In 1974, he will pay \$702 in taxes. So that is an increase of—

Mr. ALLEN. \$234 a year.

Mr. LONG. That is correct.

Mr. ALLEN. That would also entail the employer being increased \$234; would it not?

Mr. LONG. That is right.

Mr. ALLEN. So that would be a \$468 increase in taxes on the employer and the employee.

Mr. LONG. In the last analysis, the social security tax often works out as a hidden sales tax, because it tends to be added to the price of the product. So in some prospects one could say that it is \$468 of additional taxes that that employee is absorbing in his purchasing power.

Mr. ALLEN. That is almost \$40 a month for the employer and the employee. That is the unit amount that the tax is being raised.

Mr. LONG. That is correct; but I should point out that most of the increase is due to the Church amendment providing the 20-percent across-the-board increase, which was voted earlier this year.

That is what raised the taxable wage base; and, of course, it is the increase in the base, to a very large degree, which accounts for this increase. In other words, part of it is because of the increase in the rate; most of it is because of the increase in the base.

Mr. ALLEN. It was the intention of the Church amendment, the way it was based, that the arrangement would be less, not more. It is true that the covered wages were more, but the rate of deduction is going to be less, as the assertion is made on the floor of the Senate.

Mr. LONG. The cash benefit rates went down somewhat, but the overall tax rate did not.

Furthermore, we should keep in mind that the Church amendment was financed to a considerable degree by changing the assumptions that were implicit in the financing. We can find good support for that, but we cannot do it more than one time.

In years gone by, we have had social security increases as to which, we might say, Congress pulled a rabbit out of a hat. We simply changed or increased the benefits to recognize the fact that we had provided more financing in previous years than was necessary to finance the program and that the assumptions were more conservative than need be.

We cannot do that any more, in my judgment. From now on, just as in this bill, every time we want to vote for a new benefit, we have to impose more taxes to pay for it. That is how it is now. That is how it is going to be in the future, unless someone engages in the irresponsibility of making this program insolvent, which it would certainly be unwise to do.

Mr. ALLEN. As always, as the Senator knows, there are two sides to every question, when we are paying out tremendous benefits, which we would like to see paid.

There is the other side, which calls for the taxpayer to pay the increased rate.

There is no contention that social security is actuarially sound any more, is there?

Mr. LONG. Oh, yes.

Mr. ALLEN. It is actuarially sound?

Mr. LONG. It is sound, and it will be sound if this program goes into effect. But the actuarial assumptions have been changed somewhat. The assumptions have been changed, based on the advice of the actuaries that they were needlessly conservative. They said we could safely modify the assumptions, as we have done.

For example, instead of carrying a reserve equal to a full year's benefits, we could settle for a reserve that would provide 75 percent of what it would take to pay 1 full year's benefit.

Mr. ALLEN. It is actuarially sound with this \$468 per unit of taxes?

Mr. LONG. There is no doubt about it. Out of all the actuaries we had to advise us, there was agreement among all of them that this plan was actuarially sound, assuming that the Senator is willing to grant the assumption that the economy will continue to grow.

The only thing that might upset the actuarial soundness of this program is if

the economy should fail to expand in the long run. If that should happen, we would be forced to raise the tax. But I honestly think that as long as Congress will continue to do business the way it has—that is, to look at the program every time it wants to improve benefits, raise the tax high enough to pay for the benefits and provide for an increase in the reserves in the program—there is no doubt in my mind that this will be an actuarially sound program.

This bill does not change the assumptions. It was under the Church amendment that the assumptions were changed. That occurred under the Church amendment in June. This bill, however, would finance every social security benefit provided.

Mr. ALLEN. It is a little rough on the fellow who is not going to retire for 30 or 40 years to have his employer increasing his payments by \$468.

Mr. LONG. There is not a doubt in the world that he pays more. But in the long run, he is going to be the fellow who draws the largest retirement benefit. So if he lives long enough, he will draw a large benefit for it. He will be getting something for it. It is not as good a buy for him as it is for the fellow further down in the wage brackets, because the benefits provide far more relative return for those in the lower income brackets than for those in the higher income brackets.

Mr. ALLEN. I thank the Senator for the information.

Mr. JAVITS. Mr. President, I wish to address a few questions to the chairman of the Finance Committee, and then I would like to make a few remarks about this conference report.

I direct the attention of the chairman to page 31 of the report, dealing with savings provisions regarding certain expenditures for social services, which relates to this much discussed and debated \$2.5 billion ceiling. I would like to ask the chairman, in addition to that hold harmless clause what we may expect regarding the other Stevens amendment—which deals with a redistribution of the amounts allotted to various States—which is not contained in the H.R. 1 conference bill, but has been included by the Senator from Alaska (Mr. STEVENS) as an amendment to the kind of omnibus bill carrying various tax amendments, H.R. 7577.

I point out to the chairman that this is a very serious matter because, while the thought was that we were going to put a limit on States which allegedly over use this social services opportunity, though I shall make some remarks which would sharply contest that, the fact is that a good deal of the formula which has now been adopted is going to feed the same money to States which have not even asked for it, even under earlier estimates. Hence there is bound to be some kind of a surplus for redistribution, which States endeavoring to keep down the galloping welfare rolls—which will cost the United States an additional \$1.7 billion this year—may be able to use effectively. So I ask the chairman if we may know his thoughts on this question of reallocation of a part of that ceiling

money which may not be used at all in the new formula which has now been adopted.

Mr. LONG. Mr. President, we had two Stevens amendments concerning social services, one of them the one which appears on page 31 of the pamphlet to which the Senator has made reference.

In effect, the House conferees were willing to accept that amendment, which was the less expensive of the two and which seemed to have the most appeal to them. I regret that that amendment did not benefit the State of New York. The Senator from Alaska has now offered his second amendment on another bill, a tax bill which hopefully the House of Representatives might be willing to consider.

I was disappointed that the Stevens amendment which could have been beneficial to the State of New York was not agreed to, even though the chairman of the House Ways and Means Committee had indicated that he would be willing to support such an amendment. He did vote for it in conference; however, his conferees voted him down. I guess that is one of the few occasions where one would find that Mr. MILLS was not able to speak for the entire House.

I am pleased to say that we were able to do better by the State of New York with regard to the unemployment insurance matter. In that area, the compromise that was worked out in conference does include New York among those States which should have some help in the unemployment insurance part of it. I am sorry that they would not agree to this social services part.

As to what might be the fate of this tax bill on which the second Stevens amendment was offered again, I am just in no position to predict. All I know is that at that particular time I had assumed that the House would be willing to go along with it, and I questioned the chairman of the House committee on that matter, and reminded him of the commitment he had made on the House floor. He said that he was willing to support it and he voted for it, but his conferees had voted him down.

Mr. JAVITS. I thank my colleague. I am interested in what the Senator says about the unemployment insurance. Is that on the debt limit bill?

Mr. LONG. Yes; that is in the debt limit bill. The compromise we made there would substantially limit the cost and reduce the number of States that would have the benefit from it. The information given the Senate conferees is that New York would be one of the States that would benefit from it.

Mr. JAVITS. We thought we were out of the unemployment, too, but we will look into it carefully.

Mr. LONG. They told the conferees that New York would be one of the States that would benefit, and I hope they advised us correctly, because I had in mind at that point that at least we could report good news to the Senator on that matter. I hope we can, and that the Senator will find that New York will benefit from the unemployment compensation amendment.

Mr. JAVITS. Well, the Senator is very

kind, but our analysis shows that that is not so, and that we have been left out all the way around.

Mr. LONG. I thought I had voted to take Louisiana out and leave New York in—I could be mistaken about that—and I hope that the people of Louisiana will forgive me if it works out that way.

Mr. JAVITS. I hope the Senator is correct, but we believe—we will check it further—that New York is out of everything, and I assure the Senator that I have some very deep feelings about New York, with 39 Members of the House of Representatives, being shut out of everything—social services, revenue sharing, and unemployment compensation.

Mr. LONG. As the Senator well knows, I have not always voted on New York's side, but on this occasion I was advised that I was voting for New York, and that they had left Louisiana out. So at least on this occasion we thought we were working for New York, and if not I shall be disappointed.

Mr. JAVITS. We will check it again.

Mr. President, I shall vote for this conference report—because of its general social security elements—but I would not want this moment to pass without commenting on certain aspects relating to the problems of poverty and welfare dependency in our Nation.

It is unfortunate indeed that the bill does not contain in any form the welfare reform first urged by the President in 1969. While we put forth our own alternative. The President's plan was nothing less than a historic first step toward the establishment of a national benefit level and Federal assumption of welfare costs with increased incentives and provisions for manpower training and child care.

I wish to reaffirm my continued support for those objectives and give my pledge to pursue them in the next Congress.

We have already covered the question of the redistribution provision, which the Senator from Louisiana has described, and where again New York, California, and Illinois are hurt.

The word was that the \$2.5 billion ceiling was necessary because, in respect of section 1130 social service expenditures, that spending had gotten out of hand, and that the States and cities were using a loophole in the law and spending much beyond what Congress contemplated in providing these matching funds.

What greater "loophole" exists than the "uncontrollable expenditures" for welfare cash payments which will cost the Federal Government \$7.7 billion in this fiscal year, an increase of \$1.1 billion over a year ago?

That is the real loophole to be plugged, and it can only be closed—short of throwing the poor out on the street—with social services which the Congress, ironically, has now cut back.

The conference bill on H.R. 1 does not even include the \$800 million "add-on" authority for child care which Senator MONDALE and I added in the Senate, to be run through title IV.

This was no "radical" or "fiscally irresponsible" commitment to child care. The amount was exactly that which the

Senate Committee on Finance recommended in its own version of H.R. 1, though under a different delivery system.

It was only \$50 million above the \$750 million contained in the administration-backed House welfare provisions.

Does the fact that the vehicle in which this quotient was lodged—welfare reform—has stalled once again along the road, discharge us from the duty of meeting the ongoing need for which it was designed and which the Committee on Finance documented in its own report on H.R. 1?

The Committee on Finance suggests that the problem lies in the failure of the Secretary of Health, Education, and Welfare to adopt administrative controls.

But there is a remedy for that. If the Secretary will not tighten things up, then we all know that the Congress can write criteria into the law.

The Congress took the easy way out; it did not go to that trouble of looking carefully at the programs and what could be done to improve their effectiveness, it just arbitrarily slapped a ceiling on funds. I suppose this was done on the theory that with that imposition the States and the cities and the Secretary would have to eliminate the bad programs and continue the good ones.

But it did not do so in a way that would permit that result. Under the formula it developed it spreads out the limited money in a new way without any relationship to the past efforts or effectiveness in one State as opposed to another.

The formula which has been developed will leave out 24 jurisdictions—23 States and the District of Columbia—including the great industrial States of California, Illinois, and New York, short of the benefits which they estimate would help materially to cut down the welfare load. But it would give to 27 States more than they even requested.

Mr. President, what can be more administratively wasteful than that? With many States not even taking what they are allotted, we still do not have any provision for even a reallocation from States which will not take what they have.

This is most distressing and most deplorable, and it is something we really have to get into in the most serious way.

The big industrial States have a big problem. Notwithstanding the fact that more than 70 percent of the people live in cities, and that these three States alone—New York, California, and Illinois—just to take an example, have a population of almost 45 million, almost one-quarter of the country, I must say that their problems have not been regarded with any particular amount of sympathy, though they probably originate the most production and the most taxpaying in the United States.

We are going to have to dig into that very carefully, especially in the other body, which is supposed to represent the people directly; and, by some strange anomaly, it is the one which is blocking the very progress which that kind of representation is supposed to represent in terms of this Nation. They are acting as if they had two Representatives from each State, rather than our situation

here, under the great constitutional compromise of 1789.

So, Mr. President, it is very depressing and most deplorable and is going to work regressively, and it is going to worsen instead of improve the situation.

And what will we hear in the months ahead as the welfare rolls continue upward?

We will hear again that the problem of welfare dependency rests in some lack of motivation on the part of the poor themselves—that "they" are "lazy good-for-nothings." Those who come to New York will find that the poor are standing in lines day after day so that they can get their children into child care centers and other services so that they can go to work, but that we have failed to provide them.

This is the real tragedy of the situation which this ceiling imposes.

There can be nothing more unfair, or unjust or pennywise and pound foolish than the ceiling. I shall continue to work to try to rectify this situation in the months to come, so that efforts of individuals, States and cities to deal with their welfare problems—so encouraged in rhetoric—will have the Federal funds to do just that.

Mr. President, one final matter a little more promising. I am very pleased that the conference bill does not contain two provisions contained in the Senate version which would have served to undermine, if not completely undo, the legal services program now conducted under the Economic Opportunity Act.

The first provision prohibited the use of funds under the program for activities "for or on behalf of any client or other person or class of persons, the purpose of which is—by litigation or by actions relating thereto—to nullify, challenge or circumvent any provision of the Social Security Act, or any of the purposes or intentions of the Congress in enacting any such title or provision relating thereto" except where a waiver is ordered by the Attorney General after 60 days notification and submission to the Senate Committee on Finance and the House Committee on Ways and Means.

The second directed the Attorney General and the Director of the Office of Economic Opportunity to enter into arrangements to make legal services attorneys available to State and local prosecuting authorities to assist in support cases.

Senator CRANSTON and I—joined by a number of Senators—opposed these provisions—as we considered them inimical to the purpose of the legal services program and the duty of the attorney to his client, if not unconstitutional. Unfortunately we lost on a tabling motion.

I hope that this conference result, which I am sure, comes in large part from the support for the program by the organized bar—will be the prelude to an autonomous Legal Services Corporation, or some other autonomous entity to render in the truest professional way legal services to the poor, who are beginning to consider this, and quite properly, one of the greatest contributions to their rehabilitation from the syndrome of poverty—to wit, their sense of dignity,

which they can exercise by virtue of the fact that they, too, like wealthier people, can have a lawyer to try to defend their individual interests.

Mr. President, on the whole, however, it is a most depressing thing for urbanized States such as my own, where we have lost about \$600 million when you add revenue sharing to this social services ceiling; and we have not really gained anything out of the much-vaunted revenue-sharing machinery which was going to be of tremendous help to us, because these formulas have been distorted.

It is a very depressing and deplorable time for the big States and the major cities which have such dreadful problems. It is going to put us to our mettle, especially with respect to what was supposed to be the popular branch of the legislature.

But I shall vote for this report, because it is the only thing to do at this time. I pledge myself—and I hope others who represent the big States will do likewise—to do all I can to change the situation.

Mr. BUCKLEY. Mr. President, I should like to pose a question or two to the distinguished chairman.

I was distressed to see that the conference report did not include a measure for which the distinguished chairman was responsible, which would have had the effect of repealing section 204(c) 2 of the Social Security Amendments of 1967. This would have had the explicit effect of eliminating an ambiguity which has grown up as to whether or not the existing WIN legislation has preempted the field, has foreclosed the ability of States to work out their own employment and work programs for recipients of welfare.

I would appreciate any enlightenment which the chairman can give us.

Mr. LONG. I regret that we were unable to persuade the House to accept that proposal. I will attempt to pursue it again next year, when the House sends us a bill, as they have promised they will, by March of next year. That is one of the proposals this Senator will suggest to be added to it, as well as other matters concerning a father's duty to his children.

The situation in the Department of Health, Education, and Welfare, it seems to me, is that they want to make, any way they can, the program of the States to be just as big a mess and as impossible to administer as they can, hoping that by doing so they will force the States to ask the Federal Government to take the whole thing over, and at that point they can reform, to use their language—and in their language, "reform" means to put everybody on welfare. I am not for that.

It seems to me that the proper answer is to help the States and to give them whatever authority they need to run a tight, work-oriented program.

Frankly, that is what the bureaucrats who are there, no matter who is in—many of them have been there since Franklin D. Roosevelt and some since Herbert Hoover—have in mind. It appears that their scheme is to simply bankrupt the States if they can or to

force upon the States unacceptable conditions, to try to force the States to ask the Federal Government to simply take them out of it.

I am dismayed that that is how it is; but I am convinced that the worst thing that could happen to this country would be to permit those people who are determined to keep the States from administering the program to take charge of the program. It would be a great disservice to the people of this Nation.

I think we ought to do what the Senator seeks to do, and he will have my best efforts next year in trying to do exactly that.

Mr. BUCKLEY. I should like to ask the distinguished chairman another question.

I believe the Senator from Louisiana was chairman of the Committee on Finance when the Federal WIN statutes were enacted.

Mr. LONG. Yes, I was.

Mr. BUCKLEY. Was it ever the intention of Congress at that time to have the provisions of the WIN statutes preempt the field of employment and training for ADC recipients?

Mr. LONG. I did not have that in mind. But, as the Senator knows, that was an HEW interpretation, and the New York court backed them up in it.

It was not my intention; but when the court speaks out on some of those things, if the Supreme Court should support the decision which HEW supported at the lower court level, it is sometimes beyond the power of this Senator to do much about it, except to change the law, and I will be glad to help the Senator from New York change the law if I can. I would like to do so.

Mr. BUCKLEY. I mentioned earlier the word "ambiguity" which I read in this morning's New York Times, states that a district judge in New York may have left the question open, as I read the article, as to whether it is the type of statute which preempts the field and prevents the States from operating. Would it be fair to say that there is ambiguity? So far as the distinguished chairman is concerned, was it ever the intention of at least this body to have a preemption in this field?

Mr. LONG. It was never our intention to prevent a State from requiring recipients to do something for their money if they were employable. It seems to me reasonable that they should be asked to do something for the money. It would be far better to do something for the money than than nothing at all.

Mr. BUCKLEY. I thank the Senator from Louisiana very much.

Mr. ROTH. Mr. President, I should like to reiterate once again that I am deeply distressed at the decision of the conferees to take no action on welfare reform.

I thought that the Senate, when it adopted my amendment to provide for testing, had taken really the last best chance of moving forward in this most serious area of concern. It is perfectly clear that there is not a consensus in the Senate, as to what is the best approach to reforming welfare. There is

general agreement that it is in shambles and that something constructive must be done. It is also obvious that it is time we move forward.

For that reason, I was pleased the other day when the Senate did adopt my proposal that would have permitted us to make a major test of the three approaches; namely, the proposal by the Finance Subcommittee, the proposal by the White House, and the third proposal, the so-called Ribicoff program.

I might point out that a number of Senators on both sides of the aisle, liberal and conservative, have told me they thought this was the best approach out of our dilemma. By our failure to act responsibly today by providing for no test, I fear greatly that we will find ourselves 2 years hence exactly where we are today.

I think we should make use of those 2 years because the reason there is no consensus is that no one is certain what is the proper approach. No one can say with certainty how best to reform welfare. There is no doubt about the need of reform, and the only way we are going to be able to move with some assurance of success, is by testing the various approaches.

So far as I am concerned, I think the American people are tired of us adopting new programs claiming that they will solve problem, when they do not.

The only way we will get results is to move with intelligence and that requires sound testing of innovative, but unproven ideas. It is therefore a tragedy that the conferees did not move ahead with testing, these giving the Congress an opportunity to adopt corrective legislation that has shown promises of success.

Mr. President, I should like to make a second observation about the conference report. I would like to ask a question, if I may, of our distinguished chairman.

I proposed an amendment that would have changed the tax treatment of social security benefits. The Senator may recall that I was deeply concerned that social security payments made to a widow for her minor children are considered income of the children and, consequently, a woman with little other income loses the right to count such children as dependents.

The Senate passed an amendment to correct this situation, which discriminates against widows with small incomes.

The question I would like to ask the distinguished chairman is: He did indicate during discussions of my amendment that he had sympathy with what I was trying to accomplish. I wonder whether there is any possibility that this problem will be taken up early next year.

Mr. LONG. I would think that we can look at it next year, on the tax bill. The House conferees insisted that this matter was a matter of general tax law and was not a social security matter.

We were unable to prevail on them to accept it on this occasion, but I would think, on a future occasion, it might be possible to have them agree to it.

Mr. ROTH. I appreciate that and I would urge the Finance Committee to give it consideration. I will certainly introduce such a bill to correct this gross injustice very early next year.

#### CORRECTION OF THE RECORD

Mr. SCOTT. Mr. President, on behalf of the Senator from Arizona (Mr. GOLDWATER), I ask unanimous consent that the following corrections of his remarks be made in the permanent RECORD of Wednesday, October 11, 1972:

On page S17527 make the following changes:

In the second column, sixth line from the top, strike out "had been provided" and insert "had occurred".

In the second column, the fourth complete paragraph, strike out "If they received hostile action, they could be attacked." and insert "If our crews received hostile action, these targets could be attacked."

In the second column, strike out the two sentences in the sixth complete paragraph and insert:

"Mr. GOLDWATER. If the debriefing officer is told by the crew that it was a provocative action, he would know or would assume that the truck, or whatever it was, had fired upon them and that this had given them the authority to fire back."

In the third column, 13th line of the second complete paragraph, strike out "me. And" and insert "me, and".

In the third column, fourth complete paragraph, change the first sentence to read as follows: "There is no way that a man above the wing would know what was in that report that was false."

In the third column, at the end of the seventh complete paragraph, insert a comma and the following after "guns": "once the SAM or Triple A system was activated".

In the third column, eighth complete paragraph, strike out the second sentence which begins "Also, not every".

On page S17528 make the following changes:

In the first column, third complete paragraph, and third sentence thereof, strike out "elegant briefing" and insert "intelligence briefing".

In the first column, third complete paragraph, change the last sentence thereof to read as follows: "And if he says that he observed the fire to be such and such, the photographs did not have to show the target."

In the second column, at the 13th and 14th lines from the bottom of the page, strike out "not involving unauthorized observation".

In the third column, first complete paragraph, strike out the sentence which reads "The flight has no protection."

In the third column, second complete paragraph, change the first sentence to read as follows: "On the return, the tactical pilots, because they had expended their ordnance, would verify in their report they had been struck."

In the third column, second complete

paragraph, at the end of the last sentence, strike out "it" and insert "the fire".

In the third column, second complete paragraph from the bottom of the page, strike out "yere talking about" and insert "are talking about", and at the end thereof insert "against them" after "strike".

On page S17529 make the following changes:

In the first column, first complete paragraph, strike out the line "and, two, as General Slea said, that he" and insert "and, two, that he".

In the first column, second complete paragraph from the bottom of the page, change the last sentence thereof to read as follows: "The Migs come in too low for our radar to pick them up, so the Migs shoot down our helicopters and our tactical aircraft."

Change the paragraph beginning at the bottom of the first column and concluding at the top of the second column, to read as follows:

"I will be perfectly honest with the Senator. If I had been Abrams and that point had been put to me, I would have decided it that way, because I think a GCI radar site is a hostile piece of equipment, and radar is one of the biggest problems we have over there. We cannot detect it with our electronic gear because when our aircraft would alert the SAM radar we were coming it directed its energy into a dummy. When the system signalled, "Here they come," in 2 seconds they had fired the SAM. Our aircraft had no warning. The fundamental part was that the big GCI radar on the top of the promontory had been netted to the SAM and Triple A and our aircraft did not stand a chance."

In the second column, change the first complete paragraph to read as follows:

"Frankly, I think General Abrams made the right decision, and after the question had been pushed to the top, 2 weeks later, I know the Joint Chiefs said the same thing: "Get rid of it. It is a hostile piece of equipment." I cannot think of it in any other terms at all."

In the second column, fourth complete paragraph from the bottom of the page, change the second sentence thereof to read as follows: "The telegram of the Joint Chiefs of Staff was not a reprimand," and at the end of the same paragraph, add a new sentence as follows: "And, as I mentioned, the decision was changed about 2 weeks later."

On page S17534 make the following changes:

In the second column, change the sentence beginning on the sixth line from the top of the page to read as follows: "When the question of Admiral Moorer came up, the Air Force wanted to hit a target in Navy territory and it was necessary to get permission of the Navy Command."

In the second column, change the first sentence of the fourth complete paragraph to read as follows: "I would have to answer that in the affirmative, but it did not involve his making decisions for strikes."

In the third column, second para-

graph, change the fourth sentence to read as follows: "Being Chief of the Air Force, he also could have said that he should."

On page S17535 make the following changes:

In the first column, seven lines from the bottom of the page, strike "at a said point" and insert "at a sad point".

In the third column, last sentence of the third complete paragraph from the bottom of the page, change "the man under him is not" to read "the man under him is".

On page S17536 make the following changes:

In the first column, fourth sentence of the second complete paragraph, strike out "military judgment" and insert "military training".

In the first column, fourth complete paragraph, strike out "but that we would fly" and insert "but said that we would fly".

In the first column, strike out in its entirety the sixth complete paragraph which begins: "Now we see that".

The PRESIDING OFFICER. The corrections will be made.

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**SOCIAL SECURITY AMENDMENTS—  
CONFERENCE REPORT**

The Senate continued with the consideration of the conference report on H.R. 1.

Mr. BURDICK. Mr. President, I should like to ask the manager of the bill a question: I notice regretfully in the conference report, that amendment No. 583 which provides for full Federal funding of State assistance payments to the aged, blind and disabled Indians, Eskimos, and Aleuts in supplementation of basic Federal payments under title XVI, has been deleted.

I also understand that the House has agreed to reconsider these amendments, and others, on or before March of next year. Do I understand correctly that this Indian amendment will be considered?

Mr. LONG. The House is going to send us a bill early next year and then we will have the opportunity to legislate.

If the Senator would care to renew this amendment then, we could add it to the bill that they send us and we will go to conference with them on it. I would think that when we are not under the pressure of trying to do everything in 24 hours, as has been the case here, we might have a better chance to persuade the House to agree to it.

Mr. BURDICK. The Senator has my assurance that this amendment will be brought to the attention of the committee when we consider the bill next year.

Mr. LONG. I thank the Senator.

Mr. TAFT. Mr. President, more than 38 months ago, President Nixon proposed to the Congress welfare reform legislation that he said would transform "a system frozen in failure and frustration into a system that would work and would

encourage people to work." The President added:

The present welfare system has failed us—it has fostered family break-up, has provided very little help in many States and has deepened dependency by all too often making it more attractive to go on welfare than to go to work.

No one disagreed then with that assessment. No one disagrees now.

The current public assistance program, Aid to Families with Dependent Children, is made up of 54 different State and territorial programs, each administered by a separate jurisdiction under broad Federal guidelines. Including the county-administered programs, there are at least 1,152 distinct operating welfare systems. Federal matching funds available for welfare programs vary from 50 to 83 percent the programs' total cost.

Welfare benefits vary from State to State from a grossly inadequate \$60 per month to \$335 per month. There are as many different interpretations of the Federal welfare guidelines as there are interpreters. Because of the split of authority between the States and the Federal Government, there is virtually no control at the Federal level of caseloads, administrative efficiency or mushrooming costs.

Since 1955, total AFDC payments have increased at an annual rate of more than 61 percent. The number of families receiving such payments has increased at an annual rate of more than 25 percent. If the present rate of increase continues, total State welfare costs will double at least every 3 years.

Despite this enormous increase in costs, welfare recipients are no better off. In fact, welfare payments have been cut back in almost half the States during the last 2 years.

Other problems abound in the welfare system. By limiting payments to those families in which the male head is absent, family disintegration is encouraged. Unemployed-father families are eligible for assistance in only 23 States.

Men who work part time are discouraged from seeking full-time employment, because their families would lose eligibility for welfare if they worked full time. Families in which the father works full time but does not earn enough money to escape poverty are not helped at all. Yet 40 percent of the poor in this country live in families headed by a full-time worker.

Single people and childless couples under 65 are completely ineligible for Federal assistance unless they are blind or disabled. Social services, day care, and job training needed to stimulate the employment of those presently receiving welfare have not been provided.

All of us have been exposed to the nightmarish stories of unfair State and local laws or administrative practices which deny assistance to people who should be eligible for help. We are also reminded continually that there are some people receiving welfare who should be able to earn an adequate living so as not to need it.

The situation has hardly improved during the 3 years of congressional con-

sideration of welfare reform. As of last May, more than 3,668,000 people had been added to the welfare rolls while Congress argued. The Nation's total welfare bill had climbed by nearly 55 percent to approximately \$18 billion annually.

Today, unfortunately, we finally have before us the fruition of those 3 years of intensive efforts by so many Members of Congress—nothing. Considering the fundamental difference in philosophy between the guaranteed income approach in the House bill and the pilot testing programs authorized by the Senate bill, it is not surprising that at this late moment in the session, the conferees found the welfare provisions of H.R. 1 irreconcilable. In view of the possibility that the meager and in some aspects regressive provisions of the Senate bill might have been accepted as an excuse for meaningful welfare reform, perhaps it is just as well that no compromise was reached.

Nevertheless, I cannot avoid expressing disappointment at the inability of the 92d Congress to agree upon legislation to clean up the welfare mess. I am convinced that Americans want welfare reform, and they want it now.

They want a welfare program that provides, through training and meaningful, worthwhile job opportunities, boot straps for welfare recipients to grab onto.

They want a welfare program that excludes the small minority of recipients who presently should not be receiving assistance, yet does not penalize the men, women, and children who do need help.

And they want a welfare program that provides incentives and assistance for the man or woman who works hard, but whose wages are too little to allow an escape from poverty.

Americans, in short, want a welfare program that provides adequate assistance, in an equitable manner, to those who really need it.

I supported both the Ribicoff compromise proposal to provide a guaranteed income of \$2,600 for a family of four, and the Stevenson modification of that proposal, because I believe that those approaches would create the kind of welfare system I have outlined above. I believe, in particular, that the standardization of welfare administration and benefits is essential if we are ever to come to grips with the welfare problem.

I am well aware, however, of the fundamental and honest differences of opinion and philosophy as to the exact form of welfare reform should take. In view of these circumstances, I am not wedded to any specific welfare reform proposal. There are no specific provisions which I insist upon.

At this time, in my judgment, the most important concern is to keep the welfare reform issue alive. I hope that other Members of the Senate will overcome any sense of discouragement which they now understandably have, so that the 93d Congress can try once again. I hope that my colleagues will retain the flexibility to consider carefully various compromises and alternatives which may be offered to deal with this issue. Most of

all, I urge my colleagues to retain the stamina, desire and enthusiasm that is going to be necessary to enact responsible welfare reform in the next Congress.

The country could benefit immensely if we were to be successful.

Mr. CHILES. Mr. President, I opposed the Senate-passed version of H.R. 1, 2 weeks ago when it was up for final passage. As I said then, the Finance Committee has done a world of work on this legislation, and I think there were a lot of good features in the bill. However, I voted against its final passage basically because of my objection to title IV which deals with welfare reform.

I have been against the guaranteed annual income idea because I felt it would kill incentive for people to work whether it was the Nixon or the Ribicoff plan. The workfare concept, I think, would be much better. But the Finance Committee just was not able to work out provisions that fit together, so what the committee proposed to the Senate just would not stand up to scrutiny. As a result, nothing could get a majority of support, and then the Senate moved to what is supposed to be a study program or test plan to try out the Nixon, Ribicoff and Finance Committee approaches. However, in the pilot approach they put many new changes that were not going to be just tests but would become permanent fixtures in law. The Senate never really discussed most of these provisions.

Another reason I was compelled to vote against the bill was because the average wage earner in this country—the man making between \$4,000 to \$12,000 a year was and is paying a disproportionate share of taxes—especially payroll taxes. H.R. 1 instead of correcting this problem actually goes the other way and increases it.

Many of the beneficial services and other parts of H.R. 1 I feel should be paid out of general revenue sharing because they come in the area of welfare—not social security.

So, until we reach the point when we are willing to come to grips with the inequity built into social security taxation, we should not pass on an additional burden to our working people.

Now that House-Senate conference on H.R. 1 has removed from the bill those parts of title IV I had objected to earlier including the President's family assistance plan, the Ribicoff proposal—which went even further—and the Finance Committee's test plan—which in my mind along with other pilot approaches put in so many new changes which were not going to be just tests but permanent features in law. While I am still not satisfied with the disproportionate cost which will be financed by an increase in payroll taxes and passed on the workingman the conference committee version has been improved.

The initial cost of the House bill, passed a year ago, was about \$8 billion or \$9 billion for benefits in its first full year. The Senate added a big block of amendments, both in the committee and on the floor, raising the figure to about \$18.5 billion. But the final bill, according to staff estimates, totaled about \$6.1 billion in benefits the first year.

Several features in the conference report I feel are much needed including: First. The raising of widows' and widower's benefits from 82.5 percent of the deceased spouse's entitlement to 100 percent, affecting 3.8 million persons.

Second. Raising from the present \$1,680 to \$2,100 a year the outside amount a social security retiree can earn without any loss of benefits. For earning above that benefits would be reduced \$2 for each \$1 earned. Nearly 1 million persons would benefit from this provision.

Third. Provide that employees who have worked in social security-covered employment for 30 years will receive a minimum of \$170 a month in social security benefits when retiring, even if their benefits would otherwise work out to less. This is to provide long term low-wage workers with more adequate retirement income, and would benefit 850,000 persons.

Fourth. Reduce waiting period for disability insurance benefits from 6 months to 5 months.

In addition, Representative MILLS, chairman of the House Ways and Means Committee apparently has agreed to early next year working with the Senate in shaping new welfare reform legislation which I hope will come much closer to the mark in assisting people who truly need help and cannot work. Hopefully in coping with the issue of financing these funds will come out of general revenue because they are in the area of welfare and not social security. We also need legislation to aid and encourage those persons who are now working to continue to do so.

For these reasons I intend to support the conference committee report on H.R. 1.

Mr. CHURCH. Mr. President, I support the adoption of the conference report on H.R. 1, the 1972 Social Security Amendments.

The conference bill, to be sure, has a number of controversial features. But the beneficial provisions, in my judgment, clearly outweigh the others.

Several of the reforms will enable large numbers of older Americans to escape from poverty, without the necessity of resorting to welfare.

This is particularly important because Social Security is the economic mainstay of the vast majority of older Americans. Approximately 65 percent of all retired workers and 49 percent of aged couples depend on social security for more than half of their incomes.

Equally important, these reforms will help to improve and perfect the social security system.

Several of these measures, I am pleased to say, are either identical with, or similar to, proposals which I have sponsored.

As chairman of the Senate Committee on Aging, I am also heartened to note that these reforms have had the strong support of the committee and its membership.

#### FULL BENEFITS FOR WIDOWS

One of the major improvements is full benefits for widows, instead of only 82½ percent of their deceased husbands' primary insurance amount. Approximately

3.8 million elderly widows would have their social security benefits increased because of this urgently needed change.

The net impact of this change, along with the enactment of my recent amendment for a 20-percent social security increase is that average monthly benefits for widows will be increased from \$114 to \$156.

More importantly, this provision can, in one stroke, remove 200,000 aged widows from the grip of poverty.

#### SPECIAL MINIMUM MONTHLY BENEFITS

The conference bill also authorizes a new special minimum monthly benefit for persons with low lifetime earnings and long periods of covered employment under social security. This new special minimum would be equal to \$8.50 multiplied by a worker's number of years of covered employment in excess of 10 years, up to a maximum of 30 years.

Under this provision, a worker with 30 years of covered employment would be entitled to a special payment of \$170 a month.

#### LIBERALIZATION OF THE RETIREMENT TEST

Another improvement in H.R. 1 is the increase in the earnings limitation from \$1,680 to \$2,100.

For earnings in excess of this amount, \$1 in benefits would be withheld for each \$2 of earnings. Under present law, \$1 in social security payments is withheld for each \$2 of wages between \$1,680 and \$2,880. Thereafter, social security benefits are reduced for each dollar of earnings above \$2,880.

These changes in H.R. 1 would make it possible for a retired worker to have earnings in excess of \$8,000 and still receive some social security benefits.

It is high time that our Nation take down the arbitrary stop sign, which says that 65 is the end of the road for employment opportunities.

Surely, the wealthiest Nation in history is not so bankrupt in ideas that it cannot solve this problem.

And the adoption of these changes in H.R. 1 can help to remove some of the impediments for older Americans who want or need to work.

#### PROTECTION AGAINST RETROACTIVE DENIAL OF PAYMENTS

Another major reform in H.R. 1 is a proposal I have urged to protect medicare patients against retroactive denial of payments.

Today the determination of whether a patient qualifies for nursing home or home health care is usually made after the services are furnished. This practice has frequently resulted in the retroactive denial of payments for services which the elderly patient believed in good faith would be covered under medicare.

As modified by this bill, however, the Secretary of HEW would be authorized to establish periods after hospitalization during which a patient would be presumed to require home health and nursing home benefits.

The advantages of this approach, it seems to me, are many. Elderly patients would know, in fact, that their bills for skilled nursing home care would be covered. Equally important, physicians, home health agencies, and nursing

homes would be assured that their services would be reimbursable under medicare.

#### AGE 62 COMPUTATION POINT

H.R. 1 also includes a provision to permit men to compute their benefits on the basis of earnings up to age 62—the same as now exists for women—instead of age 65. This provision will end the discrimination between men and women under the program.

#### SUPPLEMENTAL SECURITY

Undoubtedly, one of the most significant changes in H.R. 1 is the replacement of the adult welfare programs—aid for the aged, blind, and disabled—with a new income supplement plan.

This supplemental security income program would be administered by the Social Security Administration and financed out of general revenues.

Moreover, this new program would assure older Americans of a monthly income of \$130, and \$195 for elderly couples. In addition, the first \$20 of social security or other retirement income would be disregarded in determining eligibility for these supplemental payments.

For most older Americans, the existing welfare system is demeaning. In fact, less than 50 percent of all persons living in poverty receive old age assistance.

#### IMPROVEMENTS FOR THE DISABLED

H.R. 1 not only makes vital improvements in social security and medicare for the aged, but it also provides several reforms for persons under 65—particularly the disabled.

One major change is extension of medicare coverage to 1.7 million disabled persons under age 65. This improvement is especially welcome because the disabled need health care services at a substantially greater level than other Americans.

Another welcome improvement is the reduction in the waiting period from 6 to 5 months to qualify for disability benefits.

Finally, H.R. 1 would authorize disability benefits to a child of an insured retired, deceased, or disabled worker if the disability began before age 22, rather than before 18 as under present law. Thus many a student will be helped through college.

#### CONCLUSION

The 1972 social security amendments, in many respects, represent landmark legislation for older and disabled Americans.

Mr. President, once again I wish to reaffirm my strong support for the social security, medicare, and welfare reforms for the aged in H.R. 1.

For these reasons, I urge the adoption of the conference report.

Mr. STENNIS. Mr. President, when the Senate passed the welfare bill, H.R. 1, I voted for the bill. The Senate version of the bill provided for tests of the major welfare reform proposals, in contrast to the minimum income established by the House version.

I voted for the Senate bill primarily to pass it and with the hope of improvement and with the confident expectation that what would come back from conference would be a better bill, and I am pleased to

see that this is indeed the case. I am totally opposed to the concept of a Government-guaranteed minimum family income. It is a concept that is so dangerous as to threaten the whole structure of our society and our Nation. It is a step that once taken could never be retraced. It leads away from the work ethic and toward a system under which those who do not choose to work live from the labors of those who work for a living and have to pay taxes to support those who can work but do not want to work.

The conference report as written is a worthy bill which I can support, and I will vote for it. It is believed to be fiscally self-sustaining, imposing new social security taxes to pay for the increased benefits.

In that connection, however, the social security taxes are reaching a breaking point. These constant increases cannot continue to be made. These taxes are very hard on working families, for they begin with the first dollar earned. To continue to raise them will be intolerable.

I will, however, vote for the conference report. It is better than the Senate bill, and it is infinitely better than any system of guaranteed income.

Mr. MCINTYRE. Mr. President, I lend my voice in expressing the frustration of the nearly 7 million elderly Americans now living in poverty or near poverty. I know that they share some disappointments in the social security legislation we are going to be passing this afternoon. They see that their voices have been heard here in the Senate time and time again. But they also see that their voices have not been heard downtown and only faintly heard in the House of Representatives.

I must indicate my bitter disappointment over the House's failure to accept provisions, passed overwhelmingly in this body, to provide a pass-through of the 20-percent social security increase to those receiving old-age assistance in addition to insurance benefits; to those who must rely on surplus food to survive; to those who receive Veterans' pensions in addition to insurance benefits; and to those who fear rent increases in public housing or housing for the elderly projects due to benefit increases.

There are two million recipients of old-age assistance, 1,250,000 of whom also receive some social security benefits. Many of these individuals will have the right hand, our Federal Government, present them a 20-percent increase, signed I might add by our President, and have the other hand, our State government, take the extra funds away in reduced public assistance. Yet, these are the people who need these benefits the most.

Each of the 7 million elderly Americans living in poverty, or near poverty, faces unprecedented inflation. Through May of this year the Consumer Price Index jumped 5 percent, food prices nearly 5.9 percent. Medical costs have increased 5.7 percent. And property taxes, paid ultimately by homeowners and renters alike, have increased over 14 percent.

Congress, led by the Senate, provided a 20-percent social security increase this year to help meet this tremendous bur-

den on our senior citizens. Who needs it the most?

It is those who have social security, or the lack of it, which leaves them at near or below subsistence income levels. We are not even talking about poverty income levels for most of these individuals, we are talking about less than that. Their income enables them only to survive; and yet the House would not accept this pass-through and earlier this afternoon voted 300 to 1 to confirm the conferee's action.

When I heard late Saturday night that the conferees had refused this vital assistance, I asked myself how could it happen? The Senate passed these measures with voice votes, a unanimous acceptance.

As late as Saturday, I joined with 51 of my colleagues, a constitutional majority, in a letter informing the Senate conferees that we backed their attempts to see these measures included in the final bill. In a matter of hours we all found out that the House would not go along. How did this happen?

There are many causes; but I now know the prime cause. Continuing its 3-year record of careless disregard for the needs of our elderly, especially our elderly poor, the administration let it be known that they were strongly opposed to the pass-through provision. I guess it should not have surprised those Senators who thought that our actions would be confirmed by the other body. A 3-year record by the Nixon administration should have told us differently. No word, of course, was let out publicly, at least to my knowledge. But it was made clear.

Let me review the long-term record of the Nixon administration on social security. Since his election, President Nixon has consistently opposed adequate social security benefits. But that record did not prevent him from falsely claiming credit for the 15-percent catch-up social security increase in 1969 or the 10-percent catch-up enacted in 1971, or the 20-percent increase initiated by the Senate this year. The elderly have gotten more messages from the President than perhaps any other segment of our public. Matched with a check, the President has used a political tool that none of us could ever match. I think senior citizens know, however, that there is a great difference between the President's proclamations and his performance.

In 1969, he proposed a 7-percent increase, one that would have been totally wiped out by inflation before the checks were ever received. The House raised this to 15 percent and then received a stern statement by the President that he would veto any increase over 10 percent. In order to avoid this veto threat the House added the increase to the President's tax reform legislation; legislation, incidentally, that resulted in a major cut in corporate taxes. The Senate then enacted a similar provision and it became law because it was attached to a bill Nixon could not afford to veto.

In 1970, the House passed a modest 5-percent increase. What did the administration do? They issued immediate warnings that any larger increase would be unacceptable. In the Senate we saw that

prices were escalating so rapidly that a 5-percent increase would be eaten up as soon as it was enacted. We, therefore, proposed a 10-percent increase over another veto threat and again and to attach this measure to a bill that the President could not veto in order to see it passed.

Once more in 1972, the Senate saw that our elderly were losing ground. We also saw that there was enough of a surplus in the social security trust fund to finance an increase, large enough to counter inflation, well into the next century. We, therefore, proposed a measure I sponsored for a 20-percent increase.

Again, we were met with a strong veto threat from the Nixon administration. And, again, we had to attach the increase to a veto-proof bill, the debt limit bill, in order to see it passed.

Now we find that new administration opposition has helped to frustrate the Senate's intent in a sad and callous opposition to a pass-through provision. I regret that this has happened. Yet, it is evident that there is no more the Senate can do this year.

I do know that this is not the end of the matter. We will try again next year to see if we can create some sympathy at 1600 Pennsylvania Avenue for the elderly poor.

There are other sections of this conference report, sections that can be correctible next year, that also disappoint me greatly. The Senate committee approved by an overwhelming vote a provision to place certain prescription drugs needed by the chronically ill under the medicare program. This, of course, was necessary because we saw that the elderly pay as great a proportion of their budget for medical care as they did before medicare was enacted. And medical costs increased by nearly 6 percent last year. This provision could have greatly helped those people who must rely on costly medication to survive on a day-to-day basis. Again, the House would not agree and the administration did not lift a finger to help.

I am also disappointed that the Senate's overwhelming acceptance of an amendment I cosponsored to raise the outside earning limitations from \$1,600 to \$3,000 was also frustrated. Here, at least, we see some progress. The earnings limit has been raised to \$2,100 and the reduction in benefits over \$2,100 is now set at 1 dollar for 2 rather than for 1 return we saw before. Again, however, there was no help from downtown and those millions of our senior citizens who want to work without penalty for their additional income will be hurt.

I must indicate, in the end, that I will reluctantly support passage of the conference report. It is evident to me that, without administration support, we cannot hope to change the result this week.

I would like to indicate that there is much good in this bill. I congratulate the distinguished chairman of the Senate Finance Committee, Senator LONG, for doing his best to see that a good bill emerged. We did pass many vital provisions that I would like to list below:

One provision, would boost widows'

benefits from 82.5 percent at present to a 100 percent of the deceased husband's entitlement.

Also, as I mentioned above, the new income limitation of \$2,100 is a step forward.

The provision to extend new medicare benefits to 1.7 million under 65 individuals who are retired and receiving social security is a needed reform—the federalization of the old-age assistance program and programs for aid to the blind and disabled starting in 1974 is a step forward. This provision will provide a new minimum income of \$130 per individual and \$195 for couples and it will substantially increase the income disregard provisions of current law.

I am also pleased that we recognized, in this bill, the needs of those who worked for 30 years in covered employment. They will be guaranteed a minimum of \$170 a month even though their current entitlement is less. This would help about 850,000 Americans who spent all their working lives in covered employment; but whose low salaries prevent them from realizing benefits commensurate with their contribution to the plan.

I hope that as we do accept this conference report, I will be joined by those Senators who feel as I do in a commitment to reintroduce next year those provisions that the Senate could not get accepted by the House this time. And I sincerely hope that whatever administration is in the White House in January will give us their support.

THE PASS-THROUGH AMENDMENT

Mr. MONDALE. Mr. President, it is with deep regret that I shall cast my vote today for H.R. 1. The conference report before us lacks a provision which I believe is absolutely essential to maintaining our commitment to the millions of elderly persons in this country who depend on social security.

The provision to which I refer is the "pass-through" amendment which I introduced and the Senate approved during consideration of H.R. 1 on the floor. It would have prevented social security recipients from losing other necessary benefits—through rent increases or loss of eligibility for welfare or food stamps—as a result of the 20-percent social security increase voted before the Senate earlier this year.

I did not vote for the increase because I expected the Congress to take away other sorely needed benefits from citizens who already have so little. I cannot believe that any of my colleagues really intended when they voted for the 20-percent increase to reduce the benefits available to old people, who have already suffered inordinately from the inflation which has gripped our Nation for several years now. I was encouraged by the Senate approval of my amendment, and hopeful that we would be able to stave off the nightmare that was descending on so many old people as a result of the increase.

Listen to this Minneapolis woman's account of how the increase "helped" her:

Why when you get a raise in Social Security does Housing or "Welfare" takes it from

you, or if housing leaves your rent, off it comes from welfare. As it stands now I'm worse-off than before the Social Security gave the 20% raise. Clothing, shoes are so expensive. I don't get a paper, no TV, No Radio, No Phone. I can't afford them. Housing offers trips to Duluth, Winona. I can't go. They are too expensive. I hope and pray you can stop welfare from taking the 20% off. God Bless you, if you can work out some way to prevent the taking away of the small amounts we get in Social Security.

This woman is not an isolated case. She has eloquently described the human misery that can result from the shortsightedness of our actions here. Because my amendment was dropped, up to 15,000 elderly Minnesotans are faced with increased public housing rents, and approximately 40,000 Minnesotans could lose food stamp benefits. Letters and phone calls from Minnesotans are pouring into my office on this subject, and I just don't even know how to respond to them at this point.

Last week a bipartisan group of 55 Senators wrote to Senator LONG urging him "to do everything in your power" to assure retention of the Mondale amendment. But the amendment was dropped by the committee.

Because the conference report does include some improvements in social security, medicare, and medicaid. I feel compelled to vote for it today. I only hope that the Congress will turn its energies as quickly as possible to rectifying the injustice it has done.

I also regret that in this legislation the Congress has failed to come to grips with the social security tax issue. The tax system that we have now is regressive and unfair, and the increases mandated in the bill are most unfortunate. I am hopeful that the new session of Congress will reconsider the whole matter; and adopt a new system such as the Mondale-Muskie proposal.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. CANNON), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mrs. EDWARDS), the Senator from Georgia (Mr. GAMBRELL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Iowa (Mr. HUGHES), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Montana (Mr. METCALF) are necessarily absent.

I further announce that the Senator from New Mexico (Mr. MONTROYA), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Virginia (Mr. SPONG) are necessarily absent.

I also announce that the Senator from Wyoming (Mr. MCGEE) is on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL), the Senator from Indiana (Mr. HARTKE), the Senator from Georgia (Mr. GAMBRELL), the Senator from Indiana (Mr. BAYH), and the Senator from South Carolina (Mr. HOLLINGS) would each vote "yea."

Mr. SCOTT. I announce that the Senator from Colorado (Mr. ALLOTT), the Senators from Tennessee (Mr. BAKER and Mr. BROCK), the Senator from Oklahoma (Mr. BELLMON), the Senator from Delaware (Mr. BOGGS), the Senator for New Jersey (Mr. CASE), the Senator from Kentucky (Mr. COOPER), the Senator from Nebraska (Mr. CURTIS), the Senator from Hawaii (Mr. FONG), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Florida (Mr. GURNEY), the Senator from Oregon (Mr. HATFIELD), the Senator from Iowa (Mr. MILLER), the Senator from Kansas (Mr. PEARSON), the Senator from Illinois (Mr. PERCY), the Senator from Ohio (Mr. SAXBE), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Kentucky (Mr. COOK) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Delaware (Mr. BOGGS), the Senator from Kentucky (Mr. COOK), the Senator from Nebraska (Mr. CURTIS), the Senator from Michigan (Mr. GRIFFIN), the Senator from Hawaii (Mr. FONG), the Senator from Iowa (Mr. MILLER), the Senator from Illinois (Mr. PERCY), the Senator from South Carolina (Mr. THURMOND), and the Senator from TEXAS (Mr. TOWER) would each vote "yea."

The result was announced—yeas 61, nays 0, as follows:

[No. 567 Leg.]

YEAS—61

Aiken	Gravel	Packwood
Allen	Hansen	Pastore
Anderson	Hart	Proxmire
Beall	Hruska	Randolph
Bennett	Humphrey	Ribicoff
Bible	Inouye	Roth
Brooke	Jackson	Schweiker
Buckley	Javits	Scott
Burdick	Jordan, N.C.	Smith
Byrd,	Jordan, Idaho	Stafford
Harry F. Jr.	Kennedy	Stennis
Byrd, Robert C.	Long	Stevens
Chiles	Magnuson	Stevenson
Church	Mansfield	Symington
Cotton	Mathias	Taft
Cranston	McClellan	Talmadge
Dole	McIntyre	Tunney
Dominick	Mondale	Weicker
Ervin	Moss	Williams
Fannin	Muskie	Young
Fulbright	Nelson	

NAYS—0

NOT VOTING—39

Allott	Eastland	McGovern
Baker	Edwards	Metcalfe
Bayh	Fong	Miller
Bellmon	Gambrell	Montoya
Bentsen	Goldwater	Mundt
Boggs	Griffin	Pearson
Brock	Gurney	Pell
Cannon	Harris	Percy
Case	Hartke	Saxbe
Cook	Hatfield	Sparkman
Cooper	Hollings	Spong
Curtis	Hughes	Thurmond
Eagleton	McGee	Tower

So the conference report was agreed to. Mr. LONG. Mr. President, I move to

reconsider the vote by which the conference report was agreed to.

Mr. FULBRIGHT. I move to lay that motion on the table. The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I wish to thank members of our staff who worked so diligently on this bill, especially Tom Vail, Mike Stern, Jay Constantine, Dr. Jim Mongan, and Bill Galvin, for the fantastic contribution they made and all the long hours they worked on this measure.

I also wish to thank the able help of the Congressional Research Service, headed by Fred Arner, Joseph Humphreys, Frank Crowley, Bob Guttman, and Glen Marcus, for the work necessary in the research, the hearings, and the draft of the committee report of a 1,300 pages and a bill over 900 pages long.

I think the Nation owes a debt of gratitude to these men who often are not seen and heard directly in the consideration of a measure of this sort but make such a valuable contribution to it.

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# H. CON. RES. 724

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 17, 1972

Mr. MILLS of Arkansas submitted the following concurrent resolution; which was considered and agreed to

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## CONCURRENT RESOLUTION

1        *Resolved by the House of Representatives (the Senate*  
2        *concurring)*, That in the enrollment of the bill (H.R. 1)  
3        to amend the Social Security Act, and for other purposes,  
4        the Clerk of the House of Representatives shall make the  
5        following corrections:

6        1. At the end of the table of contents, add the following:

“Sec. 405. Separation of social services not required.

“Sec. 406. Manuals and policy issuances not required without charge.

“Sec. 407. Effective date of fair hearing decision.

“Sec. 408. Absence from State for more than 90 days.

“Sec. 409. Rent payments to public housing agency.

“Sec. 410. Statewideness not required for services.

“Sec. 411. Prohibition against participation in food stamp or surplus commodities program by persons eligible to participate in employment or assistance programs.

“Sec. 412. Child welfare services.

“Sec. 413. Safeguarding information.”

1       2. In section 137 of the bill, strike out “(a)” after  
2 “SEC. 137.”.

3       3. In section 283 of the bill—

4           (A) strike out “(including a single service rehabil-  
5 itation facility)” in subsection (a) ;

6           (B) strike out “; except that” and all that follows  
7 down through “provided” in subsection (a) ;

8           (C) redesignate subsection (b) as subsection (c) ;  
9 and

10          (D) insert the following new subsection after sub-  
11 section (a) :

12       “(b) Section 1835(a) (2) of such Act (as amended  
13 by section 251 of this Act) is further amended—

14           “(1) by striking out the period at the end of sub-  
15 paragraph (C) and inserting in lieu thereof ‘; and’;  
16 and

17           “(2) by adding after subparagraph (C) the  
18 following new subparagraph:

19           “ ‘(D) in the case of outpatient speech pathology  
20 services, (i) such services are or were required because  
21 the individual needed speech pathology services, (ii) a  
22 plan for furnishing such services has been established  
23 and is periodically reviewed by a physician, and (iii)  
24 such services are or were furnished while the individual  
25 is or was under the care of a physician.’ ”.

1       4. In section 301 of the bill, in the proposed new sec-  
2 tion 1614 (a) (1), before the period at the end of clause  
3 (B) insert the following: “(including any alien who is law-  
4 fully present in the United States as a result of the applica-  
5 tion of the provisions of section 203 (a) (7) or section  
6 212 (d) (5) of the Immigration and Nationality Act)”.

7       5. In section 306 of the bill, strike out “October” the  
8 second place it appears and insert “September”.

9       6. In section 403 of the bill, strike out all that follows  
10 the colon and insert the following:

11           “(1) the amount, not to exceed \$50,000,000, pay-  
12 able to the State (as determined without regard to such  
13 section 1130) with respect to the total expenditures  
14 incurred by the State for services (of the type, and  
15 under the programs to which the allotment, as deter-  
16 mined under such subsection (b), is applicable) for the  
17 calendar quarter commencing July 1, 1972, plus

18           “(2) an amount equal to three-fourths of the amount  
19 of the allotment of such State (as determined under such  
20 subsection (b), but without application of the provisions  
21 of this section) :

22 *Provided, however,* That no State shall receive less under  
23 this section than the amount to which it would have been  
24 entitled otherwise under section 1130 of the Social Security  
25 Act.”

1       7. After section 411 of the bill, add the following new  
2 sections:

3                               “CHILD WELFARE SERVICES

4       “SEC. 412. Effective with respect to fiscal years begin-  
5 ning after June 30, 1972, section 420 of the Social Security  
6 Act is amended by striking out ‘\$55,000,000 for the fiscal  
7 year ending June 30, 1968, \$100,000,000 for the fiscal year  
8 ending June 30, 1969, and \$110,000,000 for each fiscal  
9 year thereafter’ and inserting in lieu thereof ‘\$196,000,000  
10 for the fiscal year ending June 30, 1973, \$211,000,000 for  
11 the fiscal year ending June 30, 1974, \$226,000,000 for the  
12 fiscal year ending June 30, 1975, \$246,000,000 for the fiscal  
13 year ending June 30, 1976, and \$266,000,000 for each fiscal  
14 year thereafter’.

15                               “SAFEGUARDING INFORMATION

16       “SEC. 413. (a) Section 2 (a) (7) of the Social Security  
17 Act is amended to read as follows:

18               “ ‘(7) provide safeguards which permit the use or  
19 disclosure of information concerning applicants or recip-  
20 ients only (A) to public officials who require such infor-  
21 mation in connection with their official duties, or (B) to  
22 other persons for purposes directly connected with the  
23 administration of the State plan;’.

24       “ (b) Section 1002 (a) (9) of such Act is amended to  
25 read as follows:

26               “ ‘(9) provide safeguards which permit the use or

1 disclosure of information concerning applicants or recip-  
2 ients only (A) to public officials who require such  
3 information in connection with their official duties, or  
4 (B) to other persons for purposes directly connected  
5 with the administration of the State plan;’.

6 “(c) Section 1402 (a) (9) of such Act is amended to  
7 read as follows:

8 “ ‘(9) provide safeguards which permit the use or  
9 disclosure of information concerning applicants or recip-  
10 ients only (A) to public officials who require such in-  
11 formation in connection with their official duties, or  
12 (B) to other persons for purposes directly connected  
13 with the administration of the State plan;’.

14 “(d) Section 1602 (a) (17) of such Act is amended to  
15 read as follows:

16 “ ‘(7) provide safeguards which permit the use or  
17 disclosure of information concerning applicants or re-  
18 cipients only (A) to public officials who require such  
19 information in connection with their official duties, or  
20 (B) to other persons for purposes directly connected  
21 with the administration of the State plan;’.

22 “RECIPIENTS OF ASSISTANCE FOR THE AGED, BLIND, AND  
23 DISABLED INELIGIBLE

24 “SEC. 414. (a) Section 402 (a) of the Social Security  
25 Act is amended (1) by striking out the period at the end  
26 thereof and inserting in lieu of such period ‘; and’, and (2)

1 by adding at the end thereof the following new clause:  
2 ‘(24) if an individual is receiving benefits under title XVI,  
3 then, for the period for which such benefits are received,  
4 such individual shall not be regarded as a member of a  
5 family for purposes of determining the amount of the benefits  
6 of the family under this title and his income and resources  
7 shall not be counted as income and resources of a family  
8 under this title.’

9 “(b) The amendments made by subsection (a) shall be  
10 effective on and after January 1, 1973.”

92<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. CON. RES. 724**

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**CONCURRENT RESOLUTION**

Directing the Clerk of the House of Representatives to make corrections in the enrollment of H.R. 1.

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By Mr. MILLS of Arkansas

OCTOBER 17, 1972

Considered and agreed to

SUMMARY OF THE PROVISIONS IN H.R. 1  
RELATING TO SOCIAL SECURITY CASH BENEFITS,  
MEDICARE, AND THE SUPPLEMENTAL SECURITY INCOME PROGRAM  
(AS PASSED BY THE CONGRESS AND SENT TO THE PRESIDENT)

	<u>Page</u>
I. Social Security Cash Benefits and Medicare Provisions	1
A. Cash Benefits	1
B. Medicare	8
C. Coverage	26
D. Financing	31
II. Provisions Relating to Supplemental Security Income for the Aged, Blind, and Disabled	32

Office of Program Evaluation  
and Planning  
October 17, 1972



## I. SOCIAL SECURITY CASH BENEFITS AND MEDICARE PROVISIONS

### A. CASH BENEFITS<sup>1/</sup>

#### 1. Increase in widow's and widower's benefits

A widow (or widower) who first becomes entitled to benefits at or after age 65 would receive a benefit equal to 100 percent of her deceased husband's primary insurance amount if he did not receive reduced benefits before his death. If he did receive reduced benefits, the widow's benefit could be no more than the amount her husband would be receiving if he were still alive. (A widow who becomes entitled to benefits at or after age 62 would receive no less than 82.5 percent of her husband's primary insurance amount.) Benefits for widows (or widowers) who become entitled to benefits between ages 62 and 65 would be reduced to take account of the longer period over which they are paid, just as a worker's benefit is reduced if he takes benefits before age 65. Benefits would range from 71.5 percent of the deceased husband's primary insurance amount at age 60 to 100 percent at age 65.

#### 2. Age-62 computation point for men

For men who reach age 62 in the future, benefits would be based on average monthly earnings figured up to age 62, as is now the case for women. The change would be accomplished in 3 steps: A man who reaches age 62 in 1973 would have his average earnings figured over a period 1 year shorter than under present law; a man who reaches age 62 in 1974 would have his average earnings figured over a period 2 years shorter than under present law. For men who reach age 62 in 1975 or later, the computation period would end at age 62 (3 years less than under present law). Similar changes would be made in the insured status requirements.

#### 3. Liberalization and automatic adjustment of the earnings test

The annual exempt amount of earnings would be increased from \$1,680 to \$2,100. The amount of wages an individual may earn in a month and still receive full benefits for the month would be raised from \$140 to \$175. Benefits would be reduced by \$1 for each \$2 of all earnings above \$2,100 so that there would be no point at which \$1 in benefits is withheld for each \$1 of earnings as under present law with respect to earnings above \$2,880. The retirement test annual exempt amount and monthly test would be increased automatically in the future according to the rise in general earnings levels.

In the year in which a person attains age 72, his earnings in and after the month of attainment of age 72 would not be included in determining his total earnings for the year. (Under present law, they are included.)

Effective for taxable years ending after 1972.

<sup>1/</sup> These provisions are effective January 1973 unless otherwise indicated.

#### 4. Delayed retirement credit

The bill would increase a worker's old-age benefit by 1 percent for each year (1/12 of 1 percent for each month) after 1970 for which the worker between age 65 and 72 did not receive benefits because of earnings from work. No increased benefit would be paid under the provision to the worker's dependents or survivors.

#### 5. Special minimum primary insurance amount

The bill would provide a special minimum benefit equal to \$8.50 multiplied by a worker's number of years of coverage under social security in excess of 10 years, up to a maximum of 30 years. The highest minimum benefit under this provision would be \$170 a month for a person (\$255 for a couple) who had 30 or more years of coverage. A special minimum benefit would be payable to people who worked for 20 or more years under social security--the point at which the special minimum benefit exceeds the regular minimum benefit of \$84.50. The special minimum would be paid as an alternative to the regular benefit in cases where a higher benefit results. The special minimum would not be raised under the automatic benefit increase provisions in present law.

#### 6. Reduced benefits for widowers at age 60

The bill would provide benefits for nondisabled widowers at age 60, as is now the case for widows.

#### 7. Amendments to the disability program

##### a. Reduction in waiting period for disability benefits

The 6-month waiting period throughout which a person must be disabled before disability benefits can begin would be reduced by 1 month, to 5 months. The first benefit would be payable for the sixth month of disability, rather than for the seventh month of disability, as under present law.

##### b. Insured status for blind workers

A blind person would be insured for disability insurance benefits if he is fully insured--i.e., has as many quarters of coverage as the number of calendar years that elapsed after 1950 (or the year he reached age 21, if later) and up to the year in which he became disabled. He would no longer have to meet the requirement of recent covered work (generally 20 quarters of coverage in the period of 40 calendar quarters preceding disablement).

c. Childhood disability benefits for people disabled before age 22

Childhood disability benefits would be extended to the disabled adult son or daughter of an insured deceased parent or a parent eligible for old-age or disability insurance benefits if the son or daughter became totally disabled after age 18 but before age 22. (Under present law, the benefits are limited to those disabled before age 18.) In addition, a person could become reentitled to childhood disability benefits if he again becomes disabled within 7 years after his prior entitlement to childhood disability benefits was terminated. (Under present law, a childhood disability beneficiary whose benefits are terminated cannot become reentitled to these benefits.)

This provision would be effective with the month of January 1973, on the basis of applications filed after September 30, 1972.

d. Disability benefits affected by the receipt of workmen's compensation

The bill would modify the provisions under which social security disability benefits are reduced where workmen's compensation is also payable. Under present law, social security disability benefits are reduced if the combined payments from both programs exceed 80 percent of the worker's average current earnings before disablement. Average current earnings for this purpose are now computed on two different bases and the larger amount is used. The bill would add a third alternative base under which a worker's average current earnings could be based on the one year of his highest earnings in a period consisting of the year of disablement and the 5 preceding years.

e. Disability applications filed after death

The application requirement for disability insurance benefits (and dependents' benefits based on the worker's entitlement to disability benefits) would be met if the application is filed within 3 months after the disabled worker's death, or within 3 months after enactment of the provision. (Under present law, an application must be filed while the disabled worker is alive, either by the disabled worker or, if he is unable to file an application, by another person on his behalf.)

The provision would apply in cases of death occurring after 1969.

f. Retroactive benefits for certain disabled people

The bill would provide disability benefits for certain periods of disability that began after 1959 and ended prior to 1964 which had been established by applicants under the 1967 amendments. Under the

1967 amendments, certain disabled people were allowed to establish a period of disability even though the period provided in the law for filing effective applications had expired. The 1967 provision was designed to protect a limited number of people who, when the disability program was new, had been so severely disabled that they did not have the opportunity or capacity to file an application.

This provision would be effective on enactment.

g. Trust fund expenditures for vocational rehabilitation services

The bill would authorize an increase in the amount of social security trust fund money that may be used to pay for the costs of rehabilitating social security disability beneficiaries. The amount would be increased from 1 percent of the previous year's disability benefits (as under present law) to 1.25 percent for fiscal year 1973 and to 1.5 percent for fiscal year 1974 and thereafter.

8. Elimination of support requirement for divorced and surviving divorced wives

The bill eliminates the provision of present law which requires that in order to qualify for benefits as a divorced wife, divorced widow, or surviving divorced mother a woman must show that: (1) there was a court order in effect providing for substantial contributions to the woman's support by her former husband, or (2) she received substantial contributions from her former husband pursuant to a written agreement, or (3) she received one-half of her support from her former husband.

9. Continuation of child's benefits through end of semester

The bill continues the payment of benefits for a child who is attending school full time when he reaches age 22 through the end of the semester or quarter in which he reaches such age if he has not received, or completed the requirements for, a bachelor's degree from a college or university. If the educational institution in which he is enrolled is not operated on a semester or quarter system, the bill would continue benefits until the month following the completion of the course in which he is enrolled or two calendar months have elapsed after the month in which he reaches age 22, whichever occurs first.

10. Adoptions by disability and old-age insurance beneficiaries

The bill repeals the different eligibility requirements in present law for entitlement to child's benefits for children who are adopted by old-age and disability insurance beneficiaries and provides new uniform requirements for both cases. Under the bill, a child who is adopted by a worker getting retirement or disability benefits, regardless of when the adoption occurs, may get benefits if: (1) the adoption was decreed

by a court of competent jurisdiction within the United States; (2) the child was living with and receiving at least one-half of his support from the worker for at least 1 year before the worker became entitled to retirement or disability benefits; and (3) the child was under age 18 at the time he began to live with the worker. (A child who was born in the 1-year period during which he would otherwise be required to have been living with and receiving at least one-half of his support from the retired or disabled beneficiary would be deemed to meet the living-with and support requirements if he was living with the beneficiary in the United States and receiving at least one-half of his support from the beneficiary for substantially all of the period occurring after the child was born.)

The provision would be effective with respect to benefits payable for January 1968 and after if an application for benefits is filed within 6 months after the month of enactment of the bill; otherwise the provision would be effective with respect to benefits payable for the month of enactment and after.

11. Benefits for a child based on the earnings record of a grandparent

The bill provides child's insurance benefits for a grandchild of a worker, or of his spouse, if: (1) the child was living with and receiving at least one-half of his support from the worker for the year immediately before the worker became disabled, or entitled to old-age or disability insurance benefits, or died; (2) the child began living with the worker before he attained age 18; and (3) at the time the worker became disabled, or entitled to old-age or disability benefits, or died, (a) the child's natural or adopting parents or stepparents were disabled or were not alive, or (b) the child was adopted by the worker's surviving spouse after the worker's death and the child's natural or adopting parent or stepparent was not living in the worker's household and making regular contributions toward the child's support at the time the worker died. (A child who was born in the 1-year period during which he would otherwise be required to have been living with and receiving at least one-half of his support from the grandparent would be deemed to meet the requirement if he was living with the grandparent in the United States and receiving at least one-half of his support from the grandparent for substantially all of the period occurring after the child was born.)

12. Child's insurance benefits not to be terminated by reason of adoption

The bill repeals the provisions of present law which require the termination of child's insurance benefits if the child is adopted by someone other than (1) his natural parent, (2) his natural parent's spouse jointly with the natural parent, (3) the worker (e.g., a stepparent) on whose earnings the child is getting benefits, or (4) a stepparent, grandparent, aunt, uncle, brother, or sister after the death of the worker on whose earnings the child is getting benefits.

The provision would become effective upon enactment. A child whose entitlement to benefits was terminated because he was adopted and who, except for such adoption, would still be entitled to benefits may, upon filing an application, become re-entitled to benefits effective with the month of enactment.

13. Duration-of-relationship requirement

The bill repeals the 3-month duration-of-relationship requirement in present law for cases of accidental death or death in the line of duty while a member of a uniformed service serving on active duty, but retains the prohibition in present law against the payment of benefits in cases where the relationship does not last for 9 months because of such deaths if the Secretary determines that at the time of the marriage of the deceased individual he could not have reasonably been expected to live for 9 months.

The bill also waives the duration-of-relationship requirement in present law for entitlement to benefits as a worker's widow, widower, or step-child in cases where the worker and his spouse were previously married, divorced, and then remarried, the relationship existed at the time of the worker's death, and the duration-of-relationship would have been met if the worker had died on the date he was divorced from his spouse.

14. Child's benefits in case of child entitled on more than one wage record

The bill provides that a child entitled to benefits on more than one wage record will receive benefits based on the earnings record which results in paying him the highest amount, if the payment does not reduce the benefit of any other individual entitled on that wage record.

15. Recomputation of benefits based on combined railroad and social security

The bill provides that the primary insurance amount of a deceased individual entitled to both railroad retirement and social security benefits during his lifetime will, if a lump-sum or monthly survivors benefits are payable under social security, be recomputed on the basis of his combined railroad retirement and social security earnings, whether or not he had earnings after 1965. (Effective upon enactment.)

16. Social security account numbers

The bill would make it a misdemeanor (1) to willfully, knowingly, and with intent to deceive the Secretary of Health, Education, and Welfare as to someone's identity, furnish false information to the Secretary in connection with the establishment and maintenance of social security

records; and (2) to use a social security number obtained on the basis of false information, to falsely represent a number to be a social security number, or to use someone else's social security number, for the purpose of increasing a payment under social security or any other federally funded program, or for the purpose of obtaining such payment.

The bill would also direct the Secretary to issue social security numbers to:

- (1) aliens at the time of their admission for permanent residence and aliens at the time they are admitted temporarily with permission to work or at the time their status is changed giving them permission to work;
- (2) any individual who applies for or receives benefits under any Federal or federally subsidized program; and
- (3) any individual who could have been but was not assigned a number under the categories listed above.

The Secretary would be authorized, although not directed, to issue social security numbers to schoolchildren, and to preschool children upon request by their parents or guardians.

The bill would also require the Secretary to establish the age, citizenship, alien status, and identity of all applicants for social security numbers.

These provisions would be effective upon enactment.

#### 17. Acceptance of money gifts made to social security

The bill authorizes the Managing Trustee of the social security trust funds to accept unconditional money gifts and bequests made to one or more of the social security trust funds or to the Department of Health, Education, and Welfare, or any part or officer thereof, for the benefit of any of the social security trust funds or any activity financed through such funds. Any such gift or bequest would be deposited in the trust fund designated by the donor, or if the donor has not so designated, in the Federal Old-Age and Survivors Insurance Trust Fund.

The provision would be effective upon enactment.

B. MEDICARE 1/1. Medicare for the disabled

The bill extends Medicare protection to persons entitled for not less than 24 consecutive months to cash benefits under the social security and railroad retirement programs because they are disabled. Those covered would include disabled workers at any age, disabled widows, and disabled dependent widowers between the ages of 50 and 65; women age 50 or older entitled to mother's benefits who, for 24 months prior to the first month they would have been entitled to Medicare protection, met all the requirements for disability benefits except for actual filing of a disability claim; people aged 18 and over who receive social security benefits because they became disabled before reaching age 22; and disabled qualified railroad retirement annuitants.

Medicare protection under the provision will begin with the later of (a) July 1973, or (b) the 25th consecutive month of an individual's entitlement to social security disability benefits and will terminate the month following the month notice of termination of disability benefits is mailed.

2. Chronic kidney disease deemed to constitute a disability for purposes of Medicare

The bill extends Medicare coverage to individuals under age 65 who are currently or fully insured or entitled to monthly social security benefits, and to the spouses and dependent children of such individuals, who require hemodialysis or renal transplantation for chronic renal disease. Such individuals are deemed to be disabled for purposes of coverage under parts A and B of Medicare. Eligibility for coverage begins with the 3rd month after the month in which a course of renal hemodialysis begins through the 12th month after the month in which an individual had a transplant or dialysis terminates. Benefits are parts A and B of Medicare with the usual deductibles and coinsurance. The Secretary is authorized to limit reimbursement for treatment to kidney disease treatment centers which meet regulatory requirements. These requirements include a minimal utilization rate for covered procedures and a medical review board to screen patients for medical suitability for treatment.

The provision will be effective July 1, 1973.

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1/ These provisions are effective upon enactment unless otherwise indicated.

### 3. Health Maintenance Organization option

The bill provides that individuals eligible for both part A and part B of Medicare, or for part B only, could choose to have their covered health care provided through a Health Maintenance Organization (a pre-paid group health or other capitation plan that meets prescribed standards). Two methods of reimbursement for HMO's would be established. Under the first method, an HMO would be "at risk" and payments would be made on an incentive capitation basis. This method could be used only by substantial, established HMO's and would permit the HMO and the Government to share according to a prescribed formula in any savings the HMO achieves relative to adjusted average per capita costs of covered health services for persons outside the HMO. The second method, which must be used by newly established HMO's and may be used by any other HMO, would provide for interim monthly capitation payments subject to adjustment at the end of the year reflecting the HMO's actual reasonable costs of providing Medicare-covered services.

A beneficiary enrolled with an established HMO which uses the risk-sharing method of reimbursement would receive covered services only through the HMO, except for emergency services, and urgently needed services received when he was temporarily outside the HMO's service area. A beneficiary enrolled in an HMO receiving cost reimbursement would not be required to use the HMO as his single source of health care. Payment would be made by Medicare in the usual manner for services he received outside the HMO.

The provision would become effective with respect to services provided on or after July 1, 1973.

### 4. Professional Standards Review Organizations

The bill provides for the establishment of Professional Standards Review Organizations (PSRO's) consisting of substantial numbers of practicing physicians (usually 300 or more) in local areas to assume responsibility for comprehensive and ongoing review of services covered under the Medicare, Medicaid, and maternal and child health care programs. The PSRO will be responsible for assuring that services were (1) medically necessary and (2) provided in accordance with professional standards. By January 1, 1974, the Secretary must establish PSRO areas throughout the United States. A PSRO will not be required to review other than institutional care and services unless such organization chooses to include the review of other services and the Secretary agrees. The provision requires recognition of and use by the PSRO of utilization review committees in hospitals and other medical organizations to the extent they are determined effective by the PSRO. PSRO's will not be involved with reasonable charge determinations. Safeguards are included, designed to protect the public interest, including

appeals procedures, and to prevent pro forma carrying out of review responsibilities.

Until January 1, 1976, the Secretary will be able to make an agreement only with a qualified organization which represents a substantial proportion of the physicians in the designated geographical area. Also, until January 1, 1976, the Secretary is required to poll the practicing physicians in the area, at the request of 10 percent or more of such physicians, as to whether or not an organization of physicians which has requested an agreement with the Secretary to establish a PSRO substantially represents the area's practicing physicians. If more than 50 percent of the practicing physicians responding to the poll indicate that the organization does not substantially represent them, the Secretary cannot enter into an agreement with that organization.

5. Level-of-care requirements in skilled nursing facilities

The bill broadens somewhat the Medicare definition of covered extended care services and makes the same definition applicable to skilled nursing facility services under Medicaid. Services covered are those services provided directly by or requiring the supervision of skilled nursing personnel, or skilled rehabilitation services, which the patient needs on a daily basis, and which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis. Medicare coverage will also continue during short periods when no skilled services were actually provided but when discharge from a skilled facility for such brief period is neither desirable nor practical.

This provision is applicable to services furnished after December 31, 1972.

6. Waiver of beneficiary liability in certain situations where Medicare claims are disallowed

Medicare beneficiaries will be "held harmless" in certain situations where claims are disallowed but the beneficiary is without fault, including cases where the disallowance is based on determinations that the services were not medically necessary or did not meet level-of-care requirements. Where the beneficiary is "held harmless," liability shifts either to Medicare or, where it is found that the provider has not acted with due care, to the provider.

This provision is applicable to claims for services provided after the date of enactment.

7. Advance approval of extended care and home health coverage

The bill authorizes the Secretary to establish, by medical condition, specific periods of time after hospitalization during which a patient

will be presumed to require an extended care level of services. Where a patient's physician certifies to the need for such care and submits to the extended care facility, in advance of admission, a plan for carrying out the services, the care furnished will be assumed to be the type of care which is covered as extended care. Comparable provisions applying to posthospital home health services are also included. However, the advance approval provisions can be declared inapplicable to patients of any physician who is found to be unreliable in certifying patients' need for such care. Also, an extended care facility's utilization review committee can terminate payment to a patient during the approved period if it determines that further inpatient stay was no longer medically necessary. The provision specifically restricts the retroactive application of regulations pertinent to the provision.

This provision is effective for admissions for extended care services or initiation of home health plans on or after January 1, 1973.

#### 8. Hospital insurance for the uninsured

The bill permits people reaching age 65 who are ineligible for hospital insurance to enroll, on a voluntary basis, for such coverage under the same conditions under which people can enroll for supplementary medical insurance. Enrollment for supplementary medical insurance is also required. Those who enroll will pay the full cost of the protection--\$33 a month at the beginning, and more in later years as hospital costs rise. States and public organizations, through agreements with the Secretary, are permitted to purchase such protection on a group basis for their aged retired (or active) employees.

Coverage under this provision will be effective on July 1, 1973.

#### 9. Medicare services outside the United States

The bill covers inpatient hospital services furnished a resident of the United States in a foreign hospital which is closer or substantially more accessible to his residence than the nearest suitable United States hospital. Part B payments for necessary physicians' and ambulance services furnished in connection with such hospitalization are also authorized. These benefits are payable without regard to whether an emergency exists. Medicare payments are also authorized for emergency inpatient hospital services and related physicians' services needed by beneficiaries while traveling in Canada between Alaska and another State.

This provision applies to hospital admissions after December 31, 1972.

10. Elimination of provisions preventing enrollment in supplementary medical insurance program more than 3 years after first opportunity

The bill would permit eligible persons to enroll in the supplementary medical insurance program during any prescribed enrollment period. Beneficiaries would no longer be required to enroll within 3 years following first eligibility or a previous withdrawal from the program. The present-law requirement that the supplementary medical insurance premium for late enrollees is increased 10 percent for each 12 months elapsing between the time they could have enrolled and actually do enroll would be retained.

This provision is effective on enactment and applies to all those who are ineligible to enroll because of the 3-year limit in effect under present law.

11. Coordination between Medicare and Federal employees' plans

Effective January 1, 1975, no payment will be made under Medicare for the same services covered under a Federal Employees Health Benefits (FEHB) plan unless in the meantime the Secretary certifies that such plan or the Federal Employees Health Benefits Program has been modified to make available coverage supplementary to Medicare benefits and that Federal employees and retirees will continue to have the benefit of a contribution toward their health insurance premiums from either the Government or the individual plan.

12. Uniform Medicare and Medicaid standards for nursing facilities

The bill establishes a single "skilled nursing facility" definition and a single set of health, safety, environmental, and staffing standards for institutions formerly identified as extended care facilities under Medicare and skilled nursing homes under Medicaid. In the future, extended care services covered under Medicare will be provided in institutions identified as "skilled nursing facilities" rather than as "extended care facilities." Under both Medicare and Medicaid, a "skilled nursing facility" will need to meet the existing statutory conditions of participation for extended care facilities plus certain additional requirements that skilled nursing homes must meet under existing Medicaid law. Where a skilled nursing facility desires to participate under both Medicare and Medicaid, the Secretary's determination that it meets Medicare standards would serve as well for Medicaid.

Uniformity of standards will be effective July 1, 1973.

13. Reimbursement rates for skilled nursing facilities and intermediate care facilities

States will be required to develop methods for reimbursing skilled nursing facilities and intermediate care facilities on a basis reasonably related to cost, and to implement these methods under Medicaid (after approval by the Secretary) by July 1, 1976. These State payment rates for skilled nursing facilities could then be used under Medicare in reimbursing for extended care services. The Medicaid rates could be adjusted upward, but not in excess of 10 percent, to account for specific factors related to Medicare which are not included by the State in the computation of Medicaid rates.

14. 14-day-transfer requirement for posthospital extended care benefits

The Medicare extended care benefit requirement that a patient's transfer to an extended care facility take place within 14 days of his discharge from a hospital is modified to permit a longer interval for patients whose conditions do not permit provision of skilled services within 14 days (e.g., a patient whose hip fracture has not mended to the point where physical therapy and restorative nursing can be utilized). An extension not to exceed 2 weeks beyond the original 14 days is authorized also in instances where admission to a facility providing extended care services is prevented because of a shortage of appropriate bed-space in a geographic area.

15. Medical social services

The bill prohibits the Secretary from requiring provision of medical social services as a condition of participation for skilled nursing facilities under Medicare and Medicaid.

16. Waiver of registered nurse requirement in skilled nursing facilities in rural areas

The Secretary is authorized to waive the requirement that a skilled nursing facility must employ a registered nurse full-time (to the extent that "full-time" is deemed to mean more than 40 hours a week) for certain rural skilled nursing facilities which are unable to assure the presence of a full-time registered nurse 7 days a week. A rural skilled nursing facility which has one full-time registered nurse and is making good-faith efforts to obtain another would be allowed a special waiver of the nursing requirement with respect to not more than two day-shifts, such as over a weekend. This special waiver would be authorized if the facility has

only patients whose physicians indicated that each such patient could be without a registered nurse's services for a 48-hour period. If the facility has any patients for whom physicians have indicated a need for daily skilled nursing services, the facility would have to make arrangements for a registered nurse or a physician to spend such time as is necessary at the facility to provide the skilled services needed.

17. Consultants for skilled nursing facilities

State agencies that are able and willing to do so could, with the Secretary's approval, furnish consultative services to skilled nursing facilities to enable them to meet Medicare requirements for use of consultants in certain specialty areas. Medicare payment would be made directly to the State agency for the cost of providing these consultative services.

18. Amount of supplementary medical insurance premium

As under present law, the Secretary will determine and promulgate in December 1972 and each year thereafter a monthly enrollee premium (applicable for both the aged and the disabled) for the following fiscal year. However, the enrollee premium will be increased only in the event of a general benefit increase--either an automatic increase or one that results from future legislation. In any given year, the premium will rise by no more than the percentage by which cash benefits have been increased across the board since the premium was last increased. Federal general revenues will finance that part of program costs not met through enrollee premiums.

The change is effective for the fiscal year beginning July 1973. The premium amount will be \$5.80 through June 1973.

19. Change in supplementary medical insurance deductible

The bill increases the supplementary medical insurance deductible from \$50 to \$60 as of January 1, 1973.

20. Elimination of coinsurance payment with respect to home health services under part B of Medicare

The bill provides that payments for home health services furnished under part B of Medicare shall be in amounts equal to 100 percent of the reasonable cost of services, rather than 80 percent as in prior law.

21. Automatic enrollment for supplementary medical insurance

The bill provides that the aged and disabled, except for residents of Puerto Rico and foreign countries, would be automatically enrolled for supplementary medical insurance as they become entitled to hospital insurance. Persons eligible for automatic enrollment would, to the extent possible, be fully informed and given an opportunity to decline the coverage.

This provision applies to any individual whose initial enrollment period begins after March 31, 1973, or who becomes entitled to hospital insurance after June 1973.

22. Physical therapy and other therapy services under Medicare

The bill provides coverage under the supplementary medical insurance program, beginning July 1, 1973, for the services of a physical therapist in independent practice when furnished in his office or the patient's home. Reimbursement would be based on not more than \$100 of incurred expenses in a calendar year.

Beginning January 1, 1973, a hospital or extended care facility may provide covered outpatient physical therapy services under the supplementary medical insurance program to its inpatients who have exhausted their days of hospital insurance coverage. In addition, payments to providers for the reasonable cost of physical therapy services furnished under arrangements with others will be limited to amounts equivalent to the salary and other costs that would have been payable if the services had been performed in an employment relationship, plus the cost of such expenses an individual not working as an employee might have, such as maintaining an office, travel expenses, and similar costs.

23. Coverage of speech pathology services under supplementary medical insurance program

The bill provides for coverage of outpatient speech pathology services furnished by approved providers of outpatient physical therapy under the same requirements applicable to the coverage of outpatient physical therapy services.

This provision will be effective January 1, 1973.

24. Coverage of chiropractors' services under supplementary medical insurance program

The bill provides coverage for the services of licensed chiropractors who also meet uniform minimum standards, but only with respect to treatment by means of manual manipulation of the spine, and only with respect to treatment of subluxation of the spine demonstrated by X-ray.

This provision will be effective July 1, 1973.

25. Extension of grace period for termination of supplementary medical insurance coverage where failure to pay premiums is due to good cause

The bill extends the 90-day grace period for an additional 90 days where the Secretary finds there is a good cause for failure to pay the premium before the expiration of the initial 90-day grace period.

This provision applies to cases of nonpayment of premiums due within the 90-day period preceding the date of enactment.

26. Extension of time for filing claim for supplementary medical insurance benefits where delay is due to administrative error

The bill permits supplementary medical insurance benefits to be paid to the beneficiary when a claim is not filed timely due to an administrative error. This provision assures that claimants will not be treated inequitably because of such an error.

This provision applies to bills submitted and requests for payment made after March 1968.

27. Waiver of enrollment period requirements where individual's rights were prejudiced by administrative error or inaction

The bill authorizes the Secretary to provide equitable relief in situations where an individual's enrollment or nonenrollment in part B of Medicare is other than it should be, because of administrative error, misrepresentation, or inaction on the part of an officer, employee, or agent of the Federal Government.

28. Requirement of minimum amount of claim to establish entitlement to hearing under supplementary medical insurance program

The bill requires that fair hearings be held by Medicare carriers in response to disagreements over amounts paid under supplementary medical insurance only when the amount in controversy is \$100 or more.

This provision applies to hearings requested after the enactment of this bill.

29. Collection of supplementary medical insurance premiums from individuals entitled to both social security and railroad retirement benefits

The bill provides that the Railroad Retirement Board will be responsible for collection of supplementary medical insurance premiums for all enrollees who are entitled under that program. The Railroad Retirement Board will be authorized to contract with a carrier or carriers for purposes of servicing its beneficiaries with respect to part B benefits.

This provision applies to premiums becoming due and payable after the 4th month after the month of enactment.

30. Refund of excess premiums under Medicare

The bill makes provision for the refund of hospital insurance or supplementary medical insurance premiums paid by or on behalf of a deceased individual for months after the month of death. Refund is to the person who paid the premiums, the legal representative of the estate, or other survivor, as appropriate.

31. Payment for prosthetic lenses under the supplementary medical insurance program

The bill provides for recognition of a licensed optometrist as a "physician" under Medicare, but only for the purposes of attesting to a beneficiary's need for prosthetic lenses, thus permitting payment for such lenses ordered by an optometrist. This change does not provide for the coverage of services that are not covered under present law.

32. Coverage of supplies related to colostomies

The bill provides coverage, effective upon enactment, for colostomy bags and supplies directly related to colostomy care as prosthetic devices under the supplementary medical insurance program.

33. Payment for supervisory physicians in teaching hospitals

The bill provides for teaching physicians in hospitals to be reimbursed on a cost basis for services to patients unless (1) the patient is a bona fide private patient, or (2) the hospital has customarily charged all patients, and collected from a majority of them, on a fee-for-service

basis. Also, a hospital will be permitted to include among its reimbursable costs the reasonable cost to a medical school of providing services to the hospital which, if provided by the hospital, would have been covered as hospital services.

The bill further authorizes reimbursement on a cost basis under part A of services furnished by an intern or resident in the field of podiatry under a teaching program approved by the Council on Podiatry Education of the American Podiatry Association.

The amendment with respect to supervisory physicians' in teaching hospitals is effective for accounting periods beginning after June 30, 1973. The provision relating to the services of podiatric interns and residents is effective with respect to accounting periods beginning after December 31, 1972.

#### 34. Limitation on Federal participation for capital expenditures

The bill authorizes the Secretary to withhold or reduce reimbursement amounts to providers of services under title XVIII for depreciation, interest, and, in the case of proprietary providers, a return on equity capital, or other expenses related to capital expenditures for plant and equipment in excess of \$100,000 which are determined to be inconsistent with State or local health facility plans. The Secretary would take such action on the basis of findings and recommendations submitted to him by various health facility planning agencies. However, if after consultation with an appropriate national advisory council, the Secretary determines that a disallowance of expenses would discourage the operation or expansion of an organization which has demonstrated capability of economically providing comprehensive health care services or would otherwise be inconsistent with effective organization and delivery of health services or effective administration of titles, V, XVIII, or XIX, he would be authorized to allow such expenses.

This provision is effective with respect to obligations for capital expenditures incurred after December 31, 1972, or earlier, if a State so requests.

#### 35. Experiments and demonstration projects in prospective reimbursement and incentives for economy

The bill authorizes the Secretary to develop experiments and demonstration projects designed to test various methods of making payment to providers of services on a prospective basis under the Medicare, Medicaid, and

maternal and child health programs. In addition, the Secretary is authorized to conduct experiments with methods of payment or reimbursement designed to increase efficiency and economy (including payment for services furnished by organizations providing comprehensive, mental, or ambulatory health care services, including ambulatory surgical centers); with performance incentives for intermediaries and carriers; with reimbursement implications of paying for services rendered by physicians' assistants; with the use of intermediate care and homemaker services by beneficiaries who either are ready for discharge from a hospital or are unable to maintain themselves at home without assistance; with programs designed to improve the rehabilitation of patients in long-term health care facilities; and to determine whether services of clinical psychologists might be made more generally available to persons eligible under Medicare and Medicaid.

36. Limitations on recognition of increase in prevailing charge levels for medical and other health services

The bill provides that, for the purpose of determining the reasonableness of charges by physicians under Medicare, Medicaid, and maternal and child health programs: (a) after December 31, 1970, medical charge levels recognized as prevailing may not be increased beyond the 75th percentile of actual charges in a locality during the calendar year elapsing prior to the start of the fiscal year; (b) for fiscal year 1974 and thereafter, the prevailing charge levels recognized for a locality may be increased, in the aggregate, only to the extent justified by indexes reflecting changes in costs of practice of physicians and in earnings levels; and (c) that for medical supplies, equipment, and services that, in the judgment of the Secretary, generally do not vary significantly in quality from one supplier to another, charges allowed as reasonable after December 1972 may not exceed the lowest levels at which such supplies, equipment, and services are widely and consistently available in a locality.

The existing Health Insurance Benefits Advisory Council is to conduct a study of the methods of reimbursement of physicians' fees under Medicare and report to the Congress no later than January 1, 1973.

37. Limits on costs recognized as reasonable

The bill authorizes the Secretary to limit provider costs to be recognized as reasonable under Medicare based on comparisons of the cost of covered services by various classes of providers in the same geographical area. For other than emergency care, hospitals and extended care facilities could charge beneficiaries for the costs of services in excess of those

found necessary to the efficient delivery of needed health services (except in the case of an admission by a physician who has a financial interest in the facility).

This provision is effective for accounting periods beginning after June 30, 1973.

38. Authority to terminate payments to suppliers of services

The bill provides authority for the Secretary to terminate or suspend payments under the Medicare program for services rendered by any supplier of health and medical services found guilty of program abuses. The Secretary is required to make the names of such persons or organizations public so that beneficiaries will be informed about which providers cannot participate in the program. The situations for which termination of payment will be made include overcharging, furnishing excessive, inferior, or harmful services, or making a false statement to obtain payment. Also, there will be no Federal financial participation in any expenditure under the Medicaid and maternal and child health programs by the State with respect to services furnished by a supplier to whom the Secretary would not make Medicare payments under this provision of the bill. Program review teams will be established to furnish professional advice to the Secretary in carrying out this authority. Any person or organization dissatisfied with the Secretary's decision to terminate payments will be entitled to a hearing by the Secretary and to judicial review of the Secretary's final decision.

39. Validation of surveys made by the Joint Commission on the Accreditation of Hospitals in Medicare

The bill authorizes the Secretary to enter into an agreement with any State under which the State certifying agency would survey hospitals accredited by the Joint Commission on Accreditation of Hospitals (JCAH) on a selective and limited basis, or would survey a specific hospital where the Secretary finds that a survey, or more limited investigation, is appropriate because he has received a substantial allegation, with evidence, of the existence of a condition significantly adverse to patient health or safety. These sample and special surveys will serve as a mechanism to validate the JCAH survey process. If in the course of such a survey an institution is found to have significant deficiencies, following timely discussion of such deficiencies with the JCAH, the detailed Medicare standards and compliance procedures will be applied in place of the general JCAH standards. The Secretary is authorized, after consultation with the JCAH, to promulgate standards, as necessary for health and safety, which may be higher or more precise than those of the JCAH and which all hospitals would have to meet after appropriate and adequate time for compliance.

. Government payment no higher than charges

The bill provides that payment for institutional services under the Medicare, Medicaid, and maternal and child health programs may, generally, not be higher than the charges regularly made for these services.

This provision is effective for accounting periods beginning after 1972.

. Institutional planning

The bill requires each provider of services, as a condition of participation under Medicare, to have a written plan reflecting an operating budget and a capital expenditures budget covering the immediate subsequent year and three accounting years. The plan, which will be reviewed and updated annually, is expected to contain information outlining the services to be provided in the future, the estimated costs of providing such services (including proposed capital expenditures in excess of \$100,000 for acquisition or improvement of land, buildings, and equipment and replacement, modernization, and expansion of the buildings and equipment), and proposed methods of financing the costs.

This provision is effective for a provider of services for any fiscal year beginning after the 5th month following the month of enactment.

. Prohibition against reassignment of claims

The bill prohibits payment under Medicare and Medicaid to anyone other than the patient, his physician, or other person who provided the service, unless the physician or other person is required as a condition of his employment to turn over his fees to his employer, or unless the physician or other person has an arrangement with the facility in which the services are provided under which the facility bills for the services. Direct payment could, however, be made to a foundation or other organization which provides and administers health care through an organized health care delivery system.

This provision will be effective with respect to bills submitted after enactment for Medicare, and for Medicaid it will be effective January 1, 1973, or earlier, if the State plan so provides.

. Notification of unnecessary admission to a hospital or extended care facility

The bill expands the responsibility of hospital and extended care facility utilization review committees to require notification in any case which,

in the course of a review of a current sample of admissions, it is determined that admission to or further stay in the institution is not medically necessary. Payment would be terminated under the same procedures now applied to cases of extended duration where the committee determines that further stay is not medically necessary.

44. Hospital admissions for dental services

The bill requires a certification of medical necessity to be made where a patient must be hospitalized in connection with a dental procedure for management of other severe impairments. The dentist who is caring for the patient may make the determination that such hospitalization is necessary without the need for a corroborating certification by a physician.

Hospital stays under this provision will be covered effective with admissions after the 2nd month following the month of enactment.

45. Durable medical equipment

The bill will authorize the Secretary to experiment with reimbursement approaches designed to prevent unreasonable expenses to Medicare resulting from prolonged rentals (rather than purchase) of durable medical equipment and to implement without further legislation any purchase approach found to be workable, desirable, and economical.

46. Penalties for fraudulent acts and false reporting under Medicare and Medicaid

Present penalty provisions relating to the making of a false statement or representation of a material fact in any application for Medicare or Medicaid payments would be broadened to include the soliciting, offering, or acceptance of kickbacks or bribes by providers of health care services; concealment or failure to disclose an event affecting a person's right to benefits with intent to defraud; or converting benefit payments to improper use. The penalty for such acts is imprisonment up to one year, a fine of \$10,000, or both. Similarly, anyone who knowingly and willfully makes a false statement of material fact with respect to the conditions and operation of a facility or agency to secure Medicare or Medicaid certification or recertification would be guilty of a misdemeanor punishable by up to 6 months' imprisonment, a fine of not more than \$2,000, or both.

47. Proficiency testing for health personnel

The bill requires the Secretary (in conjunction with appropriate professional health organizations and State health and licensure agencies) to explore, develop, and apply appropriate means of determining the proficiency of health personnel disqualified or limited in responsibility under present Medicare regulations. Such testing program would be applied through December 31, 1977, after which persons entering the health care fields in question would need to meet the regular formal education, professional membership, or other requirements.

48. Provider Reimbursement Review Board

The bill would establish a Provider Reimbursement Review Board to review disputes between an intermediary and a provider concerning the intermediary's final determination (or failure to make a timely final determination) on a properly filed cost report, where the amount in controversy is at least \$10,000. Groups of providers could appeal to the Board on common issues where the amounts in controversy aggregate \$50,000 or more. Decisions of the Board would be final unless the Secretary reverses the Board's decision within 60 days, in which case the provider would have the right to judicial review.

The provision is effective with respect to cost reports for accounting periods ending on or after June 30, 1973.

49. Withholding of Federal Medicaid matching amounts for certain terminated Medicare providers

The bill authorizes the Secretary to withhold (subsequent to 60 days notice to a State) future Federal Medicaid payments with respect to institutions which have withdrawn from Medicare without refunding Medicare overpayments or submitting cost reports to account for Medicare payments to them during their participation in that program.

50. Authority of Secretary to administer oaths and affirmations in Medicare proceedings

The bill permits the Secretary, in carrying out his responsibility for administration of the Medicare program, to administer oaths and affirmations in the course of any hearing, investigation, or other proceeding.

51. Appeals and judicial review under Medicare

The bill clarifies existing law by specifying that there is no authorization for an appeal to the Secretary or for judicial review on matters solely involving amounts of benefits under part B and that insofar as the amount of benefits under part A is involved, such an appeal is authorized only if the amount in controversy is \$100 or more and such judicial review is authorized only if the amount in controversy is \$1,000 or more.

52. Disclosure of information concerning performance of carriers, intermediaries, State agencies, and providers of services

The bill requires the Secretary regularly to make public the following types of evaluations and reports: (1) individual contractor performance reviews and other formal evaluations of the performance of carriers, intermediaries, and State agencies, including the reports of follow-up reviews; (2) comparative evaluations of the performance of contractors--including comparisons of either overall performance or of any particular contractor operation; (3) program validation survey reports--with the names of individuals deleted. Contractors or providers being evaluated will be given reasonable opportunity to review and comment on such reports; pertinent parts of their comments will be incorporated in the reports.

This provision applies to reports which are completed by the Secretary after the 3rd calendar month following enactment.

53. Public disclosure of surveys of providers

The bill requires the Secretary to make available to the public information from surveys of providers relating to the presence or absence of deficiencies in areas such as staffing, fire safety, and sanitation. Following completion of a survey of a health care facility or organization, those portions of the survey findings relating to statutory requirements as well as major additional health and safety requirements will be matters of public record. In the case of Medicare, such information will be available for inspection within 90 days of completion of the survey upon request in social security district offices and, in the case of Medicaid, the information will be available in local welfare offices.

The provision is effective 6 months following enactment.

54. Waiver of recovery of incorrect payments from survivor who is without fault under Medicare

Where a survivor is liable for payment of a Medicare overpayment to a deceased beneficiary, the bill permits waiver of recovery of the overpaid amount if the survivor is without fault in incurring the overpayment.

This provision applies to overpayments outstanding at the time of enactment of the bill.

55. Waiver of recovery of erroneous payment

The bill limits Medicare's right of recovery of an erroneous payment to a 3-year period from the date of the payment, where the institution or person involved acted in good faith. Similarly, the Secretary would specify a reasonable period of time (not to exceed 3 years) after which Medicare would not be required to accept claims for underpayment or nonpayment.

The limit on right of recovery applies to notices of payment sent after 1968. The limit on filing claims applies to services furnished after 1970.

56. Payment to laboratories under the supplementary medical insurance program for diagnostic tests

The bill authorizes the Secretary, with respect to diagnostic laboratory tests for which payment is to be made to a laboratory on the basis of an assignment by the beneficiary, to negotiate a payment rate with the laboratory which would be considered the full charge for such tests. Reimbursement would be made at 100 percent of such negotiated rate, which would be limited to an amount not exceeding the payment that would have been made in the absence of such rate.

57. Modification of role of the Health Insurance Benefits Advisory Council

The bill limits the role of the Health Insurance Benefits Advisory Council (HIBAC) to that of advising the Secretary on matters of general policy in the administration of Medicare.

## C. COVERAGE

### 1. Wage credits for members of the uniformed services

Noncontributory wage credits would be provided, in addition to contributory credits for basic pay, for military service during the period January 1957 (when military service was first covered under social security) through December 1967. (Under present law such credits are provided for military service beginning with January 1968.) Under the bill, the wage credits would uniformly be \$300 for each quarter in which the serviceman receives military pay, rather than \$100, \$200, or \$300 depending on the amount of covered military pay in the quarter, as under present law.

Effective for monthly benefits after December 1972.

### 2. Coverage of vow-of-poverty members of religious orders

Coverage would be extended to members of a religious order who have taken a vow of poverty (with respect to services performed in the exercise of duties required by the order) as employees of the order if the order makes an irrevocable election of coverage for its entire active membership and for its lay employees. Wages for social security purposes would be the fair market value of any board, lodging, clothing, and other perquisites furnished to the member (but not less than \$100 a month). Each order could elect up to 5 years of retroactive coverage for persons who were active members on the day coverage took effect.

Effective upon enactment.

### 3. Optional method of determining net earnings from nonfarm self-employment

Nonfarm self-employed persons would have the option (comparable to that now available to farm operators) of reporting as their earnings for social security purposes two-thirds of their gross income from nonfarm self-employment, but not more than \$1,600 in a year. This optional method of reporting could not be used more than five times by any self-employed person, and it could be used in a taxable year only if the person had actual net earnings from self-employment of \$400 or more in at least two out of the three immediately preceding taxable years. The optional method could be used only if actual net earnings from self-employment were less than \$1,600 and less than two-thirds of gross income--it could not be used to report and pay social security taxes on an amount less than actual net earnings.

Effective for taxable years beginning after December 1972.

4. Self-employment income of certain individuals temporarily living outside the United States

U.S. citizens self-employed outside the United States who retain their residence in the United States would compute their earnings from self-employment for social security purposes in the same way as those who are self-employed in the United States. Under present law, in computing earnings from self-employment, a U.S. citizen who retains his residence in the United States but who is present in a foreign country for 510 days (approximately 17 months) out of 18 consecutive months must exclude the first \$20,000 of earned income for social security contributions purposes.

Effective for taxable years beginning after December 1972.

5. Computation of income of American ministers and members of religious orders performing services outside the United States

American clergymen serving foreign congregations outside the United States would compute their self-employment income for social security purposes without regard to the earned-income-abroad exclusions. Under present law, American clergymen in foreign countries who do not elect to be exempt from coverage and who are employees of an American employer or who have congregations composed predominantly of citizens of the United States, compute their self-employment income for social security purposes in the same manner as covered clergymen in the United States. However, all other clergymen outside the United States who have not elected to be exempt from social security coverage are subject to the earned-income-abroad exclusions, which provide that the first \$20,000 earned abroad by a U.S. citizen physically present in a foreign country for at least 510 days out of an 18-consecutive-month period and the first \$25,000 earned abroad by a U.S. citizen who is a bona fide resident of a foreign country for an entire year are excluded from gross income for income tax purposes and social security coverage.

Effective for taxable years beginning after December 1972.

6. Payments to survivor or estate of former employee

Amounts earned by a worker in covered employment which are paid to his survivor or his estate after the year in which the worker died would be excluded from the definition of wages for social security purposes. Under present law, such wages are covered and are subject to social security contributions even though the wages cannot be used to determine insured status or the amount of benefits payable.

Effective with regard to payments made after December 1972.

7. Payments by employer to disabled former employee

Amounts paid to an employee after the year in which the employee became entitled to social security disability insurance benefits would be excluded from coverage if the employee did not perform any services for the employer during the period for which the payment is made. Under present law, such wages are covered and are subject to social security contributions even though the worker is disabled and is no longer employed.

Effective for any payment made after December 1972.

8. Wage credits for certain individuals interned during World War II

Noncontributory social security wage credits would be provided for U.S. citizens of Japanese ancestry for the period they were interned by the U.S. Government during World War II and were aged 18 and over. The amount of the credits would be based on the then prevailing minimum wage or the individual's prior earnings, whichever were larger.

Effective with benefits payable after December 1972.

9. State and local governmental employees

a. Exclusion from coverage of students employed by nonprofit organizations auxiliary to schools, colleges, and universities

Services of a student performed in the employ of an auxiliary nonprofit organization which is organized and operated exclusively for the benefit of, and supervised or controlled by, the school, college, or university at which the student is enrolled and regularly attends classes would be excluded from social security coverage. (These auxiliary nonprofit organizations generally operate such enterprises as bookstores, housing, publishing, or food services.) The exclusion would not apply to the services of a student for an organization connected with a public school, college, or university whose student employees were covered under social security pursuant to a State coverage agreement.

Applies to services performed after December 1972.

b. Termination of coverage of registrars of voters in Louisiana

Louisiana would be able to terminate coverage of services performed by registrars of voters and employees of the registrars without terminating coverage of other State employees. If coverage were terminated, the State could not again cover the registrars and their employees, but the termination of coverage would not prevent extension of coverage to other employees of the State.

The coverage could be terminated with respect to services performed after 1975, if the State files notice with the Secretary of its intent to terminate coverage on or before December 31, 1973.

c. Coverage of certain Government employees of Guam

Social security coverage would be extended, with a few exceptions, to services of temporary or intermittent employees of the Government of Guam whose services were not covered under a retirement system of the United States or Guam.

Effective with respect to services performed on or after the first day of the first calendar quarter after enactment.

d. Coverage of certain hospital employees in New Mexico

New Mexico could, under its coverage agreement with the Secretary, provide social security coverage for employees of certain public hospitals without regard to the provisions of the Social Security Act which set forth the conditions under which a State may cover a group of employees. (Because of a misunderstanding, certain hospital employees were unintentionally covered under the New Mexico Public Employees Retirement Association for a short period, and this coverage prevents these employees from obtaining social security coverage because of the provisions of the Social Security Act that are designed to protect the rights of State employees against the replacement of coverage under a State or local retirement system by social security coverage.)

New Mexico would be able to provide such coverage by modifying its coverage agreement with the Secretary by the end of the third month following enactment.

e. Coverage of certain West Virginia policemen and firemen

West Virginia could, by modification of its coverage agreement with the Secretary, provide social security coverage at any time before 1974 for certain policemen and firemen who were in positions covered under a State or local retirement system and any wages erroneously reported in the past for such policemen and firemen would be validated.

Effective upon enactment.

f. Exclusion from coverage of certain students and certain part-time employees covered under State agreements

A State could modify its social security coverage agreement with the Secretary to remove from coverage two types of services-- services of students employed by the public school, college, or university which they were attending and the services of part-time employees of a State or political subdivision. Under present law, such services can be excluded at the option of the State at the time coverage is extended to State and local government employees, but once the coverage is provided it cannot be terminated without terminating coverage of all the other employees in the coverage group.

A State could modify its coverage agreement before January 1, 1974.

g. Coverage of Federal Home Loan Bank employees

Social security coverage would be provided for current and future employees of Federal Home Loan Banks. Individuals who were Federal Home Loan Bank employees when the coverage became effective would also have any services they performed for such a bank in the 5 previous calendar years covered if the employer and employee social security contributions with respect to such services were paid by July 1, 1973 (or by a later date upon agreement with Treasury).

Effective with respect to services performed in the employ of such banks starting with the first day of the calendar quarter which begins on or after the date of enactment.

h. Policemen and firemen in Idaho

Idaho would be added to the list of States in the law which may provide social security coverage for policemen and firemen who are in positions covered under a State or local retirement system.

Effective upon enactment.

## D. FINANCING

Consistent with the policy of maintaining the social security program on a sound financial basis, which has been followed in the past, the bill makes provision for meeting the cost of the expanded program. Under the bill, the cost of the cash benefits program and the cost of the hospital insurance program would be financed by revised contribution rate schedules. For 1973, the combined contribution rate for cash benefits and hospital insurance would increase from the 5.5 percent each for employers and employees now scheduled in the law to 5.85 percent each. The bill would not change the provisions of present law pertaining to the contribution and benefit base; under the law the base will increase from \$9000 in 1972 to \$10,800 in 1973, to \$12,000 in 1974, and automatically thereafter as earnings levels rise.

Under the bill, as under present law, the cost estimates underlying the contribution rates would be based on the new financing principles which were adopted earlier this year with the enactment of Public Law 92-336. The new financing principles, which are described in Commissioner's Bulletin No. 125, were recommended by the 1971 Advisory Council on Social Security.

The contribution rate schedules under present law and under the bill are as follows:

Calendar Year	OASDI		HI		TOTAL	
	Present Law	H.R. 1	Present Law	H.R. 1	Present Law	H.R. 1
Employer-employee, each						
1972	4.60%	4.60%	0.60%	0.60%	5.20%	5.20%
1973-77	4.60	4.85	0.90	1.00	5.50	5.85
1978-80	4.50	4.80	1.00	1.25	5.50	6.05
1981-85	4.50	4.80	1.00	1.35	5.50	6.15
1986-92	4.50	4.80	1.10	1.45	5.60	6.25
1993-97	4.50	4.80	1.20	1.45	5.70	6.25
1998-2010	4.50	4.80	(1.20)	(1.45)	(5.70)	(6.25)
2011 +	5.35	5.85	(1.20)	(1.45)	(6.55)	(7.30)
Self-employed						
1972	6.90%	6.90%	0.60%	0.60%	7.50%	7.50%
1973-77	6.90	7.00	0.90	1.00	7.80	8.00
1978-80	6.70	7.00	1.00	1.25	7.70	8.25
1981-85	6.70	7.00	1.00	1.35	7.70	8.35
1986-92	6.70	7.00	1.10	1.45	7.80	8.45
1993-97	6.70	7.00	1.20	1.45	7.90	8.45
1998-2010	6.70	7.00	(1.20)	(1.45)	(7.90)	(8.45)
2011 +	7.00	7.00	(1.20)	(1.45)	(8.20)	(8.45)

## II. PROVISIONS RELATING TO SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

The existing Federal-State programs of aid to the aged, blind, and permanently and totally disabled would be repealed, effective January 1, 1974 (except in Puerto Rico, the Virgin Islands and Guam), and a new, totally Federal supplemental security income program would become effective on that date. The new national program is designed to provide financial assistance to needy people who have reached age 65 or are blind or disabled and would be established by amending title XVI of the Social Security Act. The program would be administered by the Social Security Administration.

The eligibility requirements and other provisions of the new program are as follows:

### Eligibility for and amount of benefits

Individuals or couples could be eligible for assistance if their monthly income is less than the amount of the full monthly payment. Full monthly benefits would be \$130 for an individual and \$195 for an individual who has an eligible spouse. Benefits would not be paid for any full month the individual is outside the United States.

The Secretary would establish the circumstances under which gross income from a trade or business, including farming, is large enough to preclude eligibility (net income notwithstanding). People who are in hospitals or nursing homes getting Medicaid funds on their behalf would be eligible for benefits of up to \$25 a month in lieu of their regular benefits. People who fail to apply for annuities, pensions, workmen's compensation, and other such payments to which they may be entitled would not be eligible.

### Definition of income

In determining an individual's eligibility and the amount of his benefits, both his earned and unearned income would have to be taken into consideration. The definition of earned income would follow generally the definition of earnings used in applying the retirement test under the social security program. Unearned income would mean all other forms of income, among which are benefits from other public and private programs, prizes and awards, proceeds of life insurance not needed for expenses of last illness and burial (with a maximum of \$1,500), gifts, inheritances, rents, dividends, interest, and so forth. For people who live as members of another person's household, the value of their room and board would be deemed to be one-third of the full monthly payment.

The following items would be excluded from income:

1. \$20 of any income (earned or unearned) other than income paid on the basis of need.
2. \$65 of earnings per month and one-half above that (plus income necessary for fulfillment of plans for self-support for the blind and disabled and work expenses for the blind).
3. Within reasonable limits, earnings of a student regularly attending school.
4. Irregular and infrequent earned income of an individual of \$30 or less in a quarter and irregular and infrequent unearned income of \$60 or less in a quarter.
5. Any amount received from a public agency as a refund of taxes paid on real property or on food purchased.
6. The tuition and fees part of scholarships and fellowships.
7. Home produce.
8. One-third of child-support payments from an absent parent.
9. Foster care payments for a child placed in the household by a child-placement agency.
10. Supplementary benefits based on need and provided by a State or political subdivision.

Exclusions from resources

Generally, individuals would not be eligible for payments if they had resources in excess of \$1,500 and couples would not be eligible if their resources exceeded \$2,250. Those individuals or couples, though, receiving aid to the aged, blind, and disabled in December 1973 under an approved State plan, whose resources were greater than those permitted under the Federal program will be considered not to have exceeded this amount provided the resources did not exceed the maximum amount permitted under the State plan as in effect for October 1972. The following items would be excluded from resources:

1. The home and appurtenant land to the extent that their value does not exceed a reasonable amount.
2. Household goods, personal effects, and an automobile, not in excess of a reasonable amount.
3. Other property which is essential to the individual's support (within reasonable value limitations).
4. Life insurance policies, if their total face value is \$1,500 or less; otherwise, insurance policies would be counted only to the extent of their cash surrender value.
5. Resources of a blind or disabled individual necessary for fulfillment of an approved plan of self-support.
6. Shares of certain non-negotiable stock held in a Regional or Village Corporation by Alaskan natives.

The Secretary would prescribe periods of time and manners in which excess property must be disposed of in order that it not be included as resources. An individual who disposes of property to a relative for less than fair market value within one year before filing an application cannot become eligible for benefits if the retention of this property would have made him ineligible.

#### Meaning of terms

An eligible individual must be a resident of the United States and a citizen or an alien admitted for permanent residence or otherwise permanently residing in the United States under color of law, and be aged, blind, or disabled.

Aged individual: One 65 years of age or older.

Blind individual: An individual who has central visual acuity of 20/200 or less in the better eye with the use of a correcting lens, or equivalent impairment in the fields of vision.

Disabled individual: An individual who is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which is expected to last, or has lasted, for 12 months or can be expected to result in death. (This definition is the same as now used for social security disability benefits.) A child under age 18 who is not engaging in substantial gainful activity would be

considered disabled if he suffers from any medically determinable physical or mental impairment of comparable severity. A disabled individual would be entitled to a 9-month trial work period unless he had had a prior trial work period during a period of eligibility based on the same disability. A disabled individual who is medically determined to be an alcoholic or drug addict would not be entitled to benefits under this program unless he undergoes appropriate available treatment in an approved facility.

Those blind or disabled individuals who are on the benefit rolls in December 1973 under existing State programs would be considered blind or disabled for purposes of this program provided they met the definition of disability or blindness which was in effect as of October 1972.

**Eligible spouse:** An aged, blind, or disabled individual who is the husband or wife of an individual who is aged, blind, or disabled and who has not been living apart from such other spouse for more than 6 months.

**Child:** An unmarried person who is not the head of a household and who is either under the age of 18, or under the age of 22 and attending school regularly.

**Determination of marital relationship:** Appropriate State law will apply except that, if two people were determined to be married for purposes of receiving social security cash benefits, they will be considered to be married, and two persons holding themselves out as married in the community in which they live would be considered married for purposes of this program.

Income and resources of a spouse living with an eligible individual will be taken into account in determining the benefit amount of the individual, whether or not the income and resources are available to him. Income and resources of a parent may count as income of a disabled or blind child.

#### Rehabilitation services

Disabled and blind beneficiaries would be referred to State agencies for vocational rehabilitation services. A beneficiary who refused without good cause any vocational rehabilitation services offered would not be eligible for benefits.

#### Optional State supplementation

A State may supplement the Federal benefits and the supplementary payments would be excluded as income for purposes of the Federal supplemental security income Program. In addition, the State would have the option

of having the Federal Government make the supplementary payments and absorb the administrative costs. The Federal Government, in administering supplemental benefits on behalf of a State, would be required to recognize a residency requirement if the State decided to impose such a requirement.

#### Payments and procedures

Declarations of the applicant concerning eligibility or other relevant facts will be verified from independent or collateral sources, and additional information will be obtained as necessary.

Benefits could be paid monthly, or otherwise, as determined by the Secretary of Health, Education, and Welfare. Benefits could be paid to an individual, an eligible spouse, partly to each, or to another interested party on behalf of the individual. In the case of a disabled individual who is medically determined to be an alcoholic or drug addict, benefits would be paid to a representative payee. The Secretary could determine ranges of incomes to which a single benefit amount may be applied.

Cash advances of up to \$100 could be paid if an applicant appears to meet all the eligibility requirements and is faced with a financial emergency. Applicants apparently eligible for benefits on the basis of disability could be paid benefits for up to three months while their disability claim was in process.

The Secretary may arrange for adjustment and recovery in the event of overpayments or underpayments, and could waive overpayments to achieve equity and avoid penalizing people who were without fault.

People who are, or claim to be, eligible for benefits and who disagree with determinations of the Secretary, could obtain hearings if they request them within 30 days. Final determinations would be subject to judicial review in Federal district courts, but the Secretary's decisions as to any fact would be conclusive and not subject to review by the courts.

The right of any person to any future benefit would not be transferable or assignable, and no money payable under the program would be subject to execution, levy, attachment, garnishment, or other legal process.

If an individual fails to report events and changes relevant to his eligibility without good cause, benefits which may be payable to the individual would be terminated or reduced.

The heads of other Federal agencies would be required to provide such information as the Secretary of Health, Education, and Welfare needs to determine eligibility for benefits.

Penalties for fraud

A penalty of up to \$1,000 or up to one year imprisonment, or both, would be provided in case of fraud under the program.

Administration

The Secretary of Health, Education, and Welfare may make administrative and other arrangements as necessary to carry out the purposes of the program and the States could enter into agreements to administer the Federal benefits during a transitional period.

Prohibition against participation in food stamp and surplus commodity programs by recipients of payments under the supplemental security income program

Individuals who are eligible for benefits under the new assistance program (or who would be if they filed an application) would be excluded from participation in the food stamp and surplus commodity programs.

Determination of Medicaid eligibility

The Secretary would be able to enter into agreements with States under which he would determine eligibility for Medicaid for those eligible for payments under the supplemental security income program. The State would pay half of the Secretary's additional administrative costs arising from carrying out the agreement.

Transitional administration of the supplemental security income program

The Secretary could enter into an agreement with a State under which the State would administer the supplemental security income program for a period of up to one year from the January 1, 1974, effective date of the program.

Limitations on increases in State welfare expenditures

States would be guaranteed that, if they provide payments which are in supplementation to the Federal supplemental security income program and which are administered by the Federal Government, it would cost them no more to do so than the amount of their total expenditures for cash public assistance payments to aged, blind, or disabled individuals during calendar year 1972, to the extent that the Federal payments and the State supplementary payments to recipients do not exceed the payment levels in effect under the public assistance programs in the State for January 1972, plus the value of food stamps if the State pays in cash the value of food stamps.



Public Law 92-603  
92nd Congress, H. R. 1  
October 30, 1972

## An Act

86 STAT. 1329

To amend the Social Security Act, 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 1972".

Social Security  
Amendments of  
1972.

### TABLE OF CONTENTS

#### TITLE I—PROVISIONS RELATING TO OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

- Sec. 101. Special minimum primary insurance amount.
- Sec. 102. Increased widow's and widower's insurance benefits.
- Sec. 103. Delayed retirement credit.
- Sec. 104. Age-62 computation point for men.
- Sec. 105. Liberalization and automatic adjustment of earnings test.
- Sec. 106. Exclusion of certain earnings in year of attaining age 72.
- Sec. 107. Reduced benefits for widowers at age 60.
- Sec. 108. Entitlement to child's insurance benefits based on disability which began between age 18 and 22.
- Sec. 109. Continuation of child's benefits through end of semester.
- Sec. 110. Child's benefits in case of child entitled on more than one wage record.
- Sec. 111. Adoptions by disability and old-age insurance beneficiaries.
- Sec. 112. Child's insurance benefits not to be terminated by reason of adoption.
- Sec. 113. Benefits for child based on earnings record of grandparent.
- Sec. 114. Elimination of support requirement as condition of benefits for divorced and surviving divorced wives.
- Sec. 115. Waiver of duration-of-relationship requirement for widow, widower, or stepchild in case of remarriage to the same individual.
- Sec. 116. Reduction from 6 to 5 months of waiting period for disability benefits.
- Sec. 117. Elimination of disability insured-status requirement of substantial recent covered work in case of individuals who are blind.
- Sec. 118. Applications for disability insurance benefits filed after death of insured individual.
- Sec. 119. Workmen's compensation offset for disability insurance beneficiaries.
- Sec. 120. Wage credits for members of the uniformed services.
- Sec. 121. Optional determination of self-employment earnings.
- Sec. 122. Payments by employer to survivor or estate of former employee.
- Sec. 123. Coverage of vow-of-poverty members of religious orders.
- Sec. 124. Self-employment income of certain individuals temporarily living outside the United States.
- Sec. 125. Coverage of Federal Home Loan Bank employees.
- Sec. 126. Policemen and firemen in Idaho.
- Sec. 127. Coverage of certain hospital employees in New Mexico.
- Sec. 128. Coverage of certain employees of the government of Guam.
- Sec. 129. Coverage exclusion of students employed by nonprofit organizations auxiliary to schools, colleges, and universities.
- Sec. 130. Penalty for furnishing false information to obtain social security account number, and for deceptive practices involving social security account numbers.
- Sec. 131. Increase of amounts in trust funds available to pay costs of rehabilitation services.
- Sec. 132. Acceptance of money gifts made unconditionally to social security.
- Sec. 133. Payment in certain cases of disability insurance benefits with respect to certain periods of disability.
- Sec. 134. Recomputation of benefits based on combined railroad and social security earnings.
- Sec. 135. Changes in tax schedules.
- Sec. 136. Allocation to disability insurance trust fund.

- Sec. 137. Method of issuance of social security account numbers.
- Sec. 138. Payments by employer to disabled former employee.
- Sec. 139. Termination of coverage of registrars of voters in Louisiana.
- Sec. 140. Computation of income of American ministers and members of religious orders performing services outside the United States.
- Sec. 141. Modification of State agreements with respect to certain students and certain part-time employees.
- Sec. 142. Benefits in case of certain individuals interned during World War II.
- Sec. 143. Modification of agreement with West Virginia to provide coverage for certain policemen and firemen.
- Sec. 144. Perfecting amendments related to the 20-percent increase provision enacted in Public Law 92-336.
- Sec. 145. Elimination of duration-of-relationship requirements in certain cases involving survivor benefits (where insured's death was accidental or occurred in line of duty while he was a serviceman).

#### TITLE II—PROVISIONS RELATING TO MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH

- Sec. 201. Coverage for disability beneficiaries under Medicare.
- Sec. 202. Hospital insurance benefits for uninsured individuals not eligible under transitional provision.
- Sec. 203. Amount of supplementary medical insurance premium.
- Sec. 204. Change in supplementary medical insurance premium.
- Sec. 206. Automatic enrollment for supplementary medical insurance.
- Sec. 207. Incentives for States to establish effective utilization review procedures under Medicaid.
- Sec. 208. Cost-sharing under Medicaid.
- Sec. 209. Medicaid conditions of eligibility for certain employed families.
- Sec. 210. Payment under Medicare to individuals covered by Federal employees health benefits program.
- Sec. 211. Payment under Medicare for certain inpatient hospital and related physicians' services furnished outside the United States.
- Sec. 212. Optometrists' services under Medicaid.
- Sec. 213. Limitation on liability of beneficiary where Medicare claims are disallowed.
- Sec. 221. Limitation on Federal participation for capital expenditures.
- Sec. 222. Demonstrations and reports; prospective reimbursement; extended care; intermediate care and homemaker services; ambulatory surgical centers; physicians' assistants; performance incentive contracts.
- Sec. 223. Limitations on coverage of costs under Medicare.
- Sec. 224. Limits on prevailing charge levels.
- Sec. 225. Limits on payment for skilled nursing home and intermediate care facility services.
- Sec. 226. Payments to health maintenance organizations.
- Sec. 227. Payment under Medicare for services of physicians rendered at a teaching hospital.
- Sec. 228. Advance approval of extended care and home health coverage under Medicare.
- Sec. 229. Authority of Secretary to terminate payments to suppliers of services.
- Sec. 230. Elimination of requirement that States move toward comprehensive Medicaid programs.
- Sec. 231. Repeal of section 1902(d) of Medicaid.
- Sec. 232. Determination of reasonable cost of inpatient hospital services under Medicaid and under maternal and child health program.
- Sec. 233. Amount of payments where customary charges for services furnished are less than reasonable cost.
- Sec. 234. Institutional planning under Medicare.
- Sec. 235. Payments to States under Medicaid for installation and operation of claims processing and information retrieval systems.
- Sec. 236. Prohibition against reassignment of claims to benefits.
- Sec. 237. Utilization review requirements for hospitals and skilled nursing homes under Medicaid and under maternal and child health program.
- Sec. 238. Notification of unnecessary admission to a hospital or extended care facility under Medicare.
- Sec. 239. Use of State health agency to perform certain functions under Medicaid and under maternal and child health program.
- Sec. 240. Relationship between Medicaid and comprehensive health care programs.
- Sec. 241. Program for determining qualifications for certain health care personnel.

- Sec. 242. Penalties for fraudulent acts and false reporting under Medicare and Medicaid.
- Sec. 243. Provider Reimbursement Review Board.
- Sec. 244. Validation of surveys made by Joint Commission on the Accreditation of Hospitals.
- Sec. 245. Payment for durable medical equipment under Medicare.
- Sec. 246. Uniform standards for skilled nursing facilities under Medicare and Medicaid.
- Sec. 247. Level of care requirements for skilled nursing home services.
- Sec. 248. Modification of Medicare's 14-day transfer requirement for extended care benefits.
- Sec. 249. Reimbursement rates for skilled nursing homes and intermediate care facilities.
- Sec. 249A. Medicaid certification and approval of skilled nursing facilities.
- Sec. 249B. Payments to States under Medicaid for compensation of inspectors responsible for maintaining compliance with Federal standards.
- Sec. 249C. Disclosure of information concerning the performance of carriers, intermediaries, State agencies, and providers of services under Medicare and Medicaid.
- Sec. 249D. Limitation on institutional care.
- Sec. 249E. Determining eligibility for assistance under title XIX for certain individuals.
- Sec. 249F. Professional standards review.
- Sec. 251. Physical therapy and other therapy services under Medicare.
- Sec. 252. Coverage of supplies related to colostomies.
- Sec. 255. Coverage prior to application for medical assistance.
- Sec. 256. Hospital admissions for dental services under Medicare.
- Sec. 257. Extension of grace period for termination of supplementary medical insurance coverage where failure to pay premiums is due to good cause.
- Sec. 258. Extension of time for filing claim for supplementary medical insurance benefits where delay is due to administrative error.
- Sec. 259. Waiver of enrollment period requirements where individual's rights were prejudiced by administrative error or inaction.
- Sec. 260. Elimination of provisions preventing enrollment in supplementary medical insurance program more than three years after first opportunity.
- Sec. 261. Waiver of recovery of incorrect payments from survivor who is without fault under Medicare.
- Sec. 262. Requirement of minimum amount of claim to establish entitlement to hearing under supplementary medical insurance program.
- Sec. 263. Collection of supplementary medical insurance premiums from individuals entitled to both social security and railroad retirement benefits.
- Sec. 264. Prosthetic lenses furnished by optometrists under supplementary medical insurance program.
- Sec. 265. Provision of medical social services not mandatory for extended care facilities.
- Sec. 266. Refund of excess premiums under Medicare.
- Sec. 267. Waiver of registered nurse requirement in skilled nursing facilities in rural areas.
- Sec. 268. Exemption of Christian Science sanatoriums from certain nursing home requirements under Medicaid.
- Sec. 269. Requirements for nursing home administrators.
- Sec. 271. Increase in limitation on payments to Puerto Rico and the Virgin Islands for medical assistance.
- Sec. 271A. Medical assistance in Puerto Rico, the Virgin Islands, and Guam.
- Sec. 272. Extension of title V to American Samoa and the Trust Territory of the Pacific Islands.
- Sec. 273. Inclusion of chiropractor services under Medicare.
- Sec. 274. Miscellaneous technical and clerical amendments.
- Sec. 275. Chiropractors' services under Medicaid.
- Sec. 276. Services of podiatric interns and residents under part A of Medicare.
- Sec. 277. Use of consultants for extended care facilities.
- Sec. 278. Designation of extended care facilities and skilled nursing homes as skilled nursing facilities.
- Sec. 279. Direct laboratory billing of patients.
- Sec. 280. Clarification of meaning of "physicians' services" under title XIX.
- Sec. 281. Limitation on adjustment or recovery of incorrect payments under the Medicare program.
- Sec. 283. Conditions of coverage of outpatient speech pathology services under Medicare.
- Sec. 287. Termination of Medical Assistance Advisory Council.
- Sec. 288. Modification of the role of the Health Insurance Benefits Advisory Council.

- Sec. 289. Authority of Secretary to administer oaths in Medicare proceedings.  
 Sec. 290. Withholding of Federal payments under Medicaid with respect to certain health care facilities.  
 Sec. 292. Intermediate care services in States which do not have a Medicaid program.  
 Sec. 293. Required information relating to excess Medicare tax payments by railroad employees.  
 Sec. 294. Appointment and confirmation of Administrator of Social and Rehabilitation Service.  
 Sec. 295. Repeal of section 1903(b)(1).  
 Sec. 297. Coverage under Medicaid of intermediate care furnished in mental and tuberculosis institutions.  
 Sec. 298. Independent review of intermediate care facility patients.  
 Sec. 299. Intermediate care, maintenance of effort in public institutions.  
 Sec. 299A. Disclosure of ownership of intermediate care facilities.  
 Sec. 299B. Treatment in mental hospitals for individuals under age 21.  
 Sec. 299D. Public disclosure of information concerning survey reports of an institution.  
 Sec. 299E. Family planning services mandatory under Medicaid.  
 Sec. 299F. Penalty for failure to provide child health screening services under Medicaid.  
 Sec. 299I. Chronic renal disease considered to constitute disability.  
 Sec. 299K. Elimination of coinsurance payment with respect to home health services under part B of Medicare.  
 Sec. 299L. Certification of intermediate care facilities located on an Indian reservation.  
 Sec. 299O. Determinations and appeals.

TITLE III—SUPPLEMENTAL SECURITY INCOME FOR THE AGED,  
 BLIND, AND DISABLED

- Sec. 301. Establishment of program.

"TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED,  
 BLIND, AND DISABLED

- "Sec. 1601. Purpose; appropriations.  
 "Sec. 1602. Basic eligibility for benefits.

"Part A—Determination of Benefits

- "Sec. 1611. Eligibility for and amount of benefits.  
 "(a) Definition of eligible individual.  
 "(b) Amounts of benefits.  
 "(c) Period for determination of benefits.  
 "(d) Special limits on gross income.  
 "(e) Limitation on eligibility of certain individuals.  
 "(f) Suspension of payments to individuals who are outside the United States.  
 "(g) Certain individuals deemed to meet the resources test.  
 "(h) Certain individuals deemed to meet the income test.  
 "Sec. 1612. Income.  
 "(a) Meaning of income.  
 "(b) Exclusions from income.  
 "Sec. 1613. Resources.  
 "(a) Exclusions from resources.  
 "(b) Disposition of resources.  
 "Sec. 1614. Meaning of terms.  
 "(a) Aged, blind, or disabled individual.  
 "(b) Eligible spouse.  
 "(c) Definition of child.  
 "(d) Determination of marital relationships.  
 "(e) United States.  
 "(f) Income and resources of individuals other than eligible individuals and eligible spouses.  
 "Sec. 1615. Rehabilitation services for blind and disabled individuals.  
 "Sec. 1616. Optional State supplementation.

"Part B—Procedural and General Provisions

- "Sec. 1631. Payments and procedures.  
 "(a) Payment of benefits.  
 "(b) Overpayments and underpayments.  
 "(c) Hearings and review.

"(d) Procedures; prohibitions of assignments, representation of claimants.

"(e) Applications and furnishing of information.

"(f) Furnishing of information by other agencies.

"Sec. 1632. Penalties for fraud.

"Sec. 1633. Administration.

"Sec. 1634. Determinations of medicaid eligibility.

"TITLE VI—GRANTS TO STATES FOR SERVICES TO THE AGED, BLIND,  
OR DISABLED

"Sec. 601. Appropriation.

"Sec. 602. State plans for services to the aged, blind, or disabled.

"Sec. 603. Payments to States.

"Sec. 604. Operation of State plans.

"Sec. 605. Definitions."

Sec. 303. Repeal of titles I, X, and XIV of the Social Security Act.

Sec. 304. Provision for disregarding of certain income in determining need for aid to the aged, blind, or disabled for assistance.

Sec. 305. Advances from OASI Trust Fund for administrative expenses.

Sec. 306. Disregarding of income of OASDI recipients in determining need for public assistance.

TITLE IV—MISCELLANEOUS

Sec. 401. Limitation on fiscal liability of States for optional State supplementation.

Sec. 402. Transitional administrative provisions.

Sec. 403. Savings provision regarding certain expenditures for social services.

Sec. 404. Change in Executive Schedule—Commissioner of Social Security.

Sec. 405. Separation of social services not required.

Sec. 406. Manuals and policy issuances not required without charge.

Sec. 407. Effective date of fair hearing decision.

Sec. 408. Absence from State for more than 90 days.

Sec. 409. Rent payments to public housing agency.

Sec. 410. Statewideness not required for services.

Sec. 411. Prohibition against participation in food stamp or surplus commodities program by persons eligible to participate in employment or assistance programs.

Sec. 412. Child welfare services.

Sec. 413. Safeguarding information.

TITLE I—PROVISIONS RELATING TO OLD-AGE,  
SURVIVORS, AND DISABILITY INSURANCE

SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT

SEC. 101. (a) Section 215(a) of the Social Security Act is amended— *Ante*, p. 410.

(1) by striking out "paragraph (2)" in the matter preceding subparagraph (A) of paragraph (1) and inserting in lieu thereof "paragraphs (2) and (3)"; and

(2) by inserting after paragraph (2) the following:

"(3) Such primary insurance amount shall be an amount equal to \$8.50 multiplied by the individual's years of coverage in excess of 10 in any case in which such amount is higher than the individual's primary insurance amount as determined under paragraph (1) or (2).

For purposes of paragraph (3), an individual's 'years of coverage' is the number (not exceeding 30) equal to the sum of (i) the number (not exceeding 14 and disregarding any fraction) determined by dividing the total of the wages credited to him (including wages deemed to be paid prior to 1951 to such individual under section 217, compensation under the Railroad Retirement Act of 1937 prior to 1951 which is creditable to such individual pursuant to this title, and wages deemed to be paid prior to 1951 to such individual under section 231) for years after 1936 and before 1951 by \$900, plus (ii) the number equal to the number of years after 1950 each of which is a computation base year (within the meaning of subsection (b)(2)(C)) and in each

"Years of coverage."

64 Stat. 512.

42 USC 417.

50 Stat. 307.

45 USC 228a.

*Post*, p. 1367.

- 64 Stat. 512.  
42 USC 417.  
50 Stat. 307.  
45 USC 228a,  
Post, p. 1352.
- 72 Stat. 1017;  
Ante, p. 411.
- Ante, p. 1333.
- Ante, p. 410.
- 42 USC 423.  
Ante, p. 412.
- Ante, p. 411.
- "Primary insurance amount."
- Ante, p. 1333.  
Ante, p. 411.
- Ante, p. 412.
- of which he is credited with wages (including wages deemed to be paid to such individual under section 217, compensation under the Railroad Retirement Act of 1937 which is creditable to such individual pursuant to this title, and wages deemed to be paid to such individual under section 229) and self-employment income of not less than 25 percent of the maximum amount which, pursuant to subsection (e), may be counted for such year."
- (h) Section 203(a) of such Act is amended by striking out "or" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof ", or", and by inserting after paragraph (4) the following new paragraph:
- "(5) whenever the monthly benefits of such individuals are based on an insured individual's primary insurance amount which is determined under section 215(a)(3) and such primary insurance amount does not appear in column IV of the table in (or deemed to be in) section 215(a), the applicable maximum amount in column V of such table shall be the amount in such column that appears on the line on which the next higher primary insurance amount appears in column IV, or, if larger, the largest amount determined for such persons under this subsection for any month prior to October 1972."
- (c) Section 215(a)(2) of such Act is amended by striking out "such primary insurance amount shall be" and all that follows and inserting in lieu thereof the following:
- "such primary insurance amount shall be—
- "(A) the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based: except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table (whether enacted by another law or deemed to be such table under subsection (i)(2)(D)) and in the following month became entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined); or
- "(B) an amount equal to the primary insurance amount upon which such disability insurance benefit is based if such primary insurance amount was determined under paragraph (3)."
- (d) Section 215(f)(2) of such Act is amended by striking out "subsection (a)(1)(A) and (C)" and inserting in lieu thereof "subsections (a)(1)(A) and (C) and (a)(3)".
- (e) Section 215(i)(2)(A)(ii) of such Act is amended by striking out "under this title" and inserting in lieu thereof "under this title (but not including a primary insurance amount determined under subsection (a)(3) of this section)".
- (f) Whenever an insured individual is entitled to benefits for a month which are based on a primary insurance amount under paragraph (1) or paragraph (3) of section 215(a) of the Social Security

Act and for the following month such primary insurance amount is increased or such individual becomes entitled to benefits on a higher primary insurance amount under a different paragraph of such section 215(a), such individual's old-age or disability insurance benefit (beginning with the effective month of the increased primary insurance amount) shall be increased by an amount equal to the difference between the higher primary insurance amount and the primary insurance amount on which such benefit was based for the month prior to such effective month, after the application of section 202(q) of such Act where applicable, to such difference.

(g) The amendments made by this section shall apply with respect to monthly insurance benefits under title II of the Social Security Act for months after December 1972 (without regard to when the insured individual became entitled to such benefits or when he died) and with respect to lump-sum death payments under such title in the case of deaths occurring after such month.

Ante, p. 1333.

Ante, p. 410.

Post, pp. 1336-1338.

Effective date.  
53 Stat. 1362.  
42 USC 401.

#### INCREASED WIDOW'S AND WIDOWER'S INSURANCE BENEFITS

SEC. 102. (a) (1) Section 202(e) (1) of the Social Security Act is amended—

(A) by striking out "82½ percent of" wherever it appears;

(B) by striking out "entitled, after attainment of age 62, to wife's insurance benefits." in subparagraph (C) (i) and inserting in lieu thereof "entitled to wife's insurance benefits," and by striking out "or" at the end of clause (i) in such subparagraph and inserting in lieu thereof "and (I) has attained age 65 or (II) is not entitled to benefits under subsection (a) or section 223, or"; and

(C) by striking out "age 62" in subparagraph (C) (ii), and in the matter following subparagraph (G), and inserting in lieu thereof in each instance "age 65".

(2) Paragraph (2) of section 202(e) of such Act is amended to read as follows:

"(2) (A) Except as provided in subsection (q), paragraph (4) of this subsection, and subparagraph (B) of this paragraph, such widow's insurance benefit for each month shall be equal to the primary insurance amount of such deceased individual.

"(B) If the deceased individual (on the basis of whose wages and self-employment income a widow or surviving divorced wife is entitled to widow's insurance benefits under this subsection) was, at any time, entitled to an old-age insurance benefit which was reduced by reason of the application of subsection (q), the widow's insurance benefit of such widow or surviving divorced wife for any month shall, if the amount of the widow's insurance benefit of such widow or surviving divorced wife (as determined under subparagraph (A) and after application of subsection (q)) is greater than—

"(i) the amount of the old-age insurance benefit to which such deceased individual would have been entitled (after application of subsection (q)) for such month if such individual were still living, and

"(ii) 82½ percent of the primary insurance amount of such deceased individual.

be reduced to the amount referred to in clause (i), or (if greater) the amount referred to in clause (ii)."

(b) (1) Section 202(f) (1) of such Act is amended—

(A) by striking out "82½ percent of" wherever it appears;

(B) by striking out "died." in subparagraph (C) and inserting in lieu thereof "died, and (I) has attained age 65 or (II) is not entitled to benefits under subsection (a) or section 223."; and

79 Stat. 376;

81 Stat. 828;

Post, p. 1348.

42 USC 402.

42 USC 423.

75 Stat. 131;

79 Stat. 368.

64 Stat. 485;

81 Stat. 829;

Post, p. 1336.

- (C) by striking out "age 62" in the matter following subparagraph (G) and inserting in lieu thereof "age 65".
- (2) Paragraph (3) of section 202(f) of such Act is amended to read as follows:
- "(3) (A) Except as provided in subsection (q), paragraph (5) of this subsection, and subparagraph (B) of this paragraph, such widower's insurance benefit for each month shall be equal to the primary insurance amount of his deceased wife.
- "(B) If the deceased wife (on the basis of whose wages and self-employment income a widower is entitled to widower's insurance benefits under this subsection) was, at any time, entitled to an old-age insurance benefit which was reduced by reason of the application of subsection (q), the widower's insurance benefit of such widower for any month shall, if the amount of the widower's insurance benefit of such widower (as determined under subparagraph (A) and after application of subsection (q)) is greater than—
- "(i) the amount of the old-age insurance benefit to which such deceased wife would have been entitled (after application of subsection (q)) for such month if such wife were still living; and
- "(ii) 82½ percent of the primary insurance amount of such deceased wife;
- be reduced to the amount referred to in clause (i), or (if greater) the amount referred to in clause (ii)."
- (c) (1) The last sentence of section 203(c) of such Act is amended by striking out all that follows the semicolon and inserting in lieu thereof the following: "nor shall any deduction be made under this subsection from any widow's insurance benefits for any month in which the widow or surviving divorced wife is entitled and has not attained age 65 (but only if she became so entitled prior to attaining age 60), or from any widower's insurance benefit for any month in which the widower is entitled and has not attained age 65 (but only if he became so entitled prior to attaining age 62)."
- (2) Clause (D) of section 203(f)(1) of such Act is amended to read as follows: "(D) for which such individual is entitled to widow's insurance benefits and has not attained age 65 (but only if she became so entitled prior to attaining age 60), or widower's insurance benefits and has not attained age 65 (but only if he became so entitled prior to attaining age 62), or".
- (d) Section 202(k)(3)(A) of such Act is amended by striking out "subsection (q) and" and inserting in lieu thereof "subsection (q), subsection (e)(2) or (f)(3), and".
- (e) (1) Section 202(q)(1) 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, widow's, or widower's insurance benefit is a month before the month in which such individual attains retirement age, the amount of such benefit for such month and for any subsequent 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 insurance benefit, 25/36 of 1 percent of such amount if such benefit is a wife's or husband's insurance benefit, or 19/40 of 1 percent of such amount if such benefit is a widow's or widower's insurance benefit, multiplied by—
- "(B) (i) the number of months in the reduction period for such benefit (determined under paragraph (6)(A)), if such benefit is for a month before the month in which such individual attains retirement age, or

Widower's bene-  
fits.  
75 Stat. 138;  
79 Stat. 404;  
42 USC 402.  
75 Stat. 131;  
79 Stat. 368.

74 Stat. 954;  
81 Stat. 832.  
42 USC 403.

81 Stat. 832;  
Post, p. 1343.

70 Stat. 814;  
79 Stat. 404.  
Ante, p. 1335;  
Supra,  
Benefit reductions.  
79 Stat. 374.  
42 USC 402.

81 Stat. 831.

“(ii) if less, the number of such months in the adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is (I) for the month in which such individual attains age 62, or (II) for the month in which such individual attains retirement age;

Infra.

and in the case of a widow or widower whose first month of entitlement to a widow's or widower's insurance benefit is a month before the month in which such widow or widower attains age 60, such benefit, reduced pursuant to the preceding provisions of this paragraph (and before the application of the second sentence of paragraph (8)), shall be further reduced by—

75 Stat. 131;  
79 Stat. 368.  
42 USC 402.

“(C)  $4\frac{3}{4}\%$  of 1 percent of the amount of such benefit, multiplied by—

“(D)(i) the number of months in the additional reduction period for such benefit (determined under paragraph (6)(B)), if such benefit is for a month before the month in which such individual attains age 62, or

81 Stat. 831.

“(ii) if less, the number of months in the additional adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is for the month in which such individual attains age 62 or any month thereafter.”

(2) Section 202(q)(3) of such Act is amended—

75 Stat. 131;  
79 Stat. 368,  
369, 374.

(A) by striking out clause (ii) of subparagraph (E) and inserting in lieu thereof the following:

“(i) the amount equal to the sum of (I) the amount by which such widow's or widower's insurance benefit would be reduced under paragraph (1) if the period specified in paragraph (6)(A) ended with the month before the month in which she or he attained age 62 and (II) 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 or widower's insurance benefit (before reduction under this subsection)”.

(B) by striking out clause (ii) of subparagraph (F) and inserting in lieu thereof the following:

“(i) the amount equal to the sum of (I) the amount by which such widow's or widower's insurance benefit would be reduced under paragraph (1) if the period specified in paragraph (6)(A) ended with the month before the month in which she or he attained age 62 and (II) 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 or widower's insurance benefit (before reduction under this subsection)”.

(C) by striking out “had such individual attained age 62 in” in subparagraph (G) and inserting in lieu thereof “as if the period specified in paragraph (6)(A) (or, if such paragraph does not apply, the period specified in paragraph (6)(B)) ended with the month before”.

(3) Section 202(q)(7) of such Act is amended—

(A) by striking out everything that precedes subparagraph (A) and inserting in lieu thereof the following:

“(7) For purposes of this subsection the ‘adjusted reduction period’ for an individual's old-age, wife's, husband's, widow's, or widower's insurance benefit is the reduction period prescribed in paragraph (6)(A) for such benefit, and the ‘additional adjusted reduction period’ for an individual's, widow's, or widower's insurance benefit is the additional reduction period prescribed by paragraph (6)(B) for such benefit, excluding from each such period—”; and

“Adjusted reduction period.”

“Additional adjusted reduction period.”

- (B) by striking out "attained retirement age" in subparagraph (E) and inserting in lieu thereof "attained age 62, and also for any later month before the month in which he attained retirement age."
- "Retirement age."  
79 Stat. 375.  
42 USC 402.  
Ante, p. 1337.
- (4) Section 202(q)(9) of such Act is amended to read as follows:  
"(9) For purposes of this subsection, the term 'retirement age' means age 65."
- (5) Section 202(q)(3) of such Act is amended by adding at the end thereof the following new subparagraph:  
"(H) Notwithstanding subparagraph (A) of this paragraph, if the first month for which an individual is entitled to a widow's or widower's insurance benefit is a month for which such individual is also entitled to an old-age insurance benefit to which such individual was first entitled for a month before she or he became entitled to a widow's or widower's benefit, the reduction in such widow's or widower's insurance benefit shall be determined under paragraph (1)."
- 68 Stat. 1073;  
72 Stat. 1017.
- (f) Section 202(m) of such Act is amended to read as follows:  
"Minimum Survivor's Benefit  
"(m) (1) In any case in which an individual is entitled to a monthly benefit under this section on the basis of the wages and self-employment income of a deceased individual for any month and no other person is (without the application of subsection (j)(1)) entitled to a monthly benefit under this section for such month on the basis of such wages and self-employment income, such individual's benefit amount for such month, prior to reduction under subsection (k)(3), shall be not less than the first amount appearing in column IV of the table in (or deemed to be in) section 215(a), except as provided in paragraph (2).  
"(2) In the case of any such individual who is entitled to a monthly benefit under subsection (e) or (f), such individual's benefit amount, after reduction under subsection (q)(1), shall be not less than—  
"(A) \$84.50, if his first month of entitlement to such benefit is the month in which such individual attained age 62 or a subsequent month, or  
"(B) \$84.50 reduced under subsection (q)(1) as if retirement age as specified in subsection (q)(6)(A)(ii) were age 62 instead of the age specified in subsection (q)(9), if his first month of entitlement to such benefit is before the month in which he attained age 62.  
"(3) In the case of any individual whose benefit amount was computed (or recomputed) under the provisions of paragraph (2) and such individual was entitled to benefits under subsection (e) or (f) for a month prior to any month after 1972 for which a general benefit increase under this title (as defined in section 215(i)(3)) or a benefit increase under section 215(i) becomes effective, the benefit amount of such individual as computed under paragraph (2) without regard to the reduction specified in subparagraph (B) thereof shall be increased by the percentage increase applicable for such benefit increase, prior to the application of subsection (q)(1) pursuant to paragraph (2)(B) and subsection (q)(4)."  
"(g) (1) In the case of an individual who is entitled to widow's or widower's insurance benefits for the month of December 1972 the Secretary shall, if it would increase such benefits, redetermine the amount of such benefits for months after December 1972 under title II of the Social Security Act as if the amendments made by this section had been in effect for the first month of such individual's entitlement to such benefits.
- 64 Stat. 487.  
Ante, p. 1336.  
Ante, p. 406.  
Ante, pp. 1335, 1336.  
81 Stat. 831.  
Supra.  
42 USC 415.  
75 Stat. 131;  
79 Stat. 370.  
53 Stat. 1362.  
42 USC 401.

## (2) For purposes of paragraph (1)—

(A) any deceased individual on whose wages and self-employment income the benefits of an individual referred to in paragraph (1) are based, shall be deemed not to have been entitled to benefits if the record, of insured individuals who were entitled to benefits, that is readily available to the Secretary contains no entry for such deceased individual; and

(B) any deductions under subsections (b) and (c) of section 203 of such Act, applicable to the benefits of an individual referred to in paragraph (1) for any month prior to September 1965, shall be disregarded in applying the provisions of section 202(q) (7) of such Act (as amended by this Act).

74 Stat. 953.  
42 USC 403.

Ante, p. 1337.

## (h) Where—

(1) two or more persons are entitled to monthly benefits under section 202 of the Social Security Act for December 1972 on the basis of the wages and self-employment income of a deceased individual, and one or more of such persons is so entitled under subsection (e) or (f) of such section 202, and

53 Stat. 1362.

(2) one or more of such persons is entitled on the basis of such wages and self-employment income to monthly benefits under subsection (e) or (f) of such section 202 (as amended by this section) for January 1973, and

Ante, pp. 1335,  
1336.

(3) the total of benefits to which all persons are entitled under section 202 of such Act on the basis of such wages and self-employment income for January 1973 is reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced),

72 Stat. 1017;  
Ante, p. 410.

then the amount of the benefit to which each such person referred to in paragraph (1) is entitled for months after December 1972 shall in no case be less after the application of this section and such section 203(a) than the amount it would have been without the application of this section.

(i) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1972.

Effective  
date.  
53 Stat. 1362.  
42 USC 401.

## DELAYED RETIREMENT CREDIT

SEC. 103. (a) Section 202 of the Social Security Act is amended by adding after subsection (v) thereof the following:

64 Stat. 482;  
79 Stat. 392.

“Increase in Old-Age Insurance Benefit Amounts on Account of  
Delayed Retirement

“(w)(1) If the first month for which an old-age insurance benefit becomes payable to an individual is not earlier than the month in which such individual attains age 65 (or his benefit payable at such age is not reduced under subsection (q)), the amount of the old-age insurance benefit (other than a benefit based on a primary insurance amount determined under section 215(a) (3)) which is payable without regard to this subsection to such individual shall be increased by—

Ante, pp. 1336-  
1338.  
Ante, p. 410.

“(A)  $\frac{1}{2}$  of 1 percent of such amount, multiplied by

“(B) the number (if any) of the increment months for such individual.

“(2) For purposes of this subsection, the number of increment months for any individual shall be a number equal to the total number of the months—

“(A) which have elapsed after the month before the month in which such individual attained age 65 or (if later) December 1970 and prior to the month in which such individual attained age 72, and

“(B) with respect to which—

“(i) such individual was a fully insured individual (as defined in section 214(a)), and

“(ii) such individual either was not entitled to an old-age insurance benefit or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit.

Infra.

74 Stat. 953.  
42 USC 403.

“(3) For purposes of applying the provisions of paragraph (1), a determination shall be made under paragraph (2) for each year, beginning with 1972, of the total number of an individual's increment months through the year for which the determination is made and the total so determined shall be applicable to such individual's old-age insurance benefits beginning with benefits for January of the year following the year for which such determination is made; except that the total number applicable in the case of an individual who attains age 72 after 1972 shall be determined through the month before the month in which he attains such age and shall be applicable to his old-age insurance benefit beginning with the month in which he attains such age.

“(4) This subsection shall be applied after reduction under section 203(a).”

42 USC 202.

(b) The matter following paragraph (3) of section 202(a) of such Act is amended by inserting “and subsection (w)” after “subsection (q)”.

Ante, p. 415.

(c) Effective January 1, 1974, section 203(a)(2)(C) of such Act is amended by striking out “determined under this title” and inserting in lieu thereof “determined under this title (excluding any part thereof determined under section 202(w))”.

Ante, p. 1339.  
Effective date.

(d) The amendments made by this section shall be applicable with respect to old-age insurance benefits payable under title II of the Social Security Act for months beginning after 1972.

53 Stat. 1362.  
42 USC 401.

AGE-62 COMPUTATION POINT FOR MEN

42 USC 414.

SEC. 104. (a) Section 214(a)(1) of the Social Security Act is amended by striking out “before—” and all that follows down through “except” and inserting in lieu thereof the following:

“before the year in which he died or (if earlier) the year in which he attained age 62, except”.

42 USC 415.

(b) Section 215(b)(3) of such Act is amended by striking out “before—” and all that follows down through “For” and inserting in lieu thereof the following:

“before the year in which he died, or if it occurred earlier but after 1960, the year in which he attained age 62. For”.

74 Stat. 964.  
Post, p. 1351.  
42 USC 423.

(c) Section 223(a)(2) of such Act is amended—

(1) by striking out “(if a woman) or age 65 (if a man)”,

(2) by striking out “in the case of a woman” and inserting in lieu thereof “in the case of an individual”, and

(3) by striking out “she” and inserting in lieu thereof “he”.

(d) Section 223(c)(1)(A) of such Act is amended by striking out “(if a woman) or age 65 (if a man)”.

42 USC 427.

(e) Section 227(a) of such Act is amended by striking out “so much of paragraph (1) of section 214(a) as follows clause (C)” and inserting in lieu thereof “paragraph (1) of section 214(a)”.

(f) Section 227(b) of such Act is amended by striking out “so much of paragraph (1) thereof as follows clause (C)” and inserting in lieu thereof “paragraph (1) thereof”.

(g) Sections 209(i) and 216(i)(3)(A), of such Act are amended by striking out "(if a woman) or age 65 (if a man)".

42 USC 409,  
416.

(h) Section 303(g)(1) of the Social Security Amendments of 1960 is amended—

42 USC 415  
note.

(1) by striking out "Amendments of 1965 and 1967" and inserting in lieu thereof "Amendments of 1965, 1967, 1969, and 1972 (and by Public Law 92-5)"; and

(2) by striking out "Amendments of 1967" wherever it appears and inserting in lieu thereof "Amendments of 1972".

(i) Paragraph (9) of section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended to read as follows:

70 Stat. 839.  
26 USC 3121.

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains age 62, if such employee did not work for the employer in the period for which such payment is made:".

(j)(1) The amendments made by this section (except the amendment made by subsection (i), and the amendment made by subsection (g) to section 209(i) of the Social Security Act) shall apply only in the case of a man who attains (or would attain) age 62 after December 1974. The amendment made by subsection (i), and the amendment made by subsection (g) to section 209(i) of the Social Security Act, shall apply only with respect to payments after 1974.

Effective dates.

(2) In the case of a man who attains age 62 prior to 1975, the number of his elapsed years for purposes of section 215(b)(3) of the Social Security Act shall be equal to (A) the number determined under such section as in effect on September 1, 1972, or (B) if less, the number determined as though he attained age 65 in 1975, except that monthly benefits under title II of the Social Security Act for months prior to January 1973 payable on the basis of his wages and self-employment income shall be determined as though this section had not been enacted.

Ante, p. 1340.

53 Stat. 1362.  
42 USC 401.

(3)(A) In the case of a man who attains or will attain age 62 in 1973, the figure "65" in sections 214(a)(1), 223(c)(1)(A), and 216(i)(3)(A) of the Social Security Act shall be deemed to read "64".

Ante, p. 1340.

(B) In the case of a man who attains or will attain age 62 in 1974, the figure "65" in sections 214(a)(1), 223(c)(1)(A), and 216(i)(3)(A) of the Social Security Act shall be deemed to read "63".

#### LIBERALIZATION AND AUTOMATIC ADJUSTMENT OF EARNINGS TEST

Sec. 105. (a)(1) Paragraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "\$140" and inserting in lieu thereof "\$175 or the exempt amount as determined under paragraph (8)".

42 USC 403.

(2) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "\$140" and inserting in lieu thereof "\$175 or the exempt amount as determined under subsection (f)(8)".

(3) Paragraph (3) of section 203(f) of such Act is amended to read as follows:

Post, p. 1342.

"(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum of his earnings for such year in excess of the product of \$175 or the exempt amount as determined under paragraph (8), multiplied by the number of months in such year. The excess earnings as derived under the preceding sentence, if not a multiple of \$1, shall be reduced to the next lower multiple of \$1."

(b) Section 203(f) of such Act is amended by adding at the end thereof the following new paragraph:

Ante, p. 412.

Publication in  
Federal Register.

“(8)(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the first month of the calendar year following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs (along with the publication of such benefit increase as required by section 215(i)(2)(D)) a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends with the close of or after the calendar year with the first month of which such benefit increase is effective (or, in the case of an individual who dies during such calendar year, with respect to such individual's taxable year which ends, upon his death, during such year.

“(B) The exempt amount for each month of a particular taxable year shall be whichever of the following is the larger—

“(i) the exempt amount which was in effect with respect to months in the taxable year in which the determination under subparagraph (A) was made, or

“(ii) the product of the exempt amount described in clause (i) and the ratio of (I) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subparagraph (A) was made to (II) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1973, or, if later, the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under section 230(a), with such product, if not a multiple of \$10, being rounded to the next higher multiple of \$10 where such product is a multiple of \$5 but not of \$10 and to the nearest multiple of \$10 in any other case.

Ante, p. 417.

Estimated in-  
crease, noti-  
fication to  
congressional  
committees.

Whenever the Secretary determines that the exempt amount is to be increased in any year under this paragraph, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance no later than August 15 of such year of the estimated amount of such increase, indicating the new exempt amount, the actuarial estimates of the effect of the increase, and the actuarial assumptions and methodology used in preparing such estimates.

“(C) Notwithstanding the determination of a new exempt amount by the Secretary under subparagraph (A) (and notwithstanding any publication thereof under such subparagraph or any notification thereof under the last sentence of subparagraph (B)), such new exempt amount shall not take effect pursuant thereto if during the calendar year in which such determination is made a law increasing the exempt amount or providing a general benefit increase under this title (as defined in section 215(i)(3)) is enacted.”

Effective date.

(c) The amendments made by this section shall apply with respect to taxable years ending after December 1972.

#### EXCLUSION OF CERTAIN EARNINGS IN YEAR OF ATTAINING AGE 72

SEC. 106. (a) The first sentence of section 203(f)(3) of the Social Security Act (as amended by section 105(a)(3) of this Act) is further amended by inserting before the period at the end thereof the following: “, except that, in determining an individual's excess earnings for the taxable year in which he attains age 72, there shall be excluded any earnings of such individual for the month in which he attains such age and any subsequent month (with any net earnings or net loss from self-employment in such year being prorated in an equitable manner under regulations of the Secretary)”.

(b) The amendment made by subsection (a) shall apply with respect to taxable years ending after December 1972. Effective date.

REDUCED BENEFITS FOR WIDOWERS AT AGE 60

SEC. 107. (a) Section 202(f) of the Social Security Act (as amended by section 102(b) of this Act) is further amended—

(1) by striking out “age 62” each place it appears in subparagraph (B) of paragraph (1) and in paragraph (6) and inserting in lieu thereof “age 60”;

(2) by striking out “or the third month” in the matter following subparagraph (G) in paragraph (1) and inserting in lieu thereof “or, if he became entitled to such benefits before he attained age 60, the third month”; and

(3) by striking out “the age of 62” in paragraph (5) and inserting in lieu thereof “the age of 60”.

(b) (1) The last sentence of section 203(c) of such Act (as amended by section 102(c)(1) of this Act) is further amended by striking out “age 62” and inserting in lieu thereof “age 60”.

(2) Clause (D) of section 203(f)(1) of such Act as amended by section 102(c)(2) of this Act is further amended by striking out “age 62” and inserting in lieu thereof “age 60”.

(3) Section 222(b)(1) of such Act is amended by striking out “a widow or surviving divorced wife who has not attained age 60, a widower who has not attained age 62” and inserting in lieu thereof “a widow, widower or surviving divorced wife who has not attained age 60”. 42 USC 422.

(4) Section 222(d)(1)(D) of such Act is amended by striking out “age 62” each place it appears and inserting in lieu thereof “age 60”. Post, p. 1360.

(5) Section 225 of such Act is amended by striking out “age 62” and inserting in lieu thereof “age 60”. 42 USC 425.

(c) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1972, except that in the case of an individual who was not entitled to a monthly benefit under title II of such Act for December 1972 such amendments shall apply only on the basis of an application filed in or after the month in which this Act is enacted. Effective date,  
53 Stat. 1362.  
42 USC 401.

ENTITLEMENT TO CHILD'S INSURANCE BENEFITS BASED ON DISABILITY  
WHICH BEGAN BETWEEN AGE 18 AND 22

SEC. 108. (a) Clause (ii) of section 202(d)(1)(B) of the Social Security Act is amended by striking out “which began before he attained the age of eighteen” and inserting in lieu thereof “which began before he attained the age of 22”. 42 USC 402.

(b) Subparagraphs (F) and (G) of section 202(d)(1) of such Act are amended to read as follows:

“(F) if such child was not under a disability (as so defined) at the time he attained the age of 18, the earlier of—

“(i) the first month during no part of which he is a full-time student, or

“(ii) the month in which he attains the age of 22, but only if he was not under a disability (as so defined) in such earlier month; or

“(G) if such child was under a disability (as so defined) at the time he attained the age of 18, or if he was not under a disability (as so defined) at such time but was under a disability (as so defined) at or prior to the time he attained (or would attain) the

age of 22, the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

“(i) the first month during no part of which he is a full-time student, or

“(ii) the month in which he attains the age of 22, but only if he was not under a disability (as so defined) in such earlier month.”

*Ante*, p. 1343.

42 USC 423.

42 USC 402.

(c) Section 202(d)(1) of such Act is further amended by adding at the end thereof the following new sentence: “No payment under this paragraph may be made to a child who would not meet the definition of disability in section 223(d) except for paragraph (1)(B) thereof for any month in which he engages in substantial gainful activity.”

(d) Section 202(d)(6) of such Act is amended by striking out “in which he is a full-time student and has not attained the age of 22” and all that follows and inserting in lieu thereof “in which he—

“(A) (i) is a full-time student or is under a disability (as defined in section 223(d)), and (ii) had not attained the age of 22, or

“(B) is under a disability (as so defined) which began before the close of the 84th month following the month in which his most recent entitlement to child's insurance benefits terminated because he ceased to be under such disability, but only if he has filed application for such reentitlement. Such reentitlement shall end with the month preceding whichever of the following first occurs:

“(C) the first month in which an event specified in paragraph (1)(D) occurs;

“(D) the earlier of (i) the first month during no part of which he is a full-time student or (ii) the month in which he attains the age of 22, but only if he is not under a disability (as so defined) in such earlier month; or

“(E) if he was under a disability (as so defined), the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

“(i) the first 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) Section 202(s) of such Act is amended—

(1) by striking out “which began before he attained such age” in paragraph (1); and

(2) by striking out “which began before such child attained the age of 18” in paragraphs (2) and (3).

Effective dates.

(f) The amendments made by this section shall apply only with respect to monthly benefits under section 202 of the Social Security Act for months after December 1972 except that in the case of an individual who was not entitled to a monthly benefit under such section 202 for December 1972 such amendments shall apply only on the basis of an application filed after September 30, 1972.

(g) Where—

*Post*, p. 1351.

(1) one or more persons are entitled (without the application of sections 202(j)(1) and 223(b) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for December 1972 on the basis of the wages and self-employment income of an insured individual, and

(2) one or more persons (not included in paragraph (1)) are entitled to monthly benefits under such section 202 or 223 for January 1973 solely by reason of the amendments made by this section on the basis of such wages and self-employment income, and

(3) the total of benefits to which all persons are entitled under such sections 202 and 223 on the basis of such wages and self-employment income for January 1973 is reduced by reason of section 203(a) of such Act as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced),

42 USC 402,  
423.

Ante, p. 410.

then the amount of the benefit to which each person referred to in paragraph (1) of this subsection is entitled for months after December 1972 shall be adjusted, after the application of such section 203(a), to an amount no less than the amount it would have been if the person or persons referred to in paragraph (2) of this subsection were not entitled to a benefit referred to in such paragraph (2).

#### CONTINUATION OF CHILD'S BENEFITS THROUGH END OF SEMESTER

Sec. 109. (a) Paragraph (7) of section 202(d) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

42 USC 402,

"(D) A child who attains age 22 at a time when he is a full-time student (as defined in subparagraph (A) of this paragraph and without application of subparagraph (B) of such paragraph) but has not (at such time) completed the requirements for, or received, a degree from a four-year college or university shall be deemed (for purposes of determining whether his entitlement to benefits under this subsection has terminated under paragraph (1)(F) and for purposes of determining his initial entitlement to such benefits under clause (i) of paragraph (1)(B)) not to have attained such age until the first day of the first month following the end of the quarter or semester in which he is enrolled at such time (or, if the educational institution (as defined in this paragraph) in which he is enrolled is not operated on a quarter or semester system, until the first day of the first month following the completion of the course in which he is so enrolled or until the first day of the third month beginning after such time, whichever first occurs)."

(b) The amendment made by subsection (a) shall apply only with respect to benefits payable under title II of the Social Security Act for months after December 1972.

Effective date.

53 Stat. 1362,

42 USC 401.

#### CHILD'S BENEFITS IN CASE OF CHILD ENTITLED ON MORE THAN ONE WAGE RECORD

Sec. 110. (a) Section 202(k)(2)(A) of the Social Security Act is amended to read as follows:

"(2)(A) Any child who under the preceding provisions of this section is entitled for any month to child's insurance benefits on the wages and self-employment income of more than one insured individual shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month. Such child's insurance benefits for such month shall be the benefit based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount, except that such child's insurance benefits for such month shall be the largest benefit to which such child could be entitled under subsection (d) (without the application of section 203(a)) or subsection (m) if entitlement to such benefit would not, with respect to any person, result in a benefit lower (after the application of section 203(a)) than the benefit which would be applicable if such child were entitled on the wages and self-employment income of the individual with the greatest primary insurance amount. Where more than one

child is entitled to child's insurance benefits pursuant to the preceding provisions of this paragraph, each such child who is entitled on the wages and self-employment income of the same insured individuals shall be entitled on the wages and self-employment income of the same such insured individual."

Effective date.  
53 Stat. 1362.  
42 USC 401.

(b) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after December 1972.

ADOPTIONS BY DISABILITY AND OLD-AGE INSURANCE BENEFICIARIES

Ante, pp. 1343-  
1345.

SEC. 111. (a) Section 202(d) of the Social Security Act is amended by striking out paragraphs (8) and (9) and inserting in lieu thereof the following new paragraph:

"(8) In the case of—

"(A) an individual entitled to old-age insurance benefits (other than an individual referred to in subparagraph (B)), or

"(B) an individual entitled to disability insurance benefits, or 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,

a child of such individual adopted after such individual became entitled to such old-age or 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) (i) was legally adopted by such individual in an adoption decreed by a court of competent jurisdiction within the United States,

"(ii) was living with such individual in the United States and receiving at least one-half of his support from such individual (I) if he is an individual referred to in subparagraph (A), for the year immediately before the month in which such individual became entitled to 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, the month in which such period of disability began, or (II) if he is an individual referred to in subparagraph (B), for the year immediately before the month in which began the period of disability of such individual which still exists at the time of adoption (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 the month in which such individual became entitled to disability insurance benefits, and

"(iii) had not attained the age of 18 before he began living with such individual.

In the case of a child who was born in the one-year period during which such child must have been living with and receiving at least one-half of his support from such individual, such child shall be deemed to meet such requirements for such period if, as of the close of such period, such child has lived with such individual in the United States and received at least one-half of his support from such individual for substantially all of the period which begins on the date of birth of such child."

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December 1967 on the basis of an application filed in or after the month in which this Act is enacted; except that such amendments shall not apply with respect to benefits for any month before the month in which this Act is enacted unless such application is filed before the close of the sixth month after the month in which this Act is enacted.

Effective date.  
53 Stat. 1362.  
42 USC 401.

CHILD'S INSURANCE BENEFITS NOT TO BE TERMINATED BY REASON OF ADOPTION

Sec. 112. (a) Paragraph (1)(D) of section 202(d) of the Social Security Act is amended by striking out "marries" and all that follows and inserting in lieu thereof "or marries."

42 USC 402.

(b) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months beginning with the month in which this Act is enacted.

Effective date.

(c) Any child—

(1) whose entitlement to child's insurance benefits under section 202(d) of the Social Security Act was terminated by reason of his adoption, prior to the date of the enactment of this Act, and

(2) who, except for such adoption, would be entitled to child's insurance benefits under such section for a month after the month in which this Act is enacted,

may, upon filing application for child's insurance benefits under the Social Security Act after the date of enactment of this Act, become reentitled to such benefits; except that no child shall, by reason of the enactment of this section, become reentitled to such benefits for any month prior to the month after the month in which this Act is enacted.

BENEFITS FOR CHILD BASED ON EARNINGS RECORD OF GRANDPARENT

Sec. 113. (a) The first sentence of section 216(e) of the Social Security Act is amended—

42 USC 416.

(1) by striking out "and" at the end of clause (1), and

(2) by inserting immediately before the period at the end thereof the following: ", and (3) a person who is the grandchild or stepgrandchild of an individual or his spouse, but only if (A) there was no natural or adoptive parent (other than such a parent who was under a disability, as defined in section 223(d)) of such person living at the time (i) such individual became entitled to old-age insurance benefits or disability insurance benefits or died, or (ii) if such individual had a period of disability which continued until such individual became entitled to old-age insurance benefits or disability insurance benefits, or died, at the time such period of disability began, or (B) such person was legally adopted after the death of such individual by such individual's surviving spouse in an adoption that was decreed by a court of competent jurisdiction within the United States and such person's natural or adopting parent or stepparent was not living in such individual's household and making regular contributions toward such person's support at the time such individual died".

42 USC 423.

(b) Section 202(d) of such Act (as amended by section 111 of this Act) is further amended by adding at the end thereof the following new paragraph:

Ante, p. 1346.

- “(9) (A) A child who is a child of an individual under clause (3) of the first sentence of section 216(e) and is not a child of such individual under clause (1) or (2) of such first sentence shall be deemed not to be dependent on such individual at the time specified in subparagraph (1) (C) of this subsection unless (i) such child was living with such individual in the United States and receiving at least one-half of his support from such individual (I) for the year immediately before the month in which such individual became entitled to old-age insurance benefits or disability insurance benefits or died, or (II) if such individual had a period of disability which continued until he had become entitled to old-age insurance benefits, or disability insurance benefits, or died, for the year immediately before the month in which such period of disability began, and (ii) the period during which such child was living with such individual began before the child attained age 18.
- “(B) In the case of a child who was born in the one-year period during which such child must have been living with and receiving at least one-half of his support from such individual, such child shall be deemed to meet such requirements for such period if, as of the close of such period, such child has lived with such individual in the United States and received at least one-half of his support from such individual for substantially all of the period which begins on the date of such child's birth.”
- (c) The amendments made by this section shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December 1972, but only on the basis of applications filed on or after the date of the enactment of this Act.
- Effective date.  
53 Stat. 1362.  
42 USC 401.
- ELIMINATION OF SUPPORT REQUIREMENT AS CONDITION OF BENEFITS FOR DIVORCED AND SURVIVING DIVORCED WIVES
- 42 USC 402. SEC. 114. (a) Section 202(b) (1) of the Social Security Act is further amended—
- (1) by adding “and” at the end of subparagraph (C),
  - (2) by striking out subparagraph (D), and
  - (3) by redesignating subparagraphs (E) through (L) as subparagraphs (D) through (K), respectively.
- (b) (1) Section 202(e) (1) of such Act (as amended by section 102 (a) of this Act) is further amended—
- (A) by adding “and” at the end of subparagraph (C),
  - (B) by striking out subparagraph (D), and
  - (C) by redesignating subparagraphs (E) through (G) as subparagraphs (D) through (F), respectively.
- (2) Section 202(e) (6) of such Act is amended by striking out “paragraph (1) (G)” and inserting in lieu thereof “paragraph (1) (F)”.
- (c) Section 202(g) (1) (F) of such Act is amended by striking out clause (i), and by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively.
- (d) The amendments made by this section shall apply only with respect to benefits payable under title II of the Social Security Act for months after December 1972 on the basis of applications filed on or after the date of enactment of this Act.
- (e) Where—
- (1) one or more persons are entitled (without the application of sections 202(j) (1) and 223(b) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for December 1972 on the basis of the wages and self-employment income of an insured individual, and
- Ante, p. 1347.  
42 USC 416.
- Ante, p. 1335.
- Post, p. 1350.
- Effective date.
- Post, p. 1351.  
42 USC 423.

(2) one or more persons (not included in paragraph (1)) are entitled to monthly benefits under such section 202(g) as a surviving divorced mother (as defined in section 216(d)(3)) for a month after December 1972 on the basis of such wages and self-employment income, and

*Ante*, p. 1348,  
42 USC 416.

(3) the total of benefits to which all persons are entitled under such section 202 and 223 on the basis of such wages and self-employment income for any month after December 1972 is reduced by reason of section 203(a) of such Act as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced).

42 USC 402,  
423.  
*Ante*, pp. 1334,  
1340; *Post*,  
p. 1370.

then the amount of the benefit to which each person referred to in paragraph (1) of this subsection is entitled beginning with the first month after December 1972 for which any person referred to in paragraph (2) becomes entitled shall be adjusted, after the application of such section 203(a), to an amount no less than the amount it would have been if the person or persons referred to in paragraph (2) of this subsection were not entitled to a benefit referred to in such paragraph (2).

WAIVER OF DURATION-OF-RELATIONSHIP REQUIREMENT FOR WIDOW, WIDOWER, OR STEPCHILD IN CASE OF REMARRIAGE TO THE SAME INDIVIDUAL

Sec. 115. (a) The heading of section 216(k) of the Social Security Act is amended by adding at the end thereof “. or in Case of Remarriage to the Same Individual”.

*Post*, p. 1370.  
42 USC 416.

(b) Section 216(k) of such Act is amended by striking out “if his death—” and all that follows and inserting in lieu thereof “if—

“(1) his death—

“(A) is accidental, or

“(B) occurs in line of duty while he is a member of a uniformed service serving on active duty (as defined in section 210(1)(2)).

42 USC 410.

and he would satisfy such requirement if a three-month period were substituted for the nine-month period, or

“(2)(A) the widow or widower of such individual had been previously married to such individual and subsequently divorced and such requirement would have been satisfied at the time of such divorce if such previous marriage had been terminated by the death of such individual at such time instead of by divorce; or

“(B) the stepchild of such individual had been the stepchild of such individual during a previous marriage of such stepchild's parent to such individual which ended in divorce and such requirement would have been satisfied at the time of such divorce if such previous marriage had been terminated by the death of such individual at such time instead of by divorce;

except that this subsection shall not apply if the Secretary determines that at the time of the marriage involved the individual could not have reasonably been expected to live for nine months. For purposes of paragraph (1)(A) of this subsection, the death of an individual is accidental if he receives bodily injuries solely through violent, external, and accidental means and, as a direct result of the bodily injuries and independently of all other causes, loses his life not later than three months after the day on which he receives such bodily injuries.”

(c) The amendments made by this section shall apply only with respect to benefits payable under title II of the Social Security Act for months after December 1972 on the basis of applications filed in or after the month in which this Act is enacted.

Effective date.  
53 Stat. 1362.  
42 USC 401.

## REDUCTION FROM 6 TO 5 MONTHS OF WAITING PERIOD FOR DISABILITY BENEFITS

- 42 USC 423. SEC. 116. (a) Section 223(c)(2) of the Social Security Act is amended—
- (1) by striking out "six" and inserting in lieu thereof "five", and
- (2) by striking out "eighteenth" each place it appears and inserting in lieu thereof "seventeenth".
- ante, p. 1348. (b) Section 202(e)(6) of such Act is amended—
- (1) by striking out "six" and inserting in lieu thereof "five",
- (2) by striking out "eighteenth" and inserting in lieu thereof "seventeenth", and
- (3) by striking out "sixth" and inserting in lieu thereof "fifth".
- 42 USC 402. (c) Section 202(f)(7) of such Act is amended—
- (1) by striking out "six" and inserting in lieu thereof "five",
- (2) by striking out "eighteenth" and inserting in lieu thereof "seventeenth", and
- (3) by striking out "sixth" and inserting in lieu thereof "fifth".
- 42 USC 416. (d) Section 216(i)(2)(A) of such Act is amended by striking out "6" and inserting in lieu thereof "five".
- (e) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, applications for widow's and widower's insurance benefits based on disability under section 202 of such Act, and applications for disability determinations under section 216 (i) of such Act, filed—
- (1) in or after the month in which this Act is enacted, or
- (2) before the month in which this Act is enacted if—
- (A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month, or
- (B) the notice referred to in subparagraph (A) 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;
- 42 USC 405. except that no monthly benefits under title II of the Social Security Act shall be payable or increased by reason of the amendments made by this section for any month before January 1973.
- 53 Stat. 1362.  
42 USC 401.

## ELIMINATION OF DISABILITY INSURED-STATUS REQUIREMENT OF SUBSTANTIAL RECENT COVERED WORK IN CASE OF INDIVIDUALS WHO ARE BLIND

- 42 USC 416. SEC. 117. (a) The first sentence of section 216(i)(3) of the Social Security Act is amended by striking out all that follows subparagraph (B) and inserting in lieu thereof the following:
- "except that the provisions of subparagraph (B) of this paragraph shall not apply in the case of an individual who is blind (within the meaning of 'blindness' as defined in paragraph (1))."
- (b) Section 223(c)(1) of such Act is amended by striking out "coverage." in subparagraph (B)(ii) and inserting in lieu thereof "coverage;" and by striking out "For purposes" and inserting in lieu thereof the following:
- "except that the provisions of subparagraph (B) of this paragraph shall not apply in the case of an individual who is blind (within the meaning of 'blindness' as defined in section 216(i)(1)). For purposes".

(c) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, and for disability determinations under section 216(i) of such Act, filed—

- (1) in or after the month in which this Act is enacted, or
- (2) before the month in which this Act is enacted if—

(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month; or

(B) the notice referred to in subparagraph (A) 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 benefits under title II of the Social Security Act shall be payable or increased by reason of the amendments made by this section for months before January 1973.

Effective dates.

42 USC 423.  
Ante, pp. 1341,  
1351; Infra.

42 USC 405.

53 Stat. 1362.  
42 USC 401.

APPLICATIONS FOR DISABILITY INSURANCE BENEFITS FILED AFTER DEATH  
OF INSURED INDIVIDUAL

Sec. 118. (a) (1) Section 223(a) (1) of the Social Security Act is amended by adding at the end thereof the following new sentence: "In the case of a deceased individual, the requirement of subparagraph (C) may be satisfied by an application for benefits filed with respect to such individual within 3 months after the month in which he died."

(2) Section 223(a) (2) of such Act is amended by striking out "he filed his application for disability insurance benefits and was" and inserting in lieu thereof "the application for disability insurance benefits was filed and he was".

(3) The third sentence of section 223(b) of such Act is amended by striking out "if he files such application" and inserting in lieu thereof "if such application is filed".

(4) Section 223(c) (2) (A) of such Act is amended by striking out "who files such application" and inserting in lieu thereof "with respect to whom such application is filed".

(b) Section 216(i) (2) (B) of such Act is amended by adding at the end thereof the following new sentence: "In the case of a deceased individual, the requirement of an application under the preceding sentence may be satisfied by an application for a disability determination filed with respect to such individual within 3 months after the month in which he died."

(c) The amendments made by this section shall apply in the case of deaths occurring after December 31, 1969. For purposes of such amendments (and for purposes of sections 202(j) (1) and 223(b) of the Social Security Act), any application with respect to an individual whose death occurred after December 31, 1969, but before the date of the enactment of this Act which is filed in, or within 3 months after the month in which this Act is enacted shall be deemed to have been filed in the month in which such death occurred.

Effective dates.

42 USC 402.

WORKMEN'S COMPENSATION OFFSET FOR DISABILITY INSURANCE  
BENEFICIARIES

- 42 USC 424a. Sec. 119. (a) The next to last sentence of section 224(a) of the Social Security Act is amended—
- (1) by striking out "larger" and inserting in lieu thereof "largest";
- (2) by striking out "or" before "(B)", and
- (3) by inserting before the period at the end thereof the following: ". or (C) one-twelfth of the total of his wages and self-employment income (computed without regard to the limitations specified in sections 209(a) and 211(b)(1)) for the calendar year in which he had the highest such wages and income during the period consisting of the calendar year in which he became disabled (as defined in section 223(d)) and the five years preceding that year".
- Ante, p. 417,  
418.
- 42 USC 423. (b) The last sentence of section 224(a) of such Act is amended by striking out "clause (B)" and inserting in lieu thereof "clauses (B) and (C)".
- Effective date. (c) The amendments made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1972.
- 42 USC 401.

WAGE CREDITS FOR MEMBERS OF THE UNIFORMED SERVICES

- 81 Stat., 833.  
42 USC 429. Sec. 120. (a) Subsection 229(a) of the Social Security Act is amended—
- (1) by striking out "after December 1967" and inserting in lieu thereof "after December 1972";
- (2) by striking out "after 1967" and inserting in lieu thereof "after 1956"; and
- (3) by striking out all that follows "(in addition to the wages actually paid to him for such service)" and inserting in lieu thereof "of \$300."
- Effective date. (b) The amendments made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1972 and with respect to lump-sum death payments under such title in the case of deaths occurring after December 1972 except that, in the case of any individual who is entitled, on the basis of the wages and self-employment income of any individual to whom section 229 of such Act applies, to monthly benefits under title II of such Act for the month in which this Act is enacted, such amendments shall apply (1) only if a written request for a recalculation of such benefits (by reason of such amendments) under the provisions of section 215 (b) and (d) of such Act, as in effect at the time such request is filed, is filed by such individual, or any other individual, entitled to benefits under such title II on the basis of such wages and self-employment income, and (2) only with respect to such benefits for months beginning with whichever of the following is later: January 1973 or the twelfth month before the month in which such request was filed. Recalculations of benefits as required to carry out the provisions of this section shall be made notwithstanding the provisions of section 215(f)(1) of the Social Security Act, and no such recalculation shall be regarded as a recomputation for purposes of section 215(f) of such Act.
- 42 USC 429.
- 42 USC 401.
- 42 USC 415.

## OPTIONAL DETERMINATION OF SELF-EMPLOYMENT EARNINGS

SEC. 121. (a)(1) Section 211(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph: Post, pp. 1357,  
1366.

"The preceding sentence and clauses (i) through (iv) of the second preceding sentence shall also apply in the case of any trade or business (other than a trade or business specified in such second preceding sentence) which is carried on by an individual who is self-employed on a regular basis as defined in subsection (g), or by a partnership of which an individual is a member on a regular basis as defined in subsection (g), but only if such individual's net earnings from self-employment in the taxable year as determined without regard to this sentence are less than \$1,600 and less than 66 $\frac{2}{3}$  percent of the sum (in such taxable year) of such individual's gross income derived from all trades or businesses carried on by him and his distributive share of the income or loss from all trades or businesses carried on by all the partnerships of which he is a member: except that this sentence shall not apply to more than 5 taxable years in the case of any individual, and in no case in which an individual elects to determine the amount of his net earnings from self-employment for a taxable year under the provisions of the two preceding sentences with respect to a trade or business to which the second preceding sentence applies and with respect to a trade or business to which this sentence applies shall such net earnings for such year exceed \$1,600." 42 USC 411.  
  
Infra.

(2) Section 211 of such Act is amended by adding at the end thereof the following new subsection:

## "Regular Basis

"(g) An individual shall be deemed to be self-employed on a regular basis in a taxable year, or to be a member of a partnership on a regular basis in such year, if he had net earnings from self-employment, as defined in the first sentence of subsection (a), of not less than \$400 in at least two of the three consecutive taxable years immediately preceding such taxable year from trades or businesses carried on by such individual or such partnership."

(b)(1) Section 1402(a) of the Internal Revenue Code of 1954 Post, pp. 1357,  
1366. is amended by adding at the end thereof the following new paragraph:

"The preceding sentence and clauses (i) through (iv) of the second preceding sentence shall also apply in the case of any trade or business (other than a trade or business specified in such second preceding sentence) which is carried on by an individual who is self-employed on a regular basis as defined in subsection (i), or by a partnership of which an individual is a member on a regular basis as defined in subsection (i), but only if such individual's net earnings from self-employment as determined without regard to this sentence in the taxable year are less than \$1,600 and less than 66 $\frac{2}{3}$  percent of the sum (in such taxable year) of such individual's gross income derived from all trades or businesses carried on by him and his distributive share of the income or loss from all trades or businesses carried on by all the partnerships of which he is a member; except that this sentence shall not apply to more than 5 taxable years in the case of any individual, and in no case in which an individual elects to determine the amount of his net earnings from self-employment for a taxable year under the provisions of the two preceding sentences with respect to a trade or business to which the second preceding sentence applies and with respect to a trade or business to which this sentence applies shall such net earnings for such year exceed \$1,600."

*Ante*, p. 1353.  
68A Stat., 353.  
26 USC 1401.

(2) Section 1402 of such Code (definitions relating to Self-Employment Contributions Act of 1954) is amended by adding at the end thereof the following new subsection:

“Regular Basis

“(i) An individual shall be deemed to be self-employed on a regular basis in a taxable year, or to be a member of a partnership on a regular basis in such year, if he had net earnings from self-employment, as defined in the first sentence of subsection (a), of not less than \$400 in at least two of the three consecutive taxable years immediately preceding such taxable year from trades or businesses carried on by such individual or such partnership.”

Effective date.

(c) The amendments made by this section shall apply only with respect to taxable years beginning after December 31, 1972.

PAYMENTS BY EMPLOYER TO SURVIVOR OR ESTATE OF FORMER EMPLOYEE

64 Stat. 447;  
81 Stat. 935.  
42 USC 409.

SEC. 122. (a) Section 209 of the Social Security Act is amended by striking out “or” at the end of subsection (l), by striking out the period at the end of subsection (m) and inserting in lieu thereof “: or”, and by inserting after subsection (m) the following new subsection:

“(n) Any payment made by an employer to a survivor or the estate of a former employee after the calendar year in which such employee died.”

26 USC 3121.

(b) Section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended by striking out “or” at the end of paragraph (12), by striking out the period at the end of paragraph (13) and inserting in lieu thereof “: or”, and by inserting after paragraph (13) the following new paragraph:

“(14) any payment made by an employer to a survivor or the estate of a former employee after the calendar year in which such employee died.”

Effective date.

(c) The amendments made by this section shall apply in the case of any payment made after December 1972.

COVERAGE FOR VOW-OF-POVERTY MEMBERS OF RELIGIOUS ORDERS

42 USC 410.

SEC. 123. (a) (1) Section 210(a) (8) (A) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: “, except that this subparagraph shall not apply to service performed by a member of such an order in the exercise of such duties, if an election of coverage under section 3121(r) of the Internal Revenue Code of 1954 is in effect with respect to such order, or with respect to the autonomous subdivision thereof to which such member belongs”.

*Infra*.

(2) Section 3121(b) (8) (A) of the Internal Revenue Code of 1954 (relating to definition of employment) is amended by inserting before the semicolon at the end thereof the following: “, except that this subparagraph shall not apply to service performed by a member of such an order in the exercise of such duties, if an election of coverage under subsection (r) is in effect with respect to such order, or with respect to the autonomous subdivision thereof to which such member belongs”.

*Supra*.  
26 USC 3101.

(b) Section 3121 of such Code (definitions relating to Federal Insurance Contributions Act) is amended by adding at the end thereof the following new subsection:

“(r) ELECTION OF COVERAGE BY RELIGIOUS ORDERS.—

“(1) CERTIFICATE OF ELECTION BY ORDER.—A religious order whose members are required to take a vow of poverty, or any

autonomous subdivision of such order, may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations under this chapter) electing to have the insurance system established by title II of the Social Security Act extended to services performed by its members in the exercise of duties required by such order or such subdivision thereof. Such certificate of election shall provide that—

“(A) such election of coverage by such order or subdivision shall be irrevocable;

“(B) such election shall apply to all current and future members of such order, or in the case of a subdivision thereof to all current and future members of such order who belong to such subdivision;

“(C) all services performed by a member of such an order or subdivision in the exercise of duties required by such order or subdivision shall be deemed to have been performed by such member as an employee of such order or subdivision; and

“(D) the wages of each member, upon which such order or subdivision shall pay the taxes imposed by sections 3101 and 3111, will be determined as provided in subsection (i) (4).

“(2) DEFINITION OF MEMBER.—For purposes of this subsection, a member of a religious order means any individual who is subject to a vow of poverty as a member of such order and who performs tasks usually required (and to the extent usually required) of an active member of such order and who is not considered retired because of old age or total disability.

“(3) EFFECTIVE DATE FOR ELECTION.—(A) A certificate of election of coverage shall be in effect, for purposes of subsection (b) (8) (A) and for purposes of section 210(a) (8) (A) of the Social Security Act, for the period beginning with whichever of the following may be designated by the order or subdivision thereof:

“(i) the first day of the calendar quarter in which the certificate is filed,

“(ii) the first day of the calendar quarter succeeding such quarter, or

“(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.

Whenever a date is designated under clause (iii), the election shall apply to services performed before the quarter in which the certificate is filed only if the member performing such services was a member at the time such services were performed and is living on the first day of the quarter in which such certificate is filed.

“(B) If a certificate of election filed pursuant to this subsection is effective for one or more calendar quarters prior to the quarter in which such certificate is filed, then—

“(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 such prior calendar quarters resulting from the filing of such certificate shall be the last day of the calendar month following the calendar quarter in which the certificate is filed; and

42 USC 401.

Post, pp. 1362-1364.

Ante, p. 1354.

26 USC 6651.

"(ii) the statutory period for the assessment of such tax shall not expire before the expiration of 3 years from such due date.

"(4) COORDINATION WITH COVERAGE OF LAY EMPLOYEES.—Notwithstanding the preceding provisions of this subsection, no certificate of election shall become effective with respect to an order or subdivision thereof, unless—

"(A) if at the time the certificate of election is filed a certificate of waiver of exemption under subsection (k) is in effect with respect to such order or subdivision, such order or subdivision amends such certificate of waiver of exemption (in such form and manner as may be prescribed by regulations made under this chapter) to provide that it may not be revoked, or

"(B) if at the time the certificate of election is filed a certificate of waiver of exemption under such subsection is not in effect with respect to such order or subdivision, such order or subdivision files such certificate of waiver of exemption under the provisions of such subsection except that such certificate of waiver of exemption cannot become effective at a later date than the certificate of election and such certificate of waiver of exemption must specify that such certificate of waiver of exemption may not be revoked. The certificate of waiver of exemption required under this subparagraph shall be filed notwithstanding the provisions of subsection (k) (3)."

(c) (1) Section 209 of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"For purposes of this title, in any case where an individual is a member of a religious order (as defined in section 3121 (r) (2) of the Internal Revenue Code of 1954) performing service in the exercise of duties required by such order, and an election of coverage under section 3121 (r) of such Code is in effect with respect to such order or with respect to the autonomous subdivision thereof to which such member belongs, the term 'wages' shall, subject to the provisions of subsection (a) of this section, include as such individual's remuneration for such service the fair market value of any board, lodging, clothing, and other perquisites furnished to such member by such order or subdivision thereof or by any other person or organization pursuant to an agreement with such order or subdivision, except that the amount included as such individual's remuneration under this paragraph shall not be less than \$100 a month."

(2) Section 3121 (i) of the Internal Revenue Code of 1954 (relating to computation of wages in certain cases) is amended by adding at the end thereof the following new paragraph:

"(4) SERVICE PERFORMED BY CERTAIN MEMBERS OF RELIGIOUS ORDERS.—For purposes of this chapter, in any case where an individual is a member of a religious order (as defined in subsection (r) (2)) performing service in the exercise of duties required by such order, and an election of coverage under subsection (r) is in effect with respect to such order or with respect to the autonomous subdivision thereof to which such member belongs, the term 'wages' shall, subject to the provisions of subsection (a) (1), include as such individual's remuneration for such service the fair market value of any board, lodging, clothing, and other perquisites furnished to such member by such

Ante, p. 1354;  
Post, p. 1365.  
"Wages."

Ante, p. 1354.

26 USC 3121.

"Wages."

order or subdivision thereof or by any other person or organization pursuant to an agreement with such order or subdivision, except that the amount included as such individual's remuneration under this paragraph shall not be less than \$100 a month."

SELF-EMPLOYMENT INCOME OF CERTAIN INDIVIDUALS TEMPORARILY  
LIVING OUTSIDE THE UNITED STATES

SEC. 124. (a) Section 211(a) of the Social Security Act is amended— Ante, p. 1353.

- (1) by striking out "and" at the end of paragraph (8);
- (2) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and"; and
- (3) by inserting after paragraph (9) the following new paragraph:

"(10) In the case of an individual who has been a resident of the United States during the entire taxable year, the exclusion from gross income provided by section 911(a)(2) of the Internal Revenue Code of 1954 shall not apply."

26 USC 911.

(b) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended— Ante, p. 1353; Post, p. 1366.

- (1) by striking out "and" at the end of paragraph (9);
- (2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and
- (3) by inserting after paragraph (10) the following new paragraph:

"(11) in the case of an individual who has been a resident of the United States during the entire taxable year, the exclusion from gross income provided by section 911(a)(2) shall not apply."

(c) The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1972. Effective date.

COVERAGE OF FEDERAL HOME LOAN BANK EMPLOYEES

SEC. 125. (a) The provisions of section 210(a)(6)(B)(ii) of the Social Security Act and section 3121(b)(6)(B)(ii) of the Internal Revenue Code of 1954, insofar as they relate to service performed in the employ of a Federal home loan bank, shall be effective— 42 USC 410. 26 USC 3121.

(1) with respect to all service performed in the employ of a Federal home loan bank on and after the first day of the first calendar quarter which begins on or after the date of the enactment of this Act; and

(2) in the case of individuals who are in the employ of a Federal home loan bank on such first day, with respect to any service performed in the employ of a Federal home loan bank after the last day of the sixth calendar year preceding the year in which this Act is enacted; but this paragraph shall be effective only if an amount equal to the taxes imposed by sections 3101 and 3111 of such Code with respect to the services of all such individuals performed in the employ of Federal home loan banks after the last day of the sixth calendar year preceding the year in which this Act is enacted are paid under the provisions of section 3122 of such Code by July 1, 1973, or by such later date as may be provided in an agreement entered into before such date with the Secretary of the Treasury or his delegate for purposes of this paragraph. Post, pp. 1362-1364. Ante, p. 419.

(b) Subparagraphs (A)(i) and (B) of section 104(i)(2) of the Social Security Amendments of 1956 are repealed. Repeal. 42 USC 410 note.

## POLICEMEN AND FIREMEN IN IDAHO

42 USC 418.

SEC. 126. Section 218(p) (1) of the Social Security Act is amended by inserting "Idaho," after "Hawaii,".

## COVERAGE OF CERTAIN HOSPITAL EMPLOYEES IN NEW MEXICO

SEC. 127. Notwithstanding any provisions of section 218 of the Social Security Act, the Agreement with the State of New Mexico heretofore entered into pursuant to such section may at the option of such State be modified at any time prior to the first day of the fourth month after the month in which this Act is enacted, so as to apply to the services of employees of a hospital which is an integral part of a political subdivision to which an agreement under this section has not been made applicable, as a separate coverage group within the meaning of section 218(b) (5) of such Act, but only if such hospital has prior to 1966 withdrawn from a retirement system which had been applicable to the employees of such hospital.

## COVERAGE OF CERTAIN EMPLOYEES OF THE GOVERNMENT OF GUAM

42 USC 410.

SEC. 128. (a) Section 210(a)(7) of the Social Security Act is amended by striking out "or" at the end of subparagraph (C), by striking out the semicolon at the end of subparagraph (D) and inserting in lieu thereof "or", and by adding at the end thereof the following new subparagraph:

"(E) service performed in the employ of the Government of Guam (or any instrumentality which is wholly owned by such Government) by an employee properly classified as a temporary or intermittent employee, if such service is not covered by a retirement system established by a law of Guam; except that (i) the provisions of this subparagraph shall not be applicable to services performed by an elected official or a member of the legislature or in a hospital or penal institution by a patient or inmate thereof, and (ii) for purposes of this subparagraph, clauses (i) and (ii) of subparagraph (C) shall apply;"

26 USC 3121.

(b) Section 3121(b)(7) of the Internal Revenue Code of 1954 is amended by striking out "or" at the end of subparagraph (B), by striking out the semicolon at the end of subparagraph (C) and inserting in lieu thereof "or", and by adding at the end thereof the following new subparagraph:

"(D) service performed in the employ of the Government of Guam (or any instrumentality which is wholly owned by such Government) by an employee properly classified as a temporary or intermittent employee, if such service is not covered by a retirement system established by a law of Guam; except that (i) the provisions of this subparagraph shall not be applicable to services performed by an elected official or a member of the legislature or in a hospital or penal institution by a patient or inmate thereof, and (ii) for purposes of this subparagraph, clauses (i) and (ii) of subparagraph (B) shall apply;"

Effective date.

(c) The amendments made by this section shall apply with respect to service performed on and after the first day of the first calendar quarter which begins on or after the date of the enactment of this Act.

COVERAGE EXCLUSION OF STUDENTS EMPLOYED BY NONPROFIT ORGANIZATIONS AUXILIARY TO SCHOOLS, COLLEGES, AND UNIVERSITIES

SEC. 129. (a) (1) Section 210(a) (10) (B) of the Social Security Act 42 USC 410, is amended to read as follows:

“(B) Service performed in the employ of—

“(i) a school, college, or university, or

“(ii) an organization described in section 509(a) (3) of the Internal Revenue Code of 1954 if the organization is organized, and at all times thereafter is operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of a school, college, or university and is operated, supervised, or controlled by or in connection with such school, college, or university, unless it is a school, college, or university of a State or a political subdivision thereof and the services in its employ performed by a student referred to in section 218(c) (5) are covered under the agreement between the Secretary of Health, Education, and Welfare and such State entered into pursuant to section 218; 26 USC 509. 42 USC 418.

if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university;”.

(2) Section 3121(b) (10) (B) of the Internal Revenue Code of 1954 is amended to read as follows: 26 USC 3121.

“(B) service performed in the employ of—

“(i) a school, college, or university, or

“(ii) an organization described in section 509(a) (3) if the organization is organized, and at all times thereafter is operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of a school, college, or university and is operated, supervised, or controlled by or in connection with such school, college, or university, unless it is a school, college, or university of a State or a political subdivision thereof and the services performed in its employ by a student referred to in section 218(c) (5) of the Social Security Act are covered under the agreement between the Secretary of Health, Education, and Welfare and such State entered into pursuant to section 218 of such Act;

if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university;”.

(b) The amendments made by subsection (a) shall apply to services performed after December 31, 1972. Effective date.

PENALTY FOR FURNISHING FALSE INFORMATION TO OBTAIN SOCIAL SECURITY ACCOUNT NUMBER FOR DECEPTIVE PRACTICES INVOLVING SOCIAL SECURITY ACCOUNT NUMBERS

SEC. 130. (a) Section 208 of the Social Security Act is amended by adding “or” after the semicolon at the end of subsection (e), and by inserting after subsection (e) the following new subsections:

“(f) willfully, knowingly, and with intent to deceive the Secretary as to his true identity (or the true identity of any other person) furnishes or causes to be furnished false information to the Secretary with respect to any information required by the Secretary in connection with the establishment and maintenance of the records provided for in section 205(c) (2); or

Post, p. 1364.

“(g) for the purpose of causing an increase in any payment authorized under this title (or any other program financed in whole or in part from Federal funds), or for the purpose of causing a payment under this title (or any such other program) to be made when no payment is authorized thereunder, or for the purpose of obtaining (for himself or any other person) any payment or any other benefit to which he (or such other person) is not entitled—

Post, 1364.

“(1) willfully, knowingly, and with intent to deceive, uses a social security account number, assigned by the Secretary (in the exercise of his authority under section 205(c) (2) to establish and maintain records) on the basis of false information furnished to the Secretary by him or by any other person; or

“(2) with intent to deceive, falsely represents a number to be the social security account number assigned by the Secretary to him or to another person, when in fact such number is not the social security account number assigned by the Secretary to him or to such other person;”.

Effective date.

(b) The amendments made by subsection (a) shall apply with respect to information furnished to the Secretary after the date of the enactment of this Act.

INCREASE OF AMOUNTS IN TRUST FUNDS AVAILABLE TO PAY COSTS OF REHABILITATION SERVICES

Ante, p. 1343.

SEC. 131. The first sentence of section 222(d) (1) of the Social Security Act (as amended by section 107(b) (4) of this Act) is further amended by striking out “except that the total amount so made available pursuant to this subsection in any fiscal year may not exceed 1 percent of the total of the benefits under section 202(d) for children who have attained age 18 and are under a disability” and inserting in lieu thereof the following: “except that the total amount so made available pursuant to this subsection may not exceed—

“(i) 1 percent in the fiscal year ending June 30, 1972,

“(ii) 1.25 percent in the fiscal year ending June 30, 1973.

“(iii) 1.5 percent in the fiscal year ending June 30, 1974, and thereafter,

Ante, pp. 1343-1347.

of the total of the benefits under section 202(d) for children who have attained age 18 and are under a disability”.

ACCEPTANCE OF MONEY GIFTS MADE UNCONDITIONALLY TO SOCIAL SECURITY

42 USC 401.

SEC. 132. (a) The second sentence of section 201(a) of the Social Security Act is amended by inserting after “in addition,” the following: “such gifts and bequests as may be made as provided in subsection (i) (1), and”.

Infra.

Post, p. 1364.

(b) The second sentence of section 201(b) of such Act is amended by inserting after “consist of” the following: “such gifts and bequests as may be made as provided in subsection (i) (1), and”.

(c) Section 201 of such Act is further amended by adding after subsection (h) the following new subsection:

“(i) (1) The Managing Trustee 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 Medical Insurance Trust Fund is authorized to accept on behalf of the United States money gifts and bequests made unconditionally to any one or more of such Trust Funds or to the Department of Health, Education, and Welfare, or any part or officer thereof, for the benefit of any of such Funds or any activity financed through such Funds.

"(2) Any such gift accepted pursuant to the authority granted in paragraph (1) of this subsection shall be deposited in—

"(A) the specific trust fund designated by the donor or

"(B) if the donor has not so designated, the Federal Old-Age and Survivors Insurance Trust Fund."

(d) The second sentence of section 1817(a) of such Act is amended by inserting after "consist of" and before "such amounts" the following: "such gifts and bequests as may be made as provided in section 201(i)(1), and". 42 USC 1395i,  
Ante, p. 1360.

(e) The second sentence of section 1841(a) of such Act is amended by inserting after "consist of" and before "such amounts" the following: "such gifts and bequests as may be made as provided in section 201(i)(1), and". 42 USC 1395t.

(f) The amendments made by this section shall apply with respect to gifts and bequests received after the date of enactment of this Act. Effective date.

(g) For the purpose of Federal income, estate, and gift taxes, any gift or bequest to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, or the Federal Supplementary Medical Insurance Trust Fund, or to the Department of Health, Education, and Welfare, or any part or officer thereof, for the benefit of any of such Funds or any activity financed through any of such Funds, which is accepted by the Managing Trustee of such Trust Funds under the authority of section 201(i) of the Social Security Act, shall be considered as a gift or bequest to or for the use of the United States and as made for exclusively public purposes.

PAYMENT IN CERTAIN CASES OF DISABILITY INSURANCE BENEFITS WITH  
RESPECT TO CERTAIN PERIODS OF DISABILITY

SEC. 133. (a) If an individual would (upon the timely filing of an application for a disability determination under section 216(i) of the Social Security Act and of an application for disability insurance benefits under section 223 of such Act) have been entitled to disability insurance benefits under such section 223 for a period which began after 1959 and ended prior to 1964, such individual shall, upon filing application for disability insurance benefits under such section 223 with respect to such period not later than 6 months after the date of enactment of this section, be entitled, notwithstanding any other provision of title II of the Social Security Act, to receive in a lump sum, as disability insurance benefits payable under section 223, an amount equal to the total amounts of disability insurance benefits which would have been payable to him for such period if he had timely filed such an application for a disability determination and such an application for disability insurance benefits with respect to such period; but only if—

(1) prior to the date of enactment of this section and after the date of enactment of the Social Security Amendments of 1967, 42 USC 302  
note.

- Ante*, pp. 1341, 1350, 1351. such period was determined (under section 216(i) of the Social Security Act) to be a period of disability as to such individual; and
- (2) the application giving rise to the determination (under such section 216(i)) that such period is a period of disability as to such individual would not have been accepted as an application for such a determination except for the provisions of section 216(i) (2)(F).
- (b) No payment shall be made to any individual by reason of the provisions of subsection (a) except upon the basis of an application filed after the date of enactment of this section.

RECOMPUTATION OF BENEFITS BASED ON COMBINED RAILROAD AND SOCIAL SECURITY EARNINGS

- 42 USC 415. SEC. 134. (a) Section 215(f) of the Social Security Act is amended—
- (1) by striking out subparagraph (B) of paragraph (2) and inserting in lieu thereof the following:
- “(B) in the case of an individual who died in such year, for monthly benefits beginning with benefits for the month in which he died.”; and
- (2) by adding at the end the following new paragraph:
- “(6) Upon the death after 1967 of an individual entitled to benefits under section 202(a) or section 223, if any person is entitled to monthly benefits or a lump-sum death payment, on the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if the decedent during his lifetime was paid compensation which was treated under section 205(o) as remuneration for employment.”
- Ante*, p. 1340.  
*Ante*, pp. 1350, 1351. (b) Section 215(d)(2) of such Act is amended by inserting “or (6)” before the period at the end thereof.
- Post*, p. 1369.

CHANGES IN TAX SCHEDULES

- 26 USC 1401. SEC. 135. (a) (1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended—
- (A) by striking out “1978” in paragraph (3) and inserting in lieu thereof “1973”; and
- (B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:
- “(4) 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.”
- 26 USC 3101. (2) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended (A) by striking out “any of the calendar years 1971 through 1977” and inserting in lieu thereof “the calendar years 1971 and 1972” and (B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 4.85 percent;

"(5) with respect to wages received during the calendar years 1978 through 2010, the rate shall be 4.80 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.85 percent."

(3) Section 3111(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended (A) by striking out "any of the calendar years 1971 through 1977" and inserting in lieu thereof "the calendar years 1971 and 1972" and (B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 4.85 percent;

"(5) with respect to wages paid during the calendar years 1978 through 2010, the rate shall be 4.80 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.85 percent."

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.25 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.45 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 1.0 percent;

"(3) with respect to wages received during the calendar years 1978, 1979, and 1980, the rate shall be 1.25 percent;

"(4) with respect to wages received during the calendar years 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.35 percent; and

"(5) with respect to wages received after December 31, 1985, the rate shall be 1.45 percent."

Ante, p. 422.      (3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

“(2) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 1.0 percent;

“(3) with respect to wages paid during the calendar years 1978, 1979, and 1980, the rate shall be 1.25 percent;

“(4) with respect to wages paid during the calendar years 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.35 percent; and

“(5) with respect to wages paid after December 31, 1985, the rate shall be 1.45 percent.”

Effective date.      (c) The amendments made by subsections (a) (1) and (b) (1) shall apply only with respect to taxable years beginning after December 31, 1972. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1972.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

Ante, p. 422.      SEC. 136. (a) Section 201(b)(1) of the Social Security Act is amended—

(1) by striking out “(E) 1.0” and inserting in lieu thereof “(E) 1.1”;

(2) by striking out “(F) 1.1” and inserting in lieu thereof “(F) 1.15”, and

(3) by striking out “(G) 1.4” and inserting in lieu thereof “(G) 1.5”.

(b) Section 201(b)(2) of such Act is amended—

(1) by striking out “(E) 0.75” and inserting in lieu thereof “(E) 0.795”;

(2) by striking out “(F) 0.825” and inserting in lieu thereof “(F) 0.84”, and

(3) by striking out “(G) 0.915” and inserting in lieu thereof “(G) 0.895”.

METHOD OF ISSUANCE OF SOCIAL SECURITY ACCOUNT NUMBERS

42 USC 405.      SEC. 137. Section 205(c)(2) of the Social Security Act is amended—

(1) by inserting “(A)” immediately after “(2)”; and

(2) by adding at the end thereof the following new subparagraph:

“(B)(i) In carrying out his duties under subparagraph (A), the Secretary shall take affirmative measures to assure that social security account numbers will, to the maximum extent practicable, be assigned to all members of appropriate groups or categories of individuals by assigning such numbers (or ascertaining that such numbers have already been assigned):

“(I) to aliens at the time of their lawful admission to the United States either for permanent residence or under other authority of law permitting them to engage in employment in the United States and to other aliens at such time as their status is so changed as to make it lawful for them to engage in such employment;

“(II) to any individual who is an applicant for or recipient of benefits under any program financed in whole or in part from

Federal funds including any child on whose behalf such benefits are claimed by another person; and

“(III) to any other individual when it appears that he could have been but was not assigned an account number under the provisions of subclauses (I) or (II) but only after such investigation as is necessary to establish to the satisfaction of the Secretary, the identity of such individual, the fact that an account number has not already been assigned to such individual, and the fact that such individual is a citizen or a noncitizen who is not, because of his alien status, prohibited from engaging in employment;

and, in carrying out such duties, the Secretary is authorized to take affirmative measures to assure the issuance of social security numbers:

“(IV) to or on behalf of children who are below school age at the request of their parents or guardians; and

“(V) to children of school age at the time of their first enrollment in school.

“(ii) The Secretary shall require of applicants for social security account numbers such evidence as may be necessary to establish the age, citizenship, or alien status, and true identity of such applicants, and to determine which (if any) social security account number has previously been assigned to such individual.

“(iii) In carrying out the requirements of this subparagraph, the Secretary shall enter into such agreements as may be necessary with the Attorney General and other officials and with State and local welfare agencies and school authorities (including non-public school authorities).”

#### PAYMENTS BY EMPLOYER TO DISABLED FORMER EMPLOYEE

Sec. 138. (a) Section 209 of the Social Security Act (as amended by section 122(a) of this Act) is further amended by striking out “or” at the end of subsection (m), by striking out the period at the end of subsection (n) and inserting in lieu thereof “; or”, and by inserting after subsection (n) the following new subsection:

“(o) Any payment made by an employer to an employee, if at the time such payment is made such employee is entitled to disability insurance benefits under section 223(a) and such entitlement commenced prior to the calendar year in which such payment is made, and if such employee did not perform any services for such employer during the period for which such payment is made.” Ante, p. 1351.

(b) Section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages, and as amended by section 122(b) of this Act) is further amended by striking out “or” at the end of paragraph (13), by striking out the period at the end of paragraph (14) and inserting in lieu thereof “; or”, and by inserting after paragraph (14) the following new paragraph:

“(15) any payment made by an employer to an employee, if at the time such payment is made such employee is entitled to disability insurance benefits under section 223(a) of the Social Security Act and such entitlement commenced prior to the cal-

endar year in which such payment is made, and if such employee did not perform any services for such employer during the period for which such payment is made."

Effective date. (c) The amendments made by this section shall apply in the case of any payment made after December 1972.

TERMINATION OF COVERAGE OF REGISTRARS OF VOTERS  
IN LOUISIANA

64 Stat. 516.  
42 USC 418. SEC. 139. (a) Notwithstanding the provisions of section 218(g)(1) of the Social Security Act, the Secretary may, under such conditions as he deems appropriate, permit the State of Louisiana to modify its agreement entered into under section 218 of such Act so as to terminate the coverage of all employees who are in positions under the Registrars of Voters Employees' Retirement System, effective after December 1973, but only if such State files with him notice of termination on or before December 31, 1973.

(b) If the coverage of such employees in positions under such retirement system is terminated pursuant to subsection (a), coverage cannot later be extended to employees in positions under such retirement system.

COMPUTATION OF INCOME OF AMERICAN MINISTERS AND MEMBERS OF  
RELIGIOUS ORDERS PERFORMING SERVICES OUTSIDE THE UNITED STATES

71 Stat. 523.  
42 USC 411. SEC. 140. (a) Section 211(a)(7) of the Social Security Act is amended—

(1) by striking out "and section 119" and inserting in lieu thereof "section 119";

42 USC 410. (2) by striking out "of the Internal Revenue Code of 1954 and, in addition, if he is a citizen of the United States performing such service as an employee of an American employer (as defined in section 210(e)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States, without regard to" and inserting in lieu thereof a comma; and

(3) by striking out "such Code" and inserting in lieu thereof "the Internal Revenue Code of 1954".

71 Stat. 523.  
26 USC 1402. (b) Section 1402(a)(8) of the Internal Revenue Code is amended—

(1) by striking out "and section 119" and inserting in lieu thereof "section 119"; and

(2) by striking out "and, in addition, if he is a citizen of the United States performing such service as an employee of an American employer (as defined in section 3121(h)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States, without regard to" and inserting in lieu thereof a comma.

Effective date. (c) The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1972.

MODIFICATION OF STATE AGREEMENTS WITH RESPECT TO CERTAIN STUDENTS  
AND CERTAIN PART-TIME EMPLOYEES

42 USC 418. SEC. 141. (a) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with any State (or any modifications thereof) entered into pursuant to such section may, at the option of such State, be modified at any time prior to January 1, 1974, so as to exclude either or both of the following:

- (1) service in any class or classes of part-time positions; or
- (2) service performed 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.

(b) Any modification of such agreement pursuant to this section shall be effective with respect to services performed after the end of the calendar quarter following the calendar quarter in which such agreement is modified. <sup>Effective date.</sup>

(c) If any such modification terminates coverage with respect to service in any class or classes of part-time positions in any coverage group, the Secretary of Health, Education, and Welfare and the State may not thereafter modify such agreement so as to again make the agreement applicable to service in such positions in such coverage group; if such modification terminates coverage with respect to service performed in the employ of a school, college, or university, by a student who is enrolled and regularly attending classes at such school, college, or university, the Secretary of Health, Education, and Welfare and the State may not thereafter modify such agreement so as to again make the agreement applicable to such service performed in the employ of such school, college, or university.

BENEFITS IN CASE OF CERTAIN INDIVIDUALS INTERNED DURING  
WORLD WAR II

SEC. 142. (a) Title II of the Social Security Act (as amended by this Act) is amended by adding at the end thereof a new section as follows: 42 USC 401.

"BENEFITS IN CASE OF CERTAIN INDIVIDUALS INTERNED DURING  
WORLD WAR II

"SEC. 231. (a) For the purposes of this section the term 'internee' means an individual who was interned during any period of time from December 7, 1941, through December 31, 1946, at a place within the United States operated by the Government of the United States for the internment of United States citizens of Japanese ancestry. "Internee."

"(b) (1) For purposes of determining entitlement to and the amount of any monthly benefit for any month after December 1972, or entitlement to and the amount of any lump-sum death payment in the case of a death after such month, payable under this title on the basis of the wages and self-employment income of any individual, and for purposes of section 216(i) (3), such individual shall be deemed to have been paid during any period after he attained age 18 and for which he was an internee, wages (in addition to any wages actually paid to him) at a weekly rate of basic pay during such period as follows— Ante, p. 1350.

"(A) in the case such individual was not employed prior to the beginning of such period, 40 multiplied by the minimum hourly rate or rates in effect at any such time under section 206(a) (1) of title 29, United States Code, for each full week during such period; and 80 Stat. 838.

"(B) in the case such individual who was employed prior to the beginning of such period, 40 multiplied by the greater of (i) the highest hourly rate received during any such employment, or (ii) the minimum hourly rate or rates in effect at any such time under section 206(a) (1) of title 29, United States Code, for each full week during such period.

"(2) This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

“(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

“(B) a benefit (other than a benefit payable in a lump-sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon internment during any period from December 7, 1941, through December 31, 1946, at a place within the United States operated by the Government of the United States for the internment of United States citizens of Japanese ancestry, is determined by any agency or wholly owned instrumentality of the United States to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.

Nonapplicability. The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by \$0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based. The provisions of clause (B) shall also not apply for purposes of section 216(i)(3).

Ante, pp. 1333, 1334, 1362.

Ante, p. 1350.

“(3) Upon application for benefits, a recalculation of benefits (by reason of this section), or a lump-sum death payment on the basis of the wages and self-employment income of any individual who was an internee, the Secretary of Health, Education, and Welfare shall accept the certification of the Secretary of Defense or his designee concerning any period of time for which an internee is to receive credit under paragraph (1) and shall make a decision without regard to clause (B) of paragraph (2) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the period for which such individual was an internee, a benefit described in clause (B) of paragraph (2) has been determined by such agency or instrumentality to be payable by it. If the Secretary of Health, Education, and Welfare has not been so notified, he shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (2) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Secretary of Health, Education, and Welfare, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by this section.

“(4) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on any period for which any individual was an internee shall, at the request of the Secretary of Health, Education, and Welfare, certify to him, with respect to any individual who was an internee, such information as the Secretary deems necessary to carry out his functions under paragraph (3) of this subsection.

Appropriation. “(c) There are authorized to be appropriated to the Trust Funds and the Federal Hospital Insurance Trust Fund for the fiscal year ending June 30, 1978, such sums as the Secretary determines would place the Trust Funds and the Federal Hospital Insurance Trust Fund in the position in which they would have been if the preceding provisions of this section had not been enacted.”

42 USC 415.

(b) Section 215(d)(1)(C) of such Act is amended by striking out “and” at the end of clause (ii), by striking out the period at the end of clause (iii), and inserting in lieu thereof “, and”, and by inserting after clause (iii) the following new clause:

“(iv) wages deemed paid prior to 1951 to such individual under section 231.”

(c) Section 215(d)(2) of such Act (as amended by section 134 of this Act) is further amended by striking out the period at the end thereof and inserting in lieu thereof “or section 231.” *Ante*, p. 1362.  
42 USC 415.

MODIFICATION OF AGREEMENT WITH WEST VIRGINIA TO PROVIDE COVERAGE  
FOR CERTAIN POLICEMEN AND FIREMEN

SEC. 143. (a) Notwithstanding the provisions of subsection (d)(5) (A) of section 218 of the Social Security Act and the references thereto *42 USC 418.* in subsections (d)(1) and (d)(3) of such section 218, the agreement with the State of West Virginia heretofore entered into pursuant to such section 218 may, at any time prior to 1974, be modified pursuant to subsection (c)(4) of such section 218 so as to apply to services performed in policemen's or firemen's positions covered by a retirement system on the date of the enactment of this Act by individuals as employees of any class III or class IV municipal corporation (as defined in or under the laws of the State) if the State of West Virginia has at any time prior to the date of the enactment of this Act paid to the Secretary of the Treasury, with respect to any of the services performed in such positions by individuals as employees of such municipal corporation, the sums prescribed pursuant to subsection (e)(1) of such section 218. For purposes of this subsection, a retirement system which covers positions of policemen or firemen, or both, and other positions, shall, if the State of West Virginia so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be.

(b) Notwithstanding the provisions of subsection (f) of section 218 of the Social Security Act, any modification in the agreement with the State of West Virginia under subsection (a) of this section, to the extent it involves services performed by individuals as employees of any class III or class IV municipal corporation, may be made effective with respect to—

(1) all services performed by such individual, in any policeman's or fireman's position to which the modification relates, on or after the date of the enactment of this Act; and

(2) all services performed by such individual in such a position before such date of enactment with respect to which the State of West Virginia has paid to the Secretary of the Treasury the sums prescribed pursuant to subsection (e)(1) of such section 218 at the time or times established pursuant to such subsection (e)(1), if and to the extent that—

(A) no refund of the sums so paid has been obtained, or

(B) a refund of part or all of the sums so paid has been obtained but the State of West Virginia repays to the Secretary of the Treasury the amount of such refund within ninety days after the date that the modification is agreed to by the State and the Secretary of Health, Education, and Welfare.

PERFECTING AMENDMENTS RELATED TO THE 20-PERCENT INCREASE  
PROVISION ENACTED IN PUBLIC LAW 92-336

SEC. 144. (a)(1) The table in section 215(a) of the Social Security Act (as inserted by section 201(a) of Public Law 92-336) is amended— *Ante*, p. 406.

(A) in column II of such table, by striking out “251.40” and inserting in lieu thereof “254.40”, and

(B) in column III of such table, by striking out “699” and inserting in lieu thereof “696”.

86 STAT. 1370

- Ante, p. 410. (2) Section 203(a)(2)(B) of such Act (as amended by section 201(b) of Public Law 92-336) is amended by striking out "for each person" and inserting in lieu thereof "for each such person".
- Ante, p. 415. (3) Section 203(a)(2)(C) of such Act (as amended by section 202(a)(2)(B) of Public Law 92-336) is amended by striking out "month including" and inserting in lieu thereof "month (including)".
- Ante, p. 417. (4) Section 230(b)(2) of such Act (as added by section 202(b)(1) of Public Law 92-336) is amended by striking out "or" at the end of clause (A) and inserting in lieu thereof "of".
- Ante, p. 406. (b) The amendments made by each of the paragraphs in subsection (a) shall be effective in like manner as if such amendment had been included in title II of Public Law 92-336 in the particular provision of such title referred to in such paragraph.
- Ante, p. 417. (c) Section 203(b)(6) of Public Law 92-336 is amended, effective July 1, 1972, by striking out "Section 6413(a)(2)(A)" and inserting in lieu thereof "Section 6413(c)(2)(A)".

ELIMINATION OF DURATION-OF-RELATIONSHIP REQUIREMENT IN CERTAIN CASES INVOLVING SURVIVOR BENEFITS (WHERE INSURED'S DEATH WAS ACCIDENTAL OR OCCURRED IN LINE OF DUTY WHILE HE WAS A SERVICEMAN)

Ante, p. 1349. SEC. 145. (a) The first sentence of section 216(k) of the Social Security Act (as amended by section 115 of this Act) is further amended—

(1) by striking out "and he would satisfy such requirement if a three-month period were substituted for the nine-month period" and inserting in lieu thereof "unless the Secretary determines that at the time of the marriage involved the individual could not have reasonably been expected to live for nine months"; and

(2) by striking out "except that this subsection shall not apply" and inserting in lieu thereof "except that paragraph (2) of this subsection shall not apply".

42 USC 401. (b) The amendments made by this section shall apply only with respect to benefits payable under title II of the Social Security Act for months after December 1972 on the basis of applications filed in or after the month in which this Act is enacted.

TITLE II—PROVISIONS RELATING TO MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH

COVERAGE FOR DISABILITY BENEFICIARIES UNDER MEDICARE

SEC. 201. (a)(1)(A) The heading of title XVIII of the Social Security Act is amended to read as follows:

"TITLE XVIII—HEALTH INSURANCE FOR THE AGED AND DISABLED".

(B) The heading of part A of such title is amended to read as follows:

"PART A—HOSPITAL INSURANCE BENEFITS FOR THE AGED AND DISABLED".

(C) The heading of part B of such title is amended to read as follows:

"PART B—SUPPLEMENTARY MEDICAL INSURANCE BENEFITS FOR THE  
AGED AND DISABLED".

(2) The text of section 1811 of such Act is amended to read as follows: 42 USC 1395c.

"Sec. 1811. The insurance program for which entitlement is established by section 226 provides basic protection against the costs of hospital and related posthospital services in accordance with this part for (1) 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 and (2) individuals under age 65 who have been entitled for not less than 24 consecutive months to benefits under title II of this Act or under the railroad retirement system on the basis of a disability." 42 USC 401.

(3) Section 1831 of such Act is amended— 42 USC 1395j.

(A) by inserting "AND THE DISABLED" after "AGED" in the heading, and

(B) by striking out "individuals 65 years of age or over" and inserting in lieu thereof "aged and disabled individuals".

(b) (1) Section 226 (a) of such Act is amended to read as follows: 42 USC 426.

"(a) (1) Every individual who—

"(A) has attained age 65, and

"(B) 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 subparagraph (B), beginning with the first month after June 1966 for which he meets the conditions specified in subparagraphs (A) and (B). 42 USC 1395.

"(b) Every individual who—

"(1) has not attained age 65, and

"(2) (A) is entitled to, and has for 24 consecutive calendar months been entitled to, (i) disability insurance benefits under section 223 or (ii) child's insurance benefits under section 202(d) by reason of a disability (as defined in section 223(d)) or (iii) widow's insurance benefits under section 202(e) or widower's insurance benefits under section 202(f) by reason of a disability (as defined in section 223(d)), or (B) is, and has been for not less than 24 consecutive months a disabled qualified railroad retirement beneficiary, within the meaning of section 22 of the Railroad Retirement Act of 1937, 42 USC 228a.

shall be entitled to hospital insurance benefits under part (A) of title XVIII for each month beginning with the later of (I) July 1973 or (II) the twenty-fifth consecutive month of his entitlement or status as a qualified railroad retirement beneficiary described in paragraph (2), and ending with the month following the month in which notice of termination of such entitlement to benefits or status as a qualified railroad retirement beneficiary described in paragraph (2) is mailed to him, or if earlier, with the month before the month in which he attains age 65."

(2) Section 226(b) of such Act is amended by striking out "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 inserting in lieu thereof "occurred (i) after June 30, 1966, or on or after the first day of the month in which he attains age 65, whichever is later, or (ii) if he was entitled to hospital insurance benefits pursuant to subsection (b), at a time when he was so entitled". 42 USC 426.

(3) Section 226(b) (2) of such Act is amended by striking out "an individual shall be deemed entitled to monthly insurance benefits under section 202," and inserting in lieu thereof "an individual shall be

42 USC 402,  
423.  
42 USC 426.

deemed entitled to monthly insurance benefits under section 202 or section 223."

(4) Section 226(c) of such Act is amended by inserting "or section 22" after "section 21" wherever it appears.

(5) Section 226 of such Act is further amended by redesignating subsection (b) as subsection (c), subsection (c) as subsection (d), and subsection (d) as subsection (f), and by inserting after subsection (d) the following new subsection:

"(e) (1) For purposes of determining entitlement to hospital insurance benefits under subsection (b) in the case of widows and widowers described in paragraph (2)(A)(iii) thereof—

"(A) the term 'age 60' in sections 202(e)(1)(B)(ii) and 202(e)(5), and the term 'age 62' in sections 202(f)(1)(B)(ii), and 202(f)(6) shall be deemed to read 'age 65'; and

"(B) the phrase 'before she attained age 60' in the matter following subparagraph (F) of section 202(e)(1) shall be deemed to read 'based on a disability'.

"(2) For purposes of determining entitlement to hospital insurance benefits under subsection (a)(2) in the case of an individual under age 65 who is entitled to benefits under section 202, and who was entitled to widow's insurance benefits or widower's insurance benefits based on disability for the month before the first month in which such individual was so entitled to old-age insurance benefits (but ceased to be entitled to such widow's or widower's insurance benefits upon becoming entitled to such old-age insurance benefits), such individual shall be deemed to have continued to be entitled to such widow's insurance benefits or widower's insurance benefits for and after such first month.

"(3) For purposes of determining entitlement to hospital insurance benefits under subsection (a)(2) any disabled widow age 50 or older who is entitled to mother's insurance benefits (and who would have been entitled to widow's insurance benefits by reason of disability if she had filed for such widow's benefits) shall, upon application, for such hospital insurance benefits be deemed to have filed for such widow's benefits and shall, upon furnishing proof of such disability prior to July 1, 1974, under such procedures as the Secretary may prescribe, be deemed to have been entitled to such widow's benefits as of the time she would have been entitled to such widow's benefits if she had filed a timely application therefor."

42 USC 1395o.

(c) (1) Section 1836 of such Act is amended to read as follows:

#### "ELIGIBLE INDIVIDUALS

"Sec. 1836. Every individual who—

"(1) is entitled to hospital insurance benefits under part A, or

"(2) has attained age 65 and is a resident of the United States, and is either (A) a citizen or (B) an alien lawfully admitted for permanent residence who has resided in the United States continuously during the 5 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."

42 USC 1395p.

(2) (A) The first sentence of section 1837(c) of such Act is amended by striking out "paragraphs (1) and (2)" and inserting in lieu thereof "paragraph (1) or (2)".

(B) The second sentence of section 1837(c) of such Act is amended to read as follows: "For purposes of this subsection and subsection (d), an individual who has attained age 65 and who satisfies paragraph (1) of section 1836 but not paragraph (2) of such section shall be treated as satisfying such paragraph (1) on the first day on which he is (or on filing application would have been) entitled to hospital insurance benefits under part A."

Supra.

(C) The first sentence of 1837(d) of such Act is amended by striking out "paragraphs (1) and (2)" and inserting in lieu thereof "paragraph (1) or (2)". 42 USC 1395p.

(3)(A) Section 1838(a) of such Act is amended by striking out "July 1, 1966" in paragraph (1) and inserting in lieu thereof "July 1, 1966 or (in the case of a disabled individual who has not attained age 65) July 1, 1973". 42 USC 1395q.

(B) Section 1838(a) of such Act is further amended—

(i) by striking out "paragraphs (1) and (2)" in paragraph (2)(A) and inserting in lieu thereof "paragraph (1) or (2)"; and

(ii) by striking out "such paragraphs" in subparagraphs (B), (C), and (D) and inserting in lieu thereof "such paragraph".

(C) Section 1838 of such Act is further amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) the following new subsection:

"(c) In the case of an individual satisfying paragraph (1) of section 1836 whose entitlement to hospital insurance benefits under part A is based on a disability rather than on his having attained the age of 65, his coverage period (and his enrollment under this part) shall be terminated as of the close of the last month for which he is entitled to hospital insurance benefits." Ante, p. 1372.

(4) Section 1839(c) of such Act is amended—

(A) by inserting "(in the same continuous period of eligibility)" after "for each full 12 months"; and

(B) by adding at the end thereof the following new sentence: "Any increase in an individual's monthly premium under the first sentence of this subsection with respect to a particular continuous period of eligibility shall not be applicable with respect to any other continuous period of eligibility which such individual may have." 42 USC 1395r.

(5) Section 1839 of such Act is further amended by adding at the end thereof the following new subsection: Post, p. 1376.

"(e) For purposes of subsection (c) (and section 1837(g)(1)), an individual's 'continuous period of eligibility' is the period beginning with the first day on which he is eligible to enroll under section 1836 and ending with his death; except that any period during all of which an individual satisfied paragraph (1) of section 1836 and which terminated in or before the month preceding the month in which he attained age 65 shall be a separate 'continuous period of eligibility' with respect to such individual (and each such period which terminates shall be deemed not to have existed for purposes of subsequently applying this section)." Post, p. 1378. Ante, p. 1372.

(6)(A) Section 1840(a)(1) of such Act is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223". 42 USC 1395s.

(B) Section 1840(a)(2) of such Act is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223".

(7) Section 1875(a) of such Act is amended by striking out "aged" and inserting in lieu thereof "aged and the disabled". 42 USC 139511.

(d) The Railroad Retirement Act of 1937 is amended by adding after section 21 the following new section:

45 USC 228s-2.

"HOSPITAL INSURANCE BENEFITS FOR THE DISABLED

"Sec. 22. Individuals under age 65—

"(1) who have been entitled to annuities for not less than 24 consecutive months during each of which the first proviso of section 3(e) could have applied on the basis of an application which has been filed under paragraph 4 or 5 of section 2(a), and are currently entitled to such annuities, or who are entitled to annui-

42 USC 423.

ties under paragraph 2 or 3 of section 2(a) and could have been paid annuities for not less than 24 consecutive months under section 223 of the Social Security Act if their service as employees were included in the term 'employment' as defined in that Act, or

"(2) who have been entitled to annuities under section 5(a) on the basis of disability, or could have been so entitled had they not been entitled on the basis of age or had they not been entitled under section 5(b) on the basis of having the custody of children, for not less than 24 consecutive months during each of which the first proviso of section 3(e) could have been applied on the basis of disability if an application for disability benefits had been filed, or

"(3) who have been entitled to annuities for not less than 24 consecutive months under section 5(c) on the basis of a disability (within the meaning of section 5(l)(1)(ii)) or who could have been includible as disabled children for not less than 24 consecutive months in the computation of an annuity under the first proviso in section 3(e) and could currently be includible in such a computation;

45 USC 228a-2.

42 USC 401.

42 USC 1395.

shall be certified by the Board in the same manner, for the same purposes, and subject to the same conditions, restrictions, and other provisions as individuals specifically described in section 21, and also subject to the same conditions, restrictions, and other provisions as are disability beneficiaries under title II of the Social Security Act in connection with their eligibility for hospital insurance benefits under part A of title XVIII of such Act and their eligibility to enroll under part B of such title XVIII; and for the purposes of this Act and title XVIII of the Social Security Act, individuals certified as provided in this section shall be considered individuals described in and certified under such section 21. Notwithstanding the other provisions of this section it shall not apply to any individual who could not be taken into account on the basis of disability in calculating the annuity under the first proviso of section 3(e) without regard to the second paragraph of such section."

HOSPITAL INSURANCE BENEFITS FOR UNINSURED INDIVIDUALS NOT  
ELIGIBLE UNDER TRANSITIONAL PROVISION

42 USC 13951.

Sec. 202. Title XVIII of the Social Security Act is amended by adding after section 1817 the following new section:

"HOSPITAL INSURANCE BENEFITS FOR UNINSURED INDIVIDUALS NOT  
OTHERWISE ELIGIBLE

"Sec. 1818. (a) Every individual who—

"(1) has attained the age of 65,

"(2) is enrolled under part B of this title,

"(3) is a resident of the United States, and is either (A) a citizen or (B) an alien lawfully admitted for permanent residence who has resided in the United States continuously during the 5 years immediately preceding the month in which he applies for enrollment under this section, and

"(4) is not otherwise entitled to benefits under this part,

shall be eligible to enroll in the insurance program established by this part.

"(b) An individual may enroll under this section only in such manner and form as may be prescribed in regulations, and only during an enrollment period prescribed in or under this section.

"(c) The provisions of section 1837 (except subsection (f) thereof), section 1838, subsection (c) of section 1839, and subsections (f) and (h) of section 1840 shall apply to persons authorized to enroll under this section except that--

"(1) individuals who meet the conditions of subsection (a) (1), (3), and (4) on or before the last day of the seventh month after the month in which this section is enacted may enroll under this part and (if not already so enrolled) may also enroll under part B during an initial general enrollment period which shall begin on the first day of the second month which begins after the date on which this section is enacted and shall end on the last day of the tenth month after the month in which this Act is enacted;

"(2) in the case of an individual who first meets the conditions of eligibility under this section on or after the first day of the eighth month after the month in which this section is enacted, the initial enrollment period shall begin on the first day of the third month before the month in which he first becomes eligible and shall end 7 months later;

"(3) in the case of an individual who enrolls pursuant to paragraph (1) of this subsection, entitlement to benefits shall begin on--

"(A) the first day of the second month after the month in which he enrolls,

"(B) July 1, 1973, or

"(C) the first day of the first month in which he meets the requirements of subsection (a),

whichever is the latest;

"(4) termination of coverage under this section by the filing of notice that the individual no longer wishes to participate in the hospital insurance program shall take effect at the close of the month following the month in which such notice is filed;

"(5) an individual's entitlement under this section shall terminate with the month before the first month in which he becomes eligible for hospital insurance benefits under section 226 of this Act or section 103 of the Social Security Amendments of 1965; and upon such termination, such individual shall be deemed, solely for purposes of hospital insurance entitlement, to have filed in such first month the application required to establish such entitlement; and

"(6) termination of coverage for supplementary medical insurance shall result in simultaneous termination of hospital insurance benefits for uninsured individuals who are not otherwise entitled to benefits under this Act.

"(d) (1) The monthly premium of each individual for each month in his coverage period before July 1974 shall be \$33. Monthly premiums.

"(2) The Secretary shall, during the last calendar quarter of each year, beginning in 1973, determine and promulgate the dollar amount (whether or not such dollar amount was applicable for premiums for any prior month) which shall be applicable for premiums for months occurring in the 12-month period commencing July 1 of the next year. Such amount shall be equal to \$33, multiplied by the ratio of (A) the inpatient hospital deductible for such next year, as promulgated under section 1813(b)(2), to (B) such deductible promulgated for 1973. Any amount determined under the preceding sentence which is not a multiple of \$1 shall be rounded to the nearest multiple of \$1, or if midway between multiples of \$1 to the next higher multiple of \$1.

"(e) Payment of the monthly premiums on behalf of any individual

Ante, p. 1371;  
Post, p. 1463.  
42 USC 426a.

42 USC 1395e.

who meets the conditions of subsection (a) may be made by any public or private agency or organization under a contract or other arrangement entered into between it and the Secretary if the Secretary determines that payment of such premiums under such contract or arrangement is administratively feasible.

“(f) Amounts paid to the Secretary for coverage under this section shall be deposited in the Treasury to the credit of the Federal Hospital Insurance Trust Fund.”

AMOUNT OF SUPPLEMENTARY MEDICAL INSURANCE PREMIUM

42 USC 1395r.

SEC. 203. (a) Section 1839(b)(1) of the Social Security Act is amended by inserting “and before July 1, 1973.” after “1967”.

(b) Section 1839(b)(2) of such Act is amended by striking out “thereafter” and inserting in lieu thereof “ending on or before December 31, 1971”.

(c) Section 1839 of such Act (as amended by section 201(c)(4) and (5) of this Act) is further amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

“(c)(1) The Secretary shall, during December of 1972 and of each year thereafter, determine the monthly actuarial rate for enrollees age 65 and over which shall be applicable for the 12-month period commencing July 1 in the succeeding year. Such actuarial rate shall be the amount the Secretary estimates to be necessary so that the aggregate amount for such 12-month period with respect to those enrollees age 65 and over will equal one-half of the total of the benefits and administrative costs which he estimates will be payable from the Federal Supplementary Medical Insurance Trust Fund for services performed and related administrative costs incurred in such 12-month period. In calculating the monthly actuarial rate, the Secretary shall include an appropriate amount for a contingency margin.

“(2) The monthly premium of each individual enrolled under this part for each month after June 1973 shall, except as provided in subsection (d), be the amount determined under paragraph (3).

“(3) The Secretary shall, during December of 1972 and of each year thereafter, determine and promulgate the monthly premium applicable for the individuals enrolled under this part for the 12-month period commencing July 1 in the succeeding year. The monthly premium shall be equal to the smaller of—

“(A) the monthly actuarial rate for enrollees age 65 and over, determined according to paragraph (1) of this subsection, for that 12-month period, or

“(B) the monthly premium rate most recently promulgated by the Secretary under this paragraph or, in the case of the determination made in December 1971, such rate promulgated under subsection (b)(2) multiplied by the ratio of (i) the amount in column IV of the table which, by reason of the law in effect at the time the promulgation is made, will be in effect as of June 1 next following such determination appears (or is deemed to appear) in section 215(a) on the line which includes the figure ‘750’ in column III of such table to (ii) the amount in column IV of the table which appeared (or was deemed to appear) in section 215(a) on the line which included the figure ‘750’ in column III as of June 1 of the year in which such determination is made.

Whenever the Secretary promulgates the dollar amount which shall be applicable as the monthly premium for any period, he shall, at the time such promulgation is announced, issue a public statement setting forth the actuarial assumptions and bases employed by him in arriving

at the amount of an adequate actuarial rate for enrollees age 65 and over as provided in paragraph (1) and the derivation of the dollar amounts specified in this paragraph.

"(4) The Secretary shall also, during December of 1972 and of each year thereafter, determine the monthly actuarial rate for disabled enrollees under age 65 which shall be applicable for the 12-month period commencing July 1 in the succeeding year. Such actuarial rate shall be the amount the Secretary estimates to be necessary so that the aggregate amount for such 12-month period with respect to disabled enrollees under age 65 will equal one-half of the total of the benefits and administrative costs which he estimates will be incurred in the Federal Supplementary Medical Insurance Trust Fund for such 12-month period with respect to such enrollees. In calculating the monthly actuarial rate under this paragraph, the Secretary shall include an appropriate amount for a contingency margin."

(d) (1) Section 1839(d) of such Act, as redesignated by subsection (c) of this section, is amended by inserting "or (c)" after "subsection (b)". *Ante*, p. 1376.

(2) Section 1839(f) of such Act, as redesignated by subsection (c) of this section, is amended by striking out "subsection (c)" and inserting in lieu thereof "subsection (d)".

(e) Effective with respect to enrollee premiums payable for months after June 1973, section 1844(a) (1) of such Act is amended to read as follows: *Effective date.*  
81 Stat. 874.  
42 USC 1395w.

"(1) (A) a Government contribution equal to the aggregate premiums payable for a month for enrollees age 65 and over under this part and deposited in the Trust Fund, multiplied by the ratio of—

"(i) twice the dollar amount of the actuarially adequate rate per enrollee age 65 and over as determined under section 1839(c) (1) for such month minus the dollar amount of the premium per enrollee for such month, as determined under section 1839(c) (3), to *Supra*.

"(ii) the dollar amount of the premium per enrollee for such month, plus

"(B) a Government contribution equal to the aggregate premiums payable for a month for enrollees under age 65 under this part and deposited in the Trust Fund, multiplied by the ratio of—

"(i) twice the dollar amount of the actuarially adequate rate per enrollee under age 65 as determined under section 1839(c) (4) for such month minus the dollar amount of the premium per enrollee for such month, as determined under section 1839(c) (3), to

"(ii) the dollar amount of the premium per enrollee for such month."

#### CHANGE IN SUPPLEMENTARY MEDICAL INSURANCE DEDUCTIBLE

Sec. 204. (a) Section 1833(b) of the Social Security Act is amended by striking out "shall be reduced by a deductible of \$50" and inserting in lieu thereof "shall be reduced by a deductible of \$60". *79 Stat. 302.*  
42 USC 1395j.

(b) Section 1835(c) of such Act is amended by striking out "but only if such charges for such services do not exceed \$50" and inserting in lieu thereof "but only if such charges for such services do not exceed the applicable supplementary medical insurance deductible". *81 Stat. 849.*  
42 USC 1395n.

(c) The amendments made by this section shall be effective with respect to calendar years after 1972 (except that, for purposes of applying clause (1) of the first sentence of section 1833(b) of the Social Security Act, such amendments shall be deemed to have taken effect on January 1, 1972). *Effective date.*  
*Supra*.

## AUTOMATIC ENROLLMENT FOR SUPPLEMENTARY MEDICAL INSURANCE

79 Stat. 304;  
81 Stat. 859.  
42 USC 1395p.  
Ante, p. 1372.

SEC. 206. (a) Section 1837 of the Social Security Act is amended by adding at the end thereof the following new subsections:

“(f) Any individual—

“(1) who is eligible under section 1836 to enroll in the medical insurance program by reason of entitlement to hospital insurance benefits as described in paragraph (1) of such section, and

“(2) whose initial enrollment period under subsection (d) begins after March 31, 1973, and

“(3) who is residing in the United States, exclusive of Puerto Rico,

shall be deemed to have enrolled in the medical insurance program established by this part.

“(g) All of the provisions of this section shall apply to individuals satisfying subsection (f), except that—

Ante, p. 1371.

“(1) in the case of an individual who satisfies subsection (f) by reason of entitlement to disability insurance benefits described in section 226(a)(2)(B), his initial enrollment period shall begin on the first day of the later of (A) April 1973 or (B) the third month before the 25th consecutive month of such entitlement, and shall reoccur with each continuous period of eligibility (as defined in section 1839(e)) and upon attainment of age 65;

Ante, p. 1376.

“(2) (A) in the case of an individual who is entitled to monthly benefits under section 202 or 223 on the first day of his initial enrollment period or becomes entitled to monthly benefits under section 202 during the first 3 months of such period, his enrollment shall be deemed to have occurred in the third month of his initial enrollment period, and

42 USC 402, 423.

“(B) in the case of an individual who is not entitled to benefits under section 202 on the first day of his initial enrollment period and does not become so entitled during the first 3 months of such period, his enrollment shall be deemed to have occurred in the month in which he files the application establishing his entitlement to hospital insurance benefits provided such filing occurs during the last 4 months of his initial enrollment period; and

“(3) in the case of an individual who would otherwise satisfy subsection (f) but does not establish his entitlement to hospital insurance benefits until after the last day of his initial enrollment period (as defined in subsection (d) of this section), his enrollment shall be deemed to have occurred on the first day of the earlier of the then current or immediately succeeding general enrollment period (as defined in subsection (e) of this section).”

42 USC 1395q.

(b) Section 1838(a) of such Act is amended—

(1) by striking out the period at the end of subsection (a) and by inserting in lieu thereof “; or”; and

(2) by adding at the end of subsection (a) the following new paragraph:

“(3) (A) in the case of an individual who is deemed to have enrolled on or before the last day of the third month of his initial enrollment period, the first day of the month in which he first meets the applicable requirements of section 1836 or July 1, 1973, whichever is later, or

“(B) in the case of an individual who is deemed to have enrolled on or after the first day of the fourth month of his initial enrollment period, as prescribed under subparagraphs (B), (C), (D), and (E) of paragraph (2) of this subsection.”

42 USC 1395g.  
Post, p. 1447.

(c) Section 1838(b) of such Act (as amended by section 257(a) of this Act) is further amended by adding at the end thereof the following new paragraph:

"Where an individual who is deemed to have enrolled for medical insurance pursuant to section 1837 (f) files a notice before the first day of the month in which his coverage period begins advising that he does not wish to be so enrolled, the termination of the coverage period resulting from such deemed enrollment shall take effect with the first day of the month the coverage would have been effective and such notice shall not be considered a disenrollment for the purposes of section 1837 (b). Where an individual who is deemed enrolled for medical insurance benefits pursuant to section 1837 (f) files a notice requesting termination of his deemed coverage in or after the month in which such coverage becomes effective, the termination of such coverage shall take effect at the close of the calendar quarter following the calendar quarter in which the notice is filed."

Ante, p. 1378.

Post, p. 1448.

INCENTIVES FOR STATES TO ESTABLISH EFFECTIVE UTILIZATION  
REVIEW PROCEDURES UNDER MEDICAID

SEC. 207. (a) (1) Section 1903 of the Social Security Act is amended by adding at the end thereof the following new subsections:

79 Stat. 349;

81 Stat. 898.

42 USC 1396b.

"(g) (1) With respect to amounts paid for the following services furnished under the State plan after June 30, 1973 (other than services furnished pursuant to a contract with a health maintenance organization as defined in section 1876), the Federal medical assistance percentage shall be decreased as follows: After an individual has received care as an inpatient in a hospital (including an institution for tuberculosis), skilled nursing home or intermediate care facility on 60 days, or in a hospital for mental diseases on 90 days (whether or not such days are consecutive), during any fiscal year, which for purposes of this section means the four calendar quarters ending with June 30, the Federal medical assistance percentage with respect to amounts paid for any such care furnished thereafter to such individual in the same fiscal year shall be decreased by 33½ per centum thereof unless the State agency responsible for the administration of the plan makes a showing satisfactory to the Secretary that, with respect to each calendar quarter for which the State submits a request for payment at the full Federal medical assistance percentage for amounts paid for inpatient hospital services (including tuberculosis hospitals), skilled nursing home services, or intermediate care facility services furnished beyond 60 days (or inpatient mental hospital services furnished beyond 90 days), there is in operation in the State an effective program of control over utilization of such services; such a showing must include evidence that—

Post, pp. 1396,  
1453.

"(A) in each case for which payment is made under the State plan, a physician certifies at the time of admission, or, if later, the time the individual applies for medical assistance under the State plan (and recertifies, where such services are furnished over a period of time, in such cases, at least every 60 days, and accompanied by such supporting material, appropriate to the case involved, as may be provided in regulations of the Secretary), that such services are or were required to be given on an inpatient basis because the individual needs or needed such services; and

"(B) in each such case, such services were furnished under a plan established and periodically reviewed and evaluated by a physician;

"(C) such State has in effect a continuous program of review of utilization pursuant to section 1902(a) (30) whereby the necessity for admission and the continued stay of each patient in such institution is periodically reviewed and evaluated (with such

Post, p. 1416.

frequency as may be prescribed in regulations of the Secretary) by medical and other professional personnel who are not themselves directly responsible for the care of the patient and who are not employed by or financially interested in any such institution; and

85 Stat. 809.  
42 USC 1396a.

“(D) such State has an effective program of medical review of the care of patients in mental hospitals, skilled nursing homes, and intermediate care facilities pursuant to section 1902(a) (26) and (31) whereby the professional management of each case is reviewed and evaluated at least annually by independent professional review teams.

42 USC 1395d.

In determining the number of days on which an individual has received services described in this subsection, there shall not be counted any days with respect to which such individual is entitled to have payments made (in whole or in part) on his behalf under section 1812.

“(2) The Secretary shall, as part of his validation procedures under this subsection, conduct sample onsite surveys of private and public institutions in which recipients of medical assistance may receive care and services under a State plan approved under this title, and his findings with respect to such surveys (as well as the showings of the State agency required under this subsection) shall be made available for public inspection.

“(h) (1) If the Secretary determines for any calendar quarter beginning after June 30, 1973, with respect to any State that there does not exist a reasonable cost differential between the statewide average cost of skilled nursing home services and the statewide average cost of intermediate care facility services in such State, the Secretary may reduce the amount which would otherwise be considered as expenditures under the State plan by any amount which in his judgment is a reasonable equivalent of the difference between the amount of the expenditures by such State for intermediate care facility services and the amount that would have been expended by such State for such services if there had been a reasonable cost differential between the cost of skilled nursing home services and the cost of intermediate care facility services.

“(2) In determining whether any such cost differential in any State is reasonable the Secretary shall take into consideration the range of such cost differentials in all States.

Cost differential.

“(3) For the purposes of this subsection, the term ‘cost differential’ for any State for any quarter means, as determined by the Secretary on the basis of the data for the most recent calendar quarter for which satisfactory data are available, the excess of—

“(A) the average amount paid in such State (regardless of the source of payment) per inpatient day for skilled nursing home services, over

“(B) the average amount paid in such State (regardless of the source of payment) per inpatient day for intermediate care facility services.

“Cost,”

“(4) For purposes of this subsection, the term ‘cost’ shall mean amounts reimbursable by the State under a State plan approved under this title.”

42 USC 1396t.

(2) Section 1903(a) (1) of such Act is amended by inserting “, subject to subsections (g) and (h) of this section” after “section 1905(b)”.

Effective date.

(b) The amendments made by subsection (a) shall, except as otherwise provided therein, be effective July 1, 1973.

COST-SHARING UNDER MEDICAID

Sec. 208. (a) Section 1902(a)(14) of the Social Security Act is amended to read as follows: 42 USC 1396a.

“(14) effective January 1, 1973, provide that—

“(A) in the case of individuals receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements of the one of such State plans which is appropriate—

42 USC 302, 1201, 1351, 1381, 601.

“(i) no enrollment fee, premium, or similar charge, and no deduction, cost sharing, or similar charge with respect to the care and services listed in clauses (1) through (5) and (7) of section 1905(a), will be imposed under the plan, and

42 USC 1396d.

“(ii) any deduction, cost sharing, or similar charge imposed under the plan with respect to other care and services will be nominal in amount (as determined in accordance with standards approved by the Secretary and included in the plan), and

“(B) with respect to 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 or who, after December 31, 1973, are included under the State plan for medical assistance pursuant to section 1902(a)(10)(B) approved under title XIX—

“(i) there shall be imposed an enrollment fee, premium, or similar charge which (as determined in accordance with standards prescribed by the Secretary) is related to the individual's income, and

“(ii) any deductible, cost-sharing, or similar charge imposed under the plan will be nominal.”

(b) The amendment made by subsection (a) shall be effective January 1, 1973 (or earlier if the State plan so provided). Effective date.

MEDICAID CONDITIONS OF ELIGIBILITY FOR CERTAIN EMPLOYED FAMILIES

Sec. 209. (a) Section 1902 of the Social Security Act is amended by adding at the end thereof the following new subsection:

“(e) Notwithstanding any other provision of this title, effective January 1, 1974, each State plan approved under this title must provide that each family which was eligible for assistance pursuant to part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family became ineligible for such assistance because of increased income from employment, shall, while a member of such family is employed, remain eligible for such assistance for 4 calendar months following the month in which such family would otherwise be determined to be ineligible for such assistance because of the income and resources limitations contained in such plan.”

(b) (1) Section 1902 of the Social Security Act, as amended by this section, is further amended by adding at the end thereof the following new subsection:

“(f) Notwithstanding any other provision of this title, except as provided in subsection (e), no State shall be required to provide medical assistance to any aged, blind, or disabled individual (within the meaning of title XVI) for any month unless such State would be (or would have been) required to provide medical assistance to such individual for such month had its plan for medical assistance approved under this title and in effect on January 1, 1972, been in effect in such

86 STAT., 1382

42 USC 1396t.  
42 USC 1381.  
26 USC 213.

Effective date.

month, except that for this purpose any such individual shall be deemed eligible for medical assistance under such State plan if (in addition to meeting such other requirements as are or may be imposed under the State plan) the income of any such individual as determined in accordance with section 1903(f) (after deducting such individual's payment under title XVI, and incurred expenses for medical care as defined in section 213 of the Internal Revenue Code of 1954) is not in excess of the standard for medical assistance established under the State plan as in effect on January 1, 1972."

(2) The amendment made by this subsection shall become effective on January 1, 1974.

PAYMENT UNDER MEDICARE TO INDIVIDUALS COVERED BY FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

79 Stat., 325;  
81 Stat., 846.  
42 USC 1395y.

5 USC 8901.

SEC. 210. Section 1862 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(c) No payment may be made under this title with respect to any item or service furnished to or on behalf of any individual on or after January 1, 1975, if such item or service is covered under a health benefits plan in which such individual is enrolled under chapter 89 of title 5, United States Code, unless prior to the date on which such item or service is so furnished the Secretary shall have determined and certified that such plan or the Federal employees health benefits program under chapter 89 of such title 5 has been modified so as to assure that—

"(1) there is available to each Federal employee or annuitant enrolled in such plan, upon becoming entitled to benefits under part A or B, or both parts A and B of this title, in addition to the health benefits plans available before he becomes so entitled, one or more health benefits plans which offer protection supplementing the protection he has under this title, and

"(2) the Government or such plan will make available to such Federal employee or annuitant a contribution in an amount at least equal to the contribution which the Government makes toward the health insurance of any employee or annuitant enrolled for high option coverage under the Government-wide plans established under chapter 89 of such title 5, with such contribution being in the form of (A) a contribution toward the supplementary protection referred to in paragraph (1), (B) a payment to or on behalf of such employee or annuitant to offset the cost to him of his coverage under this title, or (C) a combination of such contribution and such payment."

PAYMENT UNDER MEDICARE FOR CERTAIN INPATIENT HOSPITAL AND RELATED PHYSICIANS' SERVICES FURNISHED OUTSIDE THE UNITED STATES

42 USC 1395f.

SEC. 211. (a) Section 1814(f) of the Social Security Act is amended to read as follows:

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

"(f) (1) Payment shall be made for inpatient hospital services furnished to an individual entitled to hospital insurance benefits under section 226 by a hospital located outside the United States, or under arrangements (as defined in section 1861(w)) with it, if—

"(A) such individual is a resident of the United States, and  
"(B) such hospital was closer to, or substantially more acces-

Ante, p. 1371.  
42 USC 1395x.

sible from the residence of such individual 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.

"(2) Payment may also be made for emergency inpatient hospital services furnished to an individual entitled to hospital insurance benefits under section 226 by a hospital located outside the United States ante, p. 1371. if—

"(A) such individual was physically present—

"(i) in a place within the United States; or

"(ii) at a place within Canada while traveling without unreasonable delay by the most direct route (as determined by the Secretary) between Alaska and another State; at the time the emergency which necessitated such inpatient hospital services occurred, and

"(B) 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.

"(3) Payment shall be made in the amount provided under subsection (b) to any hospital for the inpatient hospital services described in paragraph (1) or (2) furnished to an individual by the hospital or under arrangements (as defined in section 1861(w)) with it if (A) the Secretary would be required to make such payment if the hospital had an agreement in effect under this title and otherwise met the conditions of payment hereunder, (B) such hospital elects to claim such payment, and (C) such hospital agrees to comply, with respect to such services, with the provisions of section 1866(a). 42 USC 1395x. 42 USC 1395cc.

"(4) Payment for the inpatient hospital services described in paragraph (1) or (2) furnished to an individual entitled to hospital insurance benefits under section 226 may be made on the basis of an itemized bill to such individual if (A) payment for such services cannot be made under paragraph (3) solely because the hospital does not elect to claim such payment, and (B) such individual files application (submitted within such time and in such form and manner and by such person, and continuing and supported by such information as the Secretary shall by regulations prescribe) for reimbursement. The amount payable with respect to such services shall, subject to the provisions of section 1813, be equal to the amount which would be payable under subsection (d)(3)." 42 USC 1395e.

(b) Section 1861(e) of such Act is amended— 42 USC 1395x.

(1) by striking out "except for purposes of sections 1814(d) and 1835(b)" and inserting in lieu thereof "except for purposes of sections 1814(d), 1814(f), and 1835(b)";

(2) by inserting "section 1814(f)(2)," immediately after "For purposes of sections 1814(d) and 1835(b) (including determination of whether an individual received inpatient hospital services or diagnostic services for purposes of such sections),"; and

(3) by inserting immediately after the third sentence the following new sentence: "For purposes of section 1814(f)(1), such term includes an institution which (i) is a hospital for purposes of sections 1814(d), 1814(f)(2), and 1835(b) and (ii) is accredited by the Joint Commission on Accreditation of Hospitals, or is accredited by or approved by a program of the country in which such institution is located if the Secretary finds the accreditation or comparable approval standards of such program to be essentially equivalent to those of the Joint Commission on Accreditation of Hospitals."

- 42 USC 1395y. (c) (1) Section 1862(a) (4) of such Act is amended—  
 (A) by striking out “emergency”; and  
 (B) by inserting after “1814(f)” the following:  
 “and, subject to such conditions, limitations, and requirements as are provided under or pursuant to this title, physicians’ services and ambulance services furnished an individual in conjunction with such inpatient hospital services but only for the period during which such inpatient hospital services were furnished”.
- 42 USC 1395x.  
 Post, pp. 1447,  
 1449, 1451. (2) Section 1861(r) of such Act (as amended by sections 256(b) and 264 of this Act) is further amended by adding at the end thereof the following new sentence: “For the purposes of section 1862(a) (4) and subject to the limitations and conditions provided in the previous sentence, such term includes a doctor of one of the arts, specified in such previous sentence, legally authorized to practice such art in the country in which the inpatient hospital services (referred to in such section 1862(a) (4)) are furnished.”
- 42 USC 1395u. (3) Section 1842(b) (3) (B) (ii) of such Act is amended by striking out “service;” and inserting in lieu thereof the following: “service (except in the case of physicians’ services and ambulance service furnished as described in section 1862(a) (4), other than for purposes of section 1870(f));”
- 42 USC 1395l. (4) Section 1833(a) (1) of such Act is amended by striking out “and” before “(B)”, and by inserting before the semicolon at the end thereof the following: “, and (C) with respect to expenses incurred for those physicians’ services for which payment may be made under this part that are described in section 1862(a) (4), the amounts paid shall be subject to such limitations as may be prescribed by regulations”.
- Effective date. (d) The amendments made by this section shall apply to services furnished with respect to admissions occurring after December 31, 1972.

OPTOMETRISTS’ SERVICES UNDER MEDICAID

- 42 USC 1396d. SEC. 212. (a) Section 1905 of the Social Security Act is amended by inserting at the end thereof the following new subsection:  
 “(e) In the case of any State the State plan of which (as approved under this title)—  
 “(1) does not provide for the payment of services (other than services covered under section 1902(a) (12)) provided by an optometrist; but  
 “(2) at a prior period did provide for the payment of services referred to in paragraph (1);  
 the term ‘physicians’ services’ (as used in subsection (a) (5)) shall include services of the type which an optometrist is legally authorized to perform where the State plan specifically provides that the term ‘physicians’ services’, as employed in such plan, includes services of the type which an optometrist is legally authorized to perform, and shall be reimbursed whether furnished by a physician or an optometrist.”
- 42 USC 1396a. (b) The provisions of subsection (e) of section 1905 of the Social Security Act (as added by subsection (a) of this section) shall be applicable in the case of services performed on or after the date of enactment of this Act.
- “Physicians’ services.”
- Effective date.

LIMITATION ON LIABILITY OF BENEFICIARY WHERE MEDICARE CLAIMS  
 ARE DISALLOWED

- Post, pp. 1396,  
 1419, 1420. SEC. 213. (a) Title XVIII of the Social Security Act, as amended by sections 226, 242, and 243 of this Act, is further amended by adding at the end thereof the following new section:

"LIMITATION ON LIABILITY OF BENEFICIARY WHERE MEDICARE CLAIMS  
ARE DISALLOWED

"Sec. 1879. (a) Where—

"(1) a determination is made that, by reason of section 1862(a) (1) or (9), payment may not be made under part A or part B of this title for any expenses incurred for items or services furnished an individual by a provider of services or by another person pursuant to an assignment under section 1842(b)(3)(B)(ii), and 42 USC 1395y.  
Ante, p. 1384.

and "(2) both such individual and such provider of services or such other person, as the case may be, did not know, and could not reasonably have been expected to know, that payment would not be made for such items or services under such part A or part B, then to the extent permitted by this title, payment shall, notwithstanding such determination, be made for such items or services (and for such period of time as the Secretary finds will carry out the objectives of this title), as though section 1862(a)(1) and section 1862(a)(9) did not apply. In each such case the Secretary shall notify both such individual and such provider of services or such other person, as the case may be, of the conditions under which payment for such items or services was made and in the case of comparable situations arising thereafter with respect to such individual or such provider or such other person, each shall, by reason of such notice (or similar notices provided before the enactment of this section), be deemed to have knowledge that payment cannot be made for such items or services or reasonably comparable items or services. 42 USC 1395c,  
1395j.

"(b) In any case in which the provisions of paragraphs (1) and (2) of subsection (a) are met, except that such provider or such other person, as the case may be, knew, or could be expected to know, that payment for such services or items could not be made under such part A or part B, then the Secretary shall, upon proper application filed within such time as may be prescribed in regulations, indemnify the individual (referred to in such paragraphs), subject to the deductible and coinsurance provisions of this title, for any payments received from such individual by such provider or such other person, as the case may be, for such items or services. Any payments made by the Secretary as indemnification shall be deemed to have been made to such provider or such other person, as the case may be, and shall be treated as overpayments, recoverable from such provider or such other person, as the case may be, under applicable provisions of law. In each such case the Secretary shall notify such individual of the conditions under which indemnification is made and in the case of comparable situations arising thereafter with respect to such individual, he shall, by reason of such notice (or similar notices provided before the enactment of this section), be deemed to have knowledge that payment cannot be made for such items or services.

"(c) No payments shall be made under this title in any cases in which the provisions of paragraph (1) of subsection (a) are met, but both the individual to whom the items or services were furnished and the provider of service or other person, as the case may be, who furnished the items or services knew, or could reasonably have been expected to know, that payment could not be made for items or services under part A or part B by reason of section 1862(a)(1) or (a)(9).

"(d) In any case arising under subsection (b) (but without regard to whether payments have been made by the individual to the provider or other person) or subsection (c), the provider or other person shall have the same rights that an individual has under section 1869(b) (when the determination is under part A) or section 1842(b)(3)(C) Post, p. 1464.  
Post, p. 1448.

- 42 USC 1395j. (when the determination is under part B) when the amount of benefit or payments is in controversy, except that such rights may, under prescribed regulations, be exercised by such provider or other person only after the Secretary determines that the individual will not exercise such rights under such sections.”
- Effective date. (b) The amendments made by this section shall be effective with respect to claims under part A or part B of title XVIII of the Social Security Act, filed with respect to items or services furnished after the date of the enactment of this Act.
- 42 USC 1395c, 1395j.

## LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL EXPENDITURES

- 42 USC 1301. SEC. 221. (a) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

## “LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL EXPENDITURES

- 42 USC 701, 1395, 1396. “SEC. 1122. (a) The purpose of this section is to assure that Federal funds appropriated under titles V, XVIII, and XIX are not used to support unnecessary capital expenditures made by or on behalf of health care facilities or health maintenance organizations which are reimbursed under any of such titles and that, to the extent possible, reimbursement under such titles shall support planning activities with respect to health services and facilities in the various States.

(b) The Secretary, after consultation with the Governor (or other chief executive officer) and with appropriate local public officials, shall make an agreement with any State which is able and willing to do so under which a designated planning agency (which shall be an agency described in clause (ii) of subsection (d)(1)(B) that has a governing body or advisory board at least half of whose members represent consumer interests) will—

“(1) make, and submit to the Secretary together with such supporting materials as he may find necessary, findings and recommendations with respect to capital expenditures proposed by or on behalf of any health care facility or health maintenance organization in such State within the field of its responsibilities.

(2) receive from other agencies described in clause (ii) of subsection (d)(1)(B), and submit to the Secretary together with such supporting material as he may find necessary, the findings and recommendations of such other agencies with respect to capital expenditures proposed by or on behalf of health care facilities or health maintenance organizations in such State within the fields of their respective responsibilities, and

“(3) establish and maintain procedures pursuant to which a person proposing any such capital expenditure may appeal a recommendation by the designated agency and will be granted an opportunity for a fair hearing by such agency or person other than the designated agency as the Governor (or other chief executive officer) may designate to hold such hearings,

whenever and to the extent that the findings of such designated agency or any such other agency indicate that any such expenditure is not consistent with the standards, criteria, or plans developed pursuant to the Public Health Service Act (or the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963) to meet the need for adequate health care facilities in the area covered by the plan or plans so developed.

“(c) The Secretary shall pay any such State from the Federal Hospital Insurance Trust Fund, 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 (b).

“(d)(1) Except as provided in paragraph (2), if the Secretary determines that—

“(A) neither the planning agency designated in the agreement described in subsection (b) nor an agency described in clause (ii) of subparagraph (B) of this paragraph had been given notice of any proposed capital expenditure (in accordance with such procedure or in such detail as may be required by such agency) at least 60 days prior to obligation for such expenditure; or

“(B) (i) the planning agency so designated or an agency so described had received such timely notice of the intention to make such capital expenditure and had, within a reasonable period after receiving such notice and prior to obligation for such expenditure, notified the person proposing such expenditure that the expenditure would not be in conformity with the standards, criteria, or plans developed by such agency or any other agency described in clause (ii) for adequate health care facilities in such State or in the area for which such other agency has responsibility, and

“(ii) the planning agency so designated had, prior to submitting to the Secretary the findings referred to in subsection (b)—

“(I) consulted with, and taken into consideration the findings and recommendations of, the State planning agencies established pursuant to sections 314(a) and 604(a) of the Public Health Service Act (to the extent that either such agency is not the agency so designated) as well as the public or nonprofit private agency or organization responsible for the comprehensive regional, metropolitan area, or other local area plan or plans referred to in section 314(b) of the Public Health Service Act and covering the area in which the health care facility or health maintenance organization proposing such capital expenditure is located (where such agency is not the agency designated in the agreement), or, if there is no such agency, such other public or nonprofit private agency or organization (if any) as performs, as determined in accordance with criteria included in regulations, similar functions, and

42 USC 246,  
291d.

“(II) granted to the person proposing such capital expenditure an opportunity for a fair hearing with respect to such findings;

then, for such period as he finds necessary in any case to effectuate the purpose of this section, he shall, in determining the Federal payments to be made under titles V, XVIII, and XIX with respect to services furnished in the health care facility for which such capital expenditure is made, not include any amount which is attributable to depreciation, interest on borrowed funds, a return on equity capital (in the case of proprietary facilities), or other expenses related to such capital expenditure. With respect to any organization which is reimbursed on a per capita basis, in determining the Federal payments to be made under titles V, XVIII, and XIX, the Secretary shall exclude an amount which in his judgment is a reasonable equivalent to the amount which would otherwise be excluded under this subsection if payment were to be made on other than a per capita basis.

42 USC 701,  
1395, 1396.

“(2) If the Secretary, after submitting the matters involved to the advisory council established or designated under subsection (i), determines that an exclusion of expenses related to any capital expenditure of any health care facility or health maintenance organization would discourage the operation or expansion of such facility

42 USC 701,  
1395, 1396.

or organization, or of any facility of such organization, which has demonstrated to his satisfaction proof of capability to provide comprehensive health care services (including institutional services) efficiently, effectively, and economically, or would otherwise be inconsistent with the effective organization and delivery of health services or the effective administration of title V, XVIII, or XIX, he shall not include such expenses pursuant to paragraph (1).

"(e) Where a person obtains under lease or comparable arrangement any facility or part thereof, or equipment for a facility, which would have been subject to an exclusion under subsection (d) if the person had acquired it by purchase, the Secretary shall (1) in computing such person's rental expense in determining the Federal payments to be made under titles V, XVIII, and XIX with respect to services furnished in such facility, deduct the amount which in his judgment is a reasonable equivalent of the amount that would have been excluded if the person had acquired such facility or such equipment by purchase, and (2) in computing such person's return on equity capital deduct any amount deposited under the terms of the lease or comparable arrangement.

"(f) Any person dissatisfied with a determination by the Secretary under this section may within six months following notification of such determination request the Secretary to reconsider such determination. A determination by the Secretary under this section shall not be subject to administrative or judicial review.

"Capital ex-  
penditure."

"(g) For the purposes of this section, a 'capital expenditure' is an expenditure which, under generally accepted accounting principles, is not properly chargeable as an expense of operation and maintenance and which (1) exceeds \$100,000, (2) changes the bed capacity of the facility with respect to which such expenditure is made, or (3) substantially changes the services of the facility with respect to which such expenditure is made. For purposes of clause (1) of the preceding sentence, the cost of the studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the acquisition, improvement, expansion, or replacement of the plant and equipment with respect to which such expenditure is made shall be included in determining whether such expenditure exceeds \$100,000.

"(h) The provisions of this section shall not apply to Christian Science sanatoriums operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts.

National ad-  
visory council,  
establishment.

"(i) (1) The Secretary shall establish a national advisory council, or designate an appropriate existing national advisory council, to advise and assist him in the preparation of general regulations to carry out the purposes of this section and on policy matters arising in the administration of this section, including the coordination of activities under this section with those under other parts of this Act or under other Federal or federally assisted health programs.

"(2) The Secretary shall make appropriate provision for consultation between and coordination of the work of the advisory council established or designated under paragraph (1) and the Federal Hospital Council, the National Advisory Health Council, the Health Insurance Benefits Advisory Council, and other appropriate national advisory councils with respect to matters bearing on the purposes and administration of this section and the coordination of activities under this section with related Federal health programs.

Membership.

"(3) If an advisory council is established by the Secretary under paragraph (1), it shall be composed of members who are not otherwise in the regular full-time employ of the United States, and who shall be appointed by the Secretary without regard to the civil service laws from among leaders in the fields of the fundamental sciences, the med-

ical sciences, and the organization, delivery, and financing of health care, and persons who are State or local officials or are active in community affairs or public or civic affairs or who are representative of minority groups. Members of such advisory council, while attending meetings of the council or otherwise serving on business of the council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the maximum rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code, including traveltime, and while away from their homes or regular places of business they may also be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of such title 5 for persons in the Government service employed intermittently."

5 USC 5332 note.

80 Stat. 498.

Effective date.

(b) The amendment made by subsection (a) shall apply only with respect to a capital expenditure the obligation for which is incurred by or on behalf of a health care facility or health maintenance organization subsequent to whichever of the following is earlier: (A) December 31, 1972, or (B) with respect to any State or any part thereof specified by such State, the last day of the calendar quarter in which the State requests that the amendment made by subsection (a) of this section apply in such State or such part thereof.

(c) (1) Section 505(a)(6) of such Act (as amended by section 232(b) of this Act) is further amended by inserting " , consistent with section 1122," after "standards" where it first appears.

Post, p. 1411.

(2) Section 506 of such Act (as amended by sections 224(d), 229(d), 233(d), and 237(b) of this Act) is further amended by adding at the end thereof the following new subsection:

42 USC 706.

"(g) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122."

Ante, p. 1386.

(3) Clause (2) of the second sentence of section 509(a) of such Act is amended by inserting " , consistent with section 1122," after "standards".

42 USC 709.

(4) Section 1861(v) of such Act is amended by adding at the end thereof the following new paragraph:

79 Stat. 313.

42 USC 1395x.

"(5) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122."

(5) Section 1902(a)(13)(I) of such Act (as amended by section 232(a) of this Act) is further amended by inserting " , consistent with section 1122," after "standards" where it first appears.

Post, p. 1410.

(6) Section 1903(b) of such Act is amended by adding at the end thereof the following new paragraph:

42 USC 1396b.

"(3) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122."

(d) In the case of a health care facility providing health care services as of December 18, 1970, which on such date is committed to a formal plan of expansion or replacement, the amendments made by the preceding provisions of this section shall not apply with respect to such expenditures as may be made or obligations incurred for capital items included in such plan where preliminary expenditures toward the plan of expansion or replacement (including payments for studies, surveys, designs, plans, working drawings, specifications, and site acquisition, essential to the acquisition, improvement, expansion, or replacement of the health care facility or equipment concerned) of \$100,000 or more, had been made during the three-year period ended December 17, 1970.

DEMONSTRATIONS AND REPORTS; PROSPECTIVE REIMBURSEMENT; EXTENDED CARE; INTERMEDIATE CARE AND HOME MAKER SERVICES; AMBULATORY SURGICAL CENTERS; PHYSICIANS' ASSISTANTS; PERFORMANCE INCENTIVE CONTRACTS

42 USC 1395,  
42 USC 1396,  
701.

SEC. 222. (a) (1) The Secretary of Health, Education, and Welfare, directly or through contracts with, or grants to, public or private agencies or organizations, shall develop and carry out experiments and demonstration projects designed to determine the relative advantages and disadvantages of various alternative methods of making payment on a prospective basis to hospitals, skilled nursing facilities, and other providers of services for care and services provided by them under title XVIII of the Social Security Act and under State plans approved under titles XIX and V of such Act, including alternative methods for classifying providers, for establishing prospective rates of payment, and for implementing on a gradual, selective, or other basis the establishment of a prospective payment system, in order to stimulate such providers through positive (or negative) financial incentives to use their facilities and personnel more efficiently and thereby to reduce the total costs of the health programs involved without adversely affecting the quality of services by containing or lowering the rate of increase in provider costs that has been and is being experienced under the existing system of retroactive cost reimbursement.

(2) The experiments and demonstration projects developed under paragraph (1) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods of prospective payment under consideration while giving assurance that the results derived from the experiments and projects will obtain generally in the operation of the programs involved (without committing such programs to the adoption of any prospective payment system either locally or nationally).

(3) In the case of any experiment or demonstration project under paragraph (1), the Secretary may waive compliance with the requirements of titles XVIII, XIX, and V of the Social Security Act insofar as such requirements relate to methods of payment for services provided; and costs incurred in such experiment or project in excess of those which would otherwise be reimbursed or paid under such titles may be reimbursed or paid to the extent that such waiver applies to them (with such excess being borne by the Secretary). No experiment or demonstration project shall be developed or carried out under paragraph (1) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment or project as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct it, and its relationship to other similar experiments or projects already completed or in process; and no such experiment or project shall be actually placed in operation unless at least 30 days prior thereto a written report, prepared for purposes of notification and information only, containing a full and complete description thereof has been transmitted to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate.

42 USC 1395i,  
42 USC 1395t.

(4) Grants, payments under contracts, and other expenditures made for experiments and demonstration projects under this subsection shall be made in appropriate part from the Federal Hospital Insurance Trust Fund (established by section 1817 of the Social Security Act) and the Federal Supplementary Medical Insurance Trust Fund (established by section 1841 of the Social Security Act) and from funds appropriated under titles V and XIX of such Act. Grants and payments under contracts may be made either in advance or by way of

reimbursement, as may be determined by the Secretary, and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purpose of this subsection. With respect to any such grant, payment, or other expenditure, the amount to be paid from each of such trust funds (and from funds appropriated under such titles V and XIX) shall be determined by the Secretary, giving due regard to the purposes of the experiment or project involved.

42 USC 701,  
1396.

(5) The Secretary shall submit to the Congress no later than July 1, 1974, a full report on the experiments and demonstration projects carried out under this subsection and on the experience of other programs with respect to prospective reimbursement together with any related data and materials which he may consider appropriate. Such report shall include detailed recommendations with respect to the specific methods which could be used in the full implementation of a system of prospective payment to providers of services under the programs involved.

Report to  
Congress.

(b)(1) Section 402(a) of the Social Security Amendments of 1967 is amended to read as follows:

81 Stat. 930.  
42 USC 1395b-1.

“(a)(1) The Secretary of Health, Education, and Welfare is authorized, either directly or through grants to public or nonprofit private agencies, institutions, and organizations or contracts with public or private agencies, institutions, and organizations, to develop and engage in experiments and demonstration projects for the following purposes:

“(A) to determine whether, and if so which, changes in methods of payment or reimbursement (other than those dealt with in section 222(a) of the Social Security Amendments of 1972) for health care and services under health programs established by the Social Security Act, including a change to methods based on negotiated rates, would have the effect of increasing the efficiency and economy of health services under such programs through the creation of additional incentives to these ends without adversely affecting the quality of such services;

49 Stat. 620.  
42 USC 1305.

“(B) to determine whether payments for services other than those for which payment may be made under such programs (and which are incidental to services for which payment may be made under such programs) would, in the judgment of the Secretary, result in more economical provision and more effective utilization of services for which payment may be made under such program, where such services are furnished by organizations and institutions which have the capability of providing—

“(i) comprehensive health care services,  
“(ii) mental health care services (as defined by section 401(c) of the Mental Retardation Facilities and Community Health Centers Construction Act of 1963),

77 Stat. 296.  
42 USC 2691.

“(iii) ambulatory health care services (including surgical services provided on an outpatient basis), or

“(iv) institutional services which may substitute, at lower cost, for hospital care;

“(C) to determine whether the rates of payment or reimbursement for health care services, approved by a State for purposes of the administration of one or more of its laws, when utilized to determine the amount to be paid for services furnished in such State under the health programs established by the Social Security Act, would have the effect of reducing the costs of such programs without adversely affecting the quality of such services;

“(D) to determine whether payments under such programs based on a single combined rate of reimbursement or charge for

the teaching activities and patient care which residents, interns, and supervising physicians render in connection with a graduate medical education program in a patient facility would result in more equitable and economical patient care arrangements without adversely affecting the quality of such care;

42 USC 1395.

“(E) to determine whether coverage of intermediate care facility services and homemaker services would provide suitable alternatives to posthospital benefits presently provided under title XVIII of the Social Security Act; such experiment and demonstration projects may include:

“(i) counting each day of care in an intermediate care facility as one day of care in a skilled nursing facility, if such care was for a condition for which the individual was hospitalized.

“(ii) covering the services of homemakers for a maximum of 21 days, if institutional services are not medically appropriate.

“(iii) determining whether such coverage would reduce long-range costs by reducing the lengths of stay in hospitals and skilled nursing facilities, and

“(iv) establishing alternative eligibility requirements and determining the probable cost of applying each alternative, if the project suggests that such extension of coverage would be desirable;

42 USC 1305.

“(F) to determine whether, and if so which type of, fixed price or performance incentive contract would have the effect of inducing to the greatest degree effective, efficient, and economical performance of agencies and organizations making payment under agreements or contracts with the Secretary for health care and services under health programs established by the Social Security Act;

“(G) to determine under what circumstances payment for services would be appropriate and the most appropriate, equitable, and noninflationary methods and amounts of reimbursement under health care programs established by the Social Security Act for services, which are performed independently by an assistant to a physician, including a nurse practitioner (whether or not performed in the office of or at a place at which such physician is physically present), and—

“(i) which such assistant is legally authorized to perform by the State or political subdivision wherein such services are performed, and

“(ii) for which such physician assumes full legal and ethical responsibility as to the necessity, propriety, and quality thereof;

42 USC 1395j,  
1396.

“(H) to establish an experimental program to provide day-care services, which consist of such personal care, supervision, and services as the Secretary shall by regulation prescribe, for individuals eligible to enroll in the supplemental medical insurance program established under part B of title XVIII and title XIX of the Social Security Act, in day-care centers which meet such standards as the Secretary shall by regulation establish; and

“(I) to determine whether the services of clinical psychologists may be made more generally available to persons eligible for services under titles XVIII and XIX of this Act in a manner consistent with quality of care and equitable and efficient administration.

For purposes of this subsection, 'health programs established by the Social Security Act' means the program established by title XVIII of such Act, a program established by a plan of a State approved under title XIX of such Act, and a program established by a plan of a State approved under title V of such Act.

Definition.  
42 USC 1395.  
42 USC 1396.  
42 USC 701.

"(2) Grants, payments under contracts, and other expenditures made for experiments and demonstration projects under paragraph (1) shall be made in appropriate part from the Federal Hospital Insurance Trust Fund (established by section 1817 of the Social Security Act) and the Federal Supplementary Medical Insurance Trust Fund (established by section 1841 of the Social Security Act) and from funds appropriated under titles V and XIX of such Act. Grants and payments under contracts may be made either in advance or by way of reimbursement, as may be determined by the Secretary, and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purpose of this section. With respect to any such grant, payment, or other expenditure, the amount to be paid from each of such trust funds (and from funds appropriated under such titles V and XIX) shall be determined by the Secretary, giving due regard to the purposes of the experiment or project involved."

42 USC 1395i.  
42 USC 1395t.

(2) Section 402(b) of such amendments is amended—

42 USC 1395b-1.

(A) by striking out "experiment" each time it appears and inserting in lieu thereof "experiment or demonstration project";

(B) by striking out "experiments" and inserting in lieu thereof "experiments and projects"; and

(C) by striking out "reasonable charge" and inserting in lieu thereof "reasonable charge, or to reimbursement or payment only for such services or items as may be specified in the experiment".

(c) Section 1875(b) of the Social Security Act is amended—

42 USC 139511.

(1) by striking out "experimentation" and inserting in lieu thereof "experiments and demonstration projects", and

(2) by inserting "and the experiments and demonstration projects authorized by section 222(a) of the Social Security Amendments of 1972" after "1967".

Ante, p. 1390.

LIMITATIONS ON COVERAGE OF COSTS UNDER MEDICARE

Sec. 223. (a) The first sentence of section 1861(v)(1) of the Social Security Act is amended by inserting immediately before "determined" where it first appears the following: "the cost actually incurred, excluding therefrom any part of incurred cost found to be unnecessary in the efficient delivery of needed health services, and shall be".

42 USC 1395x.

(b) The third sentence of section 1861(v)(1) of such Act is amended by striking out the comma after "services," where it last appears and inserting in lieu thereof the following: "may provide for the establishment of limits on the direct or indirect overall incurred costs or incurred costs of specific items or services or groups of items or services to be recognized as reasonable based on estimates of the costs necessary in the efficient delivery of needed health services to individuals covered by the insurance programs established under this title."

(c) The fourth sentence of section 1861(v)(1) of such Act is amended by inserting after "services" when it first appears the following: "(excluding therefrom any such costs, including standby costs, which are determined in accordance with regulations to be unnecessary in the efficient delivery of services covered by the insurance programs established under this title)".

- Ante, p. 1393. (d) The fourth sentence of section 1861(v)(1) of such Act is further amended by striking out "costs with respect" where it first appears and inserting in lieu thereof the following: "necessary costs of efficiently delivering covered services".
- 42 USC 1395cc. (e) Section 1866(a)(2)(B) of such Act is amended (1) by inserting "(i)" after "(B)", and (2) by adding at the end thereof the following new clause:
- "(ii) Where a provider of services customarily furnishes an individual item or service which are more expensive than the items or services determined to be necessary in the efficient delivery of needed health services under this title and which have not been requested by such individual, such provider may (except with respect to emergency services) also charge such individual or other person for such more expensive items or services to the extent that the costs of (or, if less, the customary charges for) such more expensive items or services experienced by such provider in the second fiscal period immediately preceding the fiscal period in which such charges are imposed exceed the cost of such items or services determined to be necessary in the efficient delivery of needed health services, but only if—
- "(I) the Secretary has provided notice to the public of any charges being imposed on individuals entitled to benefits under this title on account of costs in excess of the costs determined to be necessary in the efficient delivery of needed health services under this title by particular providers of services in the area in which such items or services are furnished, and
- "(II) the provider of services has identified such charges to such individual or other person, in such manner as the Secretary may prescribe, as charges to meet costs in excess of the cost determined to be necessary in the efficient delivery of needed health services under this title."
- Ante, p. 1389. (f) Section 1861(v) of such Act (as amended by section 221(c)(4) of this Act) is further amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:
- "(4) If a provider of services furnishes items or services to an individual which are in excess of or more expensive than the items or services determined to be necessary in the efficient delivery of needed health services and charges are imposed for such more expensive items or services under the authority granted in section 1866(a)(2)(B)(ii), the amount of payment with respect to such items or services otherwise due such provider in any fiscal period shall be reduced to the extent that such payment plus such charges exceed the cost actually incurred for such items or services in the fiscal period in which such charges are imposed."
- Supra. (g)(1) Section 1866(a)(2) of such Act is amended by inserting after subparagraph (C) the following new subparagraph:
- "(D) Where a provider of services customarily furnishes 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, notwithstanding the preceding provisions of this paragraph, may not, under the authority of section 1866(a)(2)(B)(ii), charge any individual or other person any amount for such items or services in excess of the amount of the payment which may otherwise be made for such items or services under this title if the admitting physician has a direct or indirect financial interest in such provider."
- Supra. (2) The last paragraph of section 1866(a)(2) is amended by striking out "clause (iii) of the preceding sentence" and inserting in lieu thereof "subparagraph (C)".
- Effective date. (h) The amendments made by this section shall be effective with respect to accounting periods beginning after December 31, 1972.

LIMITS ON PREVAILING CHARGE LEVELS

SEC. 224. (u) Section 1842(b)(3) of the Social Security Act is amended by adding at the end thereof the following new sentences: 42 USC 1395u.  
 "No charge may be determined to be reasonable in the case of bills submitted or requests for payment made under this part after December 31, 1970, if it exceeds the higher of (i) the prevailing charge recognized by the carrier and found acceptable by the Secretary for similar services in the same locality in administering this part on December 31, 1970, or (ii) the prevailing charge level that, on the basis of statistical data and methodology acceptable to the Secretary, would cover 75 percent of the customary charges made for similar services in the same locality during the last preceding calendar year elapsing prior to the start of the fiscal year in which the bill is submitted or the request for payment is made. In the case of physician services the prevailing charge level determined for purposes of clause (ii) of the preceding sentence for any fiscal year beginning after June 30, 1973, may not exceed (in the aggregate) the level determined under such clause for the fiscal year ending June 30, 1973, except to the extent that the Secretary finds, on the basis of appropriate economic index data, that such higher level is justified by economic changes. In the case of medical services, supplies, and equipment (including equipment servicing) that, in the judgment of the Secretary, do not generally vary significantly in quality from one supplier to another, the charges incurred after December 31, 1972, determined to be reasonable may not exceed the lowest charge levels at which such services, supplies, and equipment are widely and consistently available in a locality except to the extent and under the circumstances specified by the Secretary."

(b) The Health Insurance Benefits Advisory Council established under section 1867 of the Social Security Act shall conduct a study of the methods of reimbursement for physicians' services under Medicare for the purpose of evaluating their effects on (1) physicians' fees generally, (2) the extent of assignments accepted by physicians, and (3) the share of total physician-fee costs which the Medicare program does not pay and which the beneficiary must assume. The Council shall report the results of such study to the Congress no later than January 1, 1973, together with a presentation of alternatives to the present methods and its recommendations as to the preferred method. Reimbursement for physicians' services, study. Post, p. 1457. Report to Congress.

(c) Section 1903 of such Act is amended by adding at the end thereof (after the new subsections added by section 207(a)(1) of this Act) the following new subsection: 42 USC 1396b. Ante, p. 1379.

"(i) Payment under the preceding provisions of this section shall not be made with respect to any amount paid for items or services furnished under the plan after December 31, 1972, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the third, fourth, and fifth sentences of section 1842(b)(3)." Supra.

(d) Section 506 of such Act is amended by adding at the end thereof the following new subsection: 42 USC 706.

"(f) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder with respect to any amount paid for items or services furnished under the plan after December 31, 1972, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the third, fourth, and fifth sentences of section 1842(b)(3)." Supra.

LIMITS ON PAYMENT FOR SKILLED NURSING HOME AND INTERMEDIATE CARE  
FACILITY SERVICES

ANTE, p. 1395. SEC. 225. Section 1903 of the Social Security Act is amended by adding at the end thereof (after the new subsection added by section 224 (c) of this Act) the following new subsection:

“(j) Notwithstanding the preceding provisions of this section—

“(1) in determining the amount payable to any State with respect to expenditures for skilled nursing home services furnished in any calendar quarter beginning after December 31, 1972, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of skilled nursing home services provided under the State plan in such quarter, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter; and

“(2) in determining the amount payable to any State with respect to expenditures for intermediate care facility services furnished in any calendar quarter beginning after December 31, 1972, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of intermediate care facility services provided in such quarter under each of the plans of such State approved under titles I, X, XIV, XVI, and XIX, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter.

42 USC 301,  
701, 1351,  
1381, 1396.

For purposes of determining the amount payable to any State with respect to any quarter under paragraphs (1) and (2), the Secretary may by regulation increase the percentage specified in clause (B) of each such paragraph to the extent necessary to take account of increases in per diem costs which result directly from increases in the Federal minimum wage, or which otherwise result directly from cost increases which the Secretary determines are attributable to the upgrading of services and facilities required by this Act or from provisions of Federal law enacted (or amendments to Federal law made) after the date of the enactment of the Social Security Amendments of 1972.”

PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

42 USC 1395. SEC. 226. (a) Title XVIII of the Social Security Act is amended by adding at the end thereof the following new section:

“PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

POST, p. 1411. 42 USC 13951. “SEC. 1876. (a) (1) In lieu of amounts which would otherwise be payable pursuant to sections 1814(b) and 1833(a), the Secretary is authorized to determine, by actuarial methods, as provided in this section, but only with respect to a health maintenance organization with which he has entered into a contract under subsection (i), a per capita rate of payment—

“(A) for services provided under parts A and B for individuals enrolled with such organization pursuant to subsection (e) who are entitled to hospital insurance benefits under part A and enrolled for medical insurance benefits under part B, and

“(B) for services provided under part B for individuals enrolled with such organization pursuant to subsection (c) who are not entitled to benefits under part A but who are enrolled for benefits under part B.

"(2) An interim per capita rate of payment for each health maintenance organization shall be determined annually by the Secretary on the basis of each organization's annual operating budget and enrollment forecast which shall be submitted (in such form and in such detail as the Secretary may prescribe) at least 90 days before the beginning of each contract year. Each interim rate shall be equal to the estimated per capita cost (based upon types and components of expenses otherwise reimbursable under this title) of providing services defined in paragraph (3) (A) (iii). In the event that the data requested to be furnished by a health maintenance organization are not furnished timely, such reduction in interim payments may be made by the Secretary as is appropriate, until such time as a reasonable estimate of per capita costs can be made. Each month, the Secretary shall pay each such organization its interim per capita rate, in advance, for each individual enrolled with it pursuant to subsection (e). Each such organization shall submit interim estimated cost reports and enrollment data on a quarterly basis in such form and manner satisfactory to the Secretary, and the Secretary shall adjust each interim per capita rate to the extent necessary to maintain interim payments at the level of current costs. Interim payments made under this paragraph shall be subject to retroactive adjustment at the end of each contract year as provided in paragraph (3).

Interim per capita rate.

Infra.

Interim estimated cost reports.

"(3) (A) With respect to any health maintenance organization which has entered into a risk sharing contract with the Secretary pursuant to subsection (i) (2) (A), payments made to such organization shall be subject to the following adjustments at the end of each contract year:

Adjustments.

"(i) if the Secretary determines that the per capita incurred cost of any such organization in any contract year for providing services described in paragraph (1) is less than the adjusted average per capita incurred cost (as defined herein) of providing such services, the resulting difference (hereinafter referred to as 'savings') shall be apportioned following the close of a contract year for such year between such organization and the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund (hereinafter collectively referred to as the 'Medicare Trust Funds') as follows:

Per capita incurred cost, apportionment.

"(I) savings up to 20 percent of the adjusted average per capita cost shall be apportioned equally between such organization and the Medicare Trust Funds:

"(II) savings in excess of 20 percent of the adjusted average per capita cost shall be apportioned entirely to such Trust Funds:

"(ii) if the Secretary determines that the per capita incurred cost of any such organization in any contract year for providing services described in paragraph (1) is greater than the adjusted average per capita incurred cost of providing such services, the resulting difference (hereinafter referred to as 'losses'), shall be absorbed by such organization, and shall be carried forward and offset from savings realized in later years, with the apportionment of savings being proportional to the losses absorbed and not yet offset;

Losses.

"(iii) determination of any amounts payable at the close of the contract year to such organization or to the Trust Funds shall be made as follows:

"(I) within 90 days after close of a contract year, interim determination of the amount of estimated savings and apportionment thereof shall be made, actuarially, on the basis of interim reports of costs incurred by an organization, and

adjusted average per capita costs incurred (as defined herein), and other evidence acceptable to the Secretary and one-half of any amounts deemed payable to such organization or the Trust Funds shall be paid by such organization or the Secretary as appropriate;

“(II) final settlement and payment by the Secretary or organization, as appropriate, of any additional amounts due on basis of such final settlement will be made where adequate data for actuarial computation are available, in timely fashion following submission by such organization of reports specified in subparagraph (C) of this paragraph; and

“(III) where such final settlement is reached more than 90 days following submission of reports specified in subparagraph (C) of this paragraph, any amount payable by the Secretary or organization shall be increased by an interest amount, accruing from the 91st day following submission of such report, equal to the average rate of interest payable on Federal obligations if issued on such 91st day for purchase by the Trust Funds.

“Adjusted average per capita cost.”

“(iv) The term ‘adjusted average per capita cost’ means the average per capita amount that the Secretary determines (on the basis of actual experience, or retrospective actuarial equivalent based upon an adequate sample and other information and data, in the geographic area served by a health maintenance organization or in a similar area, with appropriate adjustment to assure actuarial equivalence, including adjustments relating to age distribution, sex, race, institutional status, disability status, and any other relevant factors) would be payable in any contract year for services covered under this title and types of expenses otherwise reimbursable under this title (including administrative costs incurred by organizations described in sections 1816 and 1842) if such services were to be furnished by other than such health maintenance organization.

79 Stat. 297;  
Post, p. 1449.  
42 USC 1395h,  
1395u.  
Retroactive  
corrective  
adjustments.

“(B) With respect to any health maintenance organization which has entered into a reasonable cost reimbursement contract with the Secretary pursuant to subsection (i) (2) (B), payments made to such organization shall be subject to suitable retroactive corrective adjustments at the end of each contract year so as to assure that such organization is paid for the reasonable cost actually incurred (excluding therefrom any part of incurred cost found to be unnecessary in the efficient delivery of health services) for the types of expenses otherwise reimbursable under this title for providing services covered under this title to individuals described in paragraph (1).

“(C) Any contract with a health maintenance organization under this title shall provide that the Secretary shall require, at such time following the expiration of each accounting period of a health maintenance organization (and in such form and in such detail) as he may prescribe:

“(i) that such health maintenance organization report to him in an independently certified financial statement its per capita incurred cost based on the types and components of expenses otherwise reimbursable under this title for providing services described in paragraph (1), including therein, in accordance with accounting procedures prescribed by the Secretary, its methods of allocating costs between individuals enrolled under this section and other individuals enrolled with such organization;

“(ii) that failure to report such information as may be required may be deemed to constitute evidence of likely overpayment on the basis of which appropriate collection action may be taken;

“(iii) that in any case in which a health maintenance organization is related to another organization by common ownership or control, a consolidated financial statement shall be filed and that the allowable costs for such organization may not include costs for the types of expense otherwise reimbursable under this title, in excess of those which would be determined to be reasonable in accordance with regulations (providing for limiting reimbursement to costs rather than charges to the health maintenance organization by related organizations and owners) issued by the Secretary in accordance with section 1861(v) of the Social Security Act; and

42 USC 1395x.

“(iv) that in any case in which compensation is paid by a health maintenance organization substantially in excess of what is normally paid for similar services by similar practitioners (regardless of method of compensation), such compensation may as appropriate be considered to constitute a distribution of profits.

“(4) The payments to health maintenance organizations under this subparagraph with respect to individuals described in subsection (a) (1)(A) shall be made from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund. The portion of such payment to such an organization for a month to be paid by the latter trust fund shall be equal to 200 percent of the sum of—

Payments.

“(A) the product of (i) the number of covered enrollees of such organization for such month (as described in paragraph (1)) who have attained age 65, and (ii) the monthly actuarial rate for supplementary medical insurance for such month as determined under section 1839 (c) (1), and

Ante, p. 1376.

“(B) the product of (i) the number of covered enrollees of such organization for such month (as described in paragraph (1)) who have not attained age 65, and (ii) the monthly actuarial rate for supplementary medical insurance for such month as determined under section 1839 (c) (4).

Ante, p. 1377.

The remainder of such payment shall be paid by the former trust fund. For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122.

Ante, p. 1386.

“(b) The term ‘health maintenance organization’ means a public or private organization which—

“Health maintenance organization.”

“(1) provides, either directly or through arrangements with others, health services to individuals enrolled with such organization on the basis of a predetermined periodic rate without regard to the frequency or extent of services furnished to any particular enrollee;

“(2) provides, either directly or through arrangements with others, to the extent applicable in subsection (c) (through institutions, entities, and persons meeting the applicable requirements of section 1861), all of the services and benefits covered under parts A and B of this title which are available to individuals residing in the geographic area served by the health maintenance organization;

42 USC 1395x.

42 USC 1395o,

1395j.

“(3) provides physicians’ services primarily (A) directly through physicians who are either employees or partners of such organization, or (B) under arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a

per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;

"Specialty care physician."

"(4) provides either directly or under arrangements with others, the services of a sufficient number of primary care and specialty care physicians to meet the health needs of its members; for purposes of this section the term 'specialty care physician' means a physician who is either board certified or eligible for board certification, except that the Secretary may by regulation prescribe conditions under which physicians who have a record of demonstrated proficiency but who are not eligible for board certification may, on the basis of training and experience, be recognized as specialty care physicians;

"(5) has effective arrangements to assure that its members have access to qualified practitioners in those specialties which are generally available in the geographic area served by the health maintenance organization;

"(6) demonstrates to the satisfaction of the Secretary proof of financial responsibility and proof of capability to provide comprehensive health care services, including institutional services, efficiently, effectively, and economically;

"(7) except as provided in subsection (h), has at least half of its enrolled members consisting of individuals under age 65;

"(8) assures that the health services required by its members are received promptly and appropriately and that the services that are received measure up to quality standards which it establishes in accordance with regulations; and

"(9) has an open enrollment period at least every year under which it accepts up to the limits of its capacity and without restrictions, except as may be authorized in regulations, individuals who are eligible to enroll under subsection (d) in the order in which they apply for enrollment (unless to do so would result in failure to meet the requirements of paragraph (7)) or would result in enrollment of enrollees substantially nonrepresentative, as determined in accordance with regulations of the Secretary, of the population in the geographic area served by such health maintenance organization.

Supra.

"(c) The benefits provided under this section to enrollees of an organization which has entered into a risk sharing contract with the Secretary pursuant to subsection (i)(2)(A) shall consist of—

Post, p. 1402.

"(1) in the case of an individual who is entitled to hospital insurance benefits under part A and enrolled for medical insurance benefits under part B—

42 USC 1395c.  
42 USC 1395j.

"(A) entitlement to have payment made on his behalf for all services described in section 1812 and section 1832 which are furnished to him by the health maintenance organization with which he is enrolled pursuant to subsection (e) of this section; and

79 Stat. 291.  
42 USC 1395d.  
Post, p. 1406.

"(B) entitlement to have payment made by such health maintenance organization to him or on his behalf for (i) such emergency services (as defined in regulations), (ii) such urgently needed services (as defined in regulations) furnished to him during a period of temporary absence (as defined in regulations) from the geographic area served by the health maintenance organization with which he is enrolled, and (iii) such other services as may be determined, in accordance with subsection (f), to be services which the individual was entitled to have furnished by the health

maintenance organization, as may be furnished to him by a physician, supplier, or provider of services, other than the health maintenance organization with which he is enrolled; and

“(2) in the case of an individual who is not entitled to hospital insurance benefits under part A but who is enrolled for medical insurance benefits under part B, entitlement to have payment made for services described in paragraph (1), but only to the extent that such services are also described in section 1832.

“(d) Subject to the provisions of subsection (e), every individual described in subsection (c) shall be eligible to enroll with any health maintenance organization (as defined in subsection (b)) which serves the geographic area in which such individual resides.

“(e) An individual may enroll with a health maintenance organization under this section, and may terminate such enrollment, as may be prescribed by regulations.

“(f) Any individual enrolled with a health maintenance organization under this section who is dissatisfied by reason of his failure to receive without additional cost to him any health service to which he believes he is entitled shall, if the amount in controversy is \$100 or more, be entitled to a hearing before the Secretary to the same extent as is provided in section 205(b) and in any such hearing the Secretary shall make such health maintenance organization a party thereto. If the amount in controversy is \$1,000 or more, such individual or health maintenance organization shall be entitled to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

“(g)(1) If the health maintenance organization provides its enrollees under this section only the services described in subsection (c), its premium rate or other charges for such enrollees shall not exceed the actuarial value of the deductible and coinsurance which would otherwise be applicable to such enrollees under part A and part B, if they were not enrolled under this section.

“(2) If the health maintenance organization provides to its enrollees under this section services in addition to those described in subsection (c), election of coverage for such additional services shall be optional for such enrollees and such organization shall furnish such enrollees with information on the portion of its premium rate or other charges applicable to such additional services. The portion applicable to the services described in subsection (c) may not exceed (i) the actuarial value of the deductible and coinsurance which would otherwise be applicable to such enrollees under part A and part B if they were not enrolled under this section less (ii) the actuarial value of other charges made in lieu of such deductible and coinsurance.

“(h) The provisions of paragraph (7) of subsection (b) shall not apply with respect to any health maintenance organization for such period not to exceed three years from the date such organization enters into an agreement with the Secretary pursuant to subsection (i), as the Secretary may permit, but only so long as such organization demonstrates to the satisfaction of the Secretary by the submission of its plans for each year that it is making continuous efforts and progress toward achieving compliance with the provisions of such paragraph (7) within such three-year period.

“(i)(1) Subject to the limitations contained in subparagraphs (A) and (B) of paragraph (2), the Secretary is authorized to enter into a contract with any health maintenance organization which undertakes to provide, on an interim per capita prepayment basis, the services described in section 1832 (and section 1812, in the case of indi-

42 USC 1395c.

42 USC 1395j.

79 Stat. 302.

42 USC 1395k.

Hearings; judicial review.

53 Stat. 1368.

42 USC 405.

Nonapplicability.

Contract authority.

42 USC 1395d.

- 42 USC 1395c. individuals who are entitled to hospital insurance benefits under part A) to individuals enrolled with such organization pursuant to subsection (e).
- Risk-sharing contract. “(2) (A) If the health maintenance organization (i) has a current enrollment of not less than 25,000 members on a prepaid capitation basis and has been the primary source of health care of at least 8,000 persons in each of the two years immediately preceding the contract year, or (ii) serves a nonurban geographic area, has a current enrollment of not less than 5,000 members on a prepaid capitation basis and has been the primary source of health care for at least 1,500 persons in each of the three years immediately preceding the contract year, the Secretary may enter into a risk sharing contract with such organization pursuant to which any savings, as determined pursuant to subsection (a) (3) (A), are shared between such organization and the Medicare Trust Funds in the manner prescribed in such subsection. For purposes of this subparagraph, a health maintenance organization shall be considered to serve a nonurban geographic area if it is located in a nonmetropolitan county (that is, a county with fewer than 50,000 inhabitants), or if it has at least one such county in its normal service area, or if it is located outside of a metropolitan area and its facilities are within reasonable travel distance (as defined by the Secretary) of fewer than 50,000 individuals. No health maintenance organization which has entered into a risk-sharing contract with the Secretary under this subparagraph and has voluntarily terminated such contract may again enter into such a contract.
- Nonurban geographic area. “(B) If the health maintenance organization does not meet the requirements of subparagraph (A), or if the Secretary is not satisfied that the health maintenance organization has the capacity to bear the risk of potential losses as determined under clause (ii) of subsection (a) (3) (A), or if the health maintenance organization meeting the requirements of subparagraph (A) so elects, or if an organization does not fully meet the requirements of section 1876(b) but has demonstrated to the satisfaction of the Secretary that it is making reasonable efforts to meet, and is developing the capability to fully meet, such requirements, and that it fully meets such basic requirements as the Secretary shall prescribe in regulations, the Secretary may, if he is otherwise satisfied that the health maintenance organization or other organization is able to perform its contractual obligations effectively and efficiently, enter into a contract with such organization pursuant to which such organization is reimbursed on the basis of its reasonable cost (as defined in section 1861(v)) in the manner prescribed in subsection (a) (3) (B).
- Prohibition. “(3) Such contract may, at the option of such organization, provide that the Secretary (A) will reimburse hospitals and extended care facilities for the reasonable cost (as determined under section 1861(v)) of services furnished to individuals enrolled with such organization pursuant to subsection (e), and (B) will deduct the amount of such reimbursement from payments which would otherwise be made to such organization. If a health maintenance organization pays a hospital or extended care facility directly, the amount paid shall not exceed the reasonable cost of the services (as determined under section 1861(v)) unless such organization demonstrates to the satisfaction of the Secretary that such excess payments are justified on the basis of advantages gained by the organization.
- Ante, p. 1399. “(4) Each contract under this section shall be for a term of at least one year, as determined by the Secretary, 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
- 42 USC 1395x. Contract term, renewal.

time (after such reasonable notice and opportunity for hearing to the health maintenance organization involved as he may provide in regulations), if he finds that the organization (A) has failed substantially to carry out the contract, (B) is carrying out the contract in a manner inconsistent with the efficient and effective administration of this section, or (C) no longer substantially meets the applicable conditions of subsection (b).

Contract termination, notice, hearing.

"(5) The effective date of any contract executed pursuant to this subsection shall be specified in such contract pursuant to the regulations.

"(6) Each contract under this section—

"(A) shall provide that the Secretary, or any person or organization designated by him—

"(i) shall have the right to inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed under such contract; and

Inspection authority.

"(ii) shall have the right to audit and inspect any books and records of such health maintenance organization which pertain to services performed and determinations of amounts payable under such contract;

"(B) shall provide that no reinsurance costs (other than those with respect to out-of-area services), including any underwriting of risk relating to costs in excess of adjusted average per capita cost, as defined in clause (iii) of subsection (a) (3) (A), shall be allowed for purposes of determining payments authorized under this section; and

"(C) shall contain such other terms and conditions not inconsistent with this section as the Secretary may find necessary.

"(j) The function vested in the Secretary by subsection (i) may be performed without regard to such provisions of law or of other regulations relating to the making, performance, amendment, or modification of contracts of the United States as the Secretary may determine to be inconsistent with the furtherance of the purposes of this title."

(b) (1) Notwithstanding the provisions of section 1814 and section 1833 of the Social Security Act, any health maintenance organization which has entered into a contract with the Secretary pursuant to section 1876 of such Act shall, for the duration of such contract, (except as provided in paragraph (2)) be entitled to reimbursement only as provided in section 1876 of such Act for individuals who are members of such organizations.

42 USC 1395f, 1395l. Ante, p. 1396.

(2) With respect to individuals who are members of organizations which have entered into a risk-sharing contract with the Secretary pursuant to subsection (i) (2) (A) prior to July 1, 1973, and who, although eligible to have payment made pursuant to section 1876 of such Act for services rendered to them, chose (in accordance with regulations) not to have such payment made pursuant to such section, the Secretary shall, for a period not to exceed three years commencing on July 1, 1973, pay to such organization on the basis of an interim per capita rate, determined in accordance with the provisions of section 1876(a) (2) of such Act, with appropriate actuarial adjustments to reflect the difference in utilization of out-of-plan services, which would have been considered sufficiently reasonable and necessary under the rules of the health maintenance organization to be provided by that organization, between such individuals and individuals who are enrolled with such organization pursuant to section 1876 of such Act. Payments under this paragraph shall be subject to retroactive adjustment at the end of each contract year as provided in paragraph (3).

Ante, p. 1402.

Retroactive adjustment.	(3) If the Secretary determines that the per capita cost of any such organization in any contract year for providing services to individuals described in paragraph (2), when combined with the cost of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund in such year for providing out-of-plan services to such individuals, is less than or greater than the adjusted average per capita cost (as defined in section 1876(a)(3) of such Act) of providing such services, the resulting savings shall be apportioned between such organization and such Trust Funds, or the resulting losses shall be absorbed by such organization, in the manner prescribed in section 1876(a)(3) of such Act.
<u>Ante</u> , p. 1396.	(c)(1) Section 1814(a) of such Act is amended by striking out "Except as provided in subsection (d)," and inserting in lieu thereof the following: "Except as provided in subsection (d) and in section 1876."
79 Stat. 294. 42 USC 1395f.	(2) Section 1833(a) of such Act is amended by striking out "Subject to" and inserting in lieu thereof the following: "Except as provided in section 1876, and subject to".
79 Stat. 302. 42 USC 13951.	(d) Section 1875(b) of the Social Security Act, as amended by section 222(c) of this Act, is further amended—
42 USC 139511.	(1) by inserting "the operation and administration of health maintenance organizations authorized by section 226 of the Social Security Amendments of 1972," after the word "including"; and
<u>Ante</u> , p. 1396.	(2) by striking out "1971" and inserting in lieu thereof "1972".
42 USC 1396b.	(e) Section 1903 of such Act, as amended by sections 207, 224, and 290 of this Act, is further amended by adding after subsection (j) the following new subsection:
Technical assistance to States.	"(k) The Secretary is authorized to provide at the request of any State (and without cost to such State) such technical and actuarial assistance as may be necessary to assist such State to contract with any health maintenance organization which meets the requirements of section 1876 for the purpose of providing medical care and services to individuals who are entitled to medical assistance under this title."
Effective date.	(f) The amendments made by this section shall be effective with respect to services provided on or after July 1, 1973.

PAYMENT UNDER MEDICARE FOR SERVICES OF PHYSICIANS RENDERED  
AT A TEACHING HOSPITAL

42 USC 1395x.	<p>SEC. 227. (a) Section 1861(b) of the Social Security Act is amended by striking out the second sentence and inserting in lieu thereof the following:</p> <p>"Paragraph (4) shall not apply to services provided in a hospital by—</p> <p>"(6) an intern or a resident-in-training under a teaching program approved by the Council on Medical Education of the American Medical Association or, in the case of an osteopathic hospital, approved by the Committee on Hospitals of the Bureau of Professional Education of the American Osteopathic 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; or</p> <p>"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), unless (A) such inpatient is a private patient (as defined in regulations), or (B) the hospital establishes that during the two-year period ending December 31, 1967, and each year thereafter all inpatients have been</p>
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regularly billed by the hospital for services rendered by physicians and reasonable efforts have been made to collect in full from all patients and payment of reasonable charges (including applicable deductibles and coinsurance) has been regularly collected in full or in substantial part from at least 50 percent of all inpatients."

(b) (1) So much of section 1814(a) of such Act as precedes paragraph (1) (as amended by section 226(c)(1) of this Act) is further amended by striking out "subsection (d)" and inserting in lieu thereof "subsections (d) and (g)". 42 USC 1395f.

(2) Section 1814 is further amended by adding at the end thereof the following new subsection: Ante, p. 1382.

"Payment for Services of a Physician Rendered in a Teaching  
Hospital

"(g) For purposes of services for which the reasonable cost thereof is determined under section 1861(v)(1)(D), payment under this part shall be made to such fund as may be designated by the organized medical staff of the hospital in which such services were furnished or, if such services were furnished in such hospital by the faculty of a medical school, to such fund as may be designated by such faculty, but only if— Infra.

"(1) such hospital has an agreement with the Secretary under section 1866, and

42 USC 1395cc.

"(2) the Secretary has received written assurances that (A) such payment will be used by such fund solely for the improvement of care of hospital patients or for educational or charitable purposes and (B) the individuals who were furnished such services or any other persons will not be charged for such services (or if charged, provision will be made for return of any moneys incorrectly collected)."

(c) Section 1861(v)(1) of such Act (as amended by section 223 of this Act) is amended— 42 USC 1395x.

(1) by inserting "(A)" after "(1)";

(2) by striking out "(A) take" and "(B) provide" in the fourth sentence and inserting in lieu thereof "(i) take" and "(ii) provide", respectively;

(3) by inserting "(B)" immediately preceding "Such regulations in the case of extended care services"; and

(4) by adding at the end thereof the following new subparagraphs:

"(C) Where a hospital has an arrangement with a medical school under which the faculty of such school provides services at such hospital, an amount not in excess of the reasonable cost of such services to the medical school shall be included in determining the reasonable cost to the hospital of furnishing services—

"(i) for which payment may be made under part A, but only if 42 USC 1395c.

"(I) payment for such services as furnished under such arrangement would be made under part A to the hospital had such services been furnished by the hospital, and

"(II) such hospital pays to the medical school at least the reasonable cost of such services to the medical school, or

42 USC 1395j. “(ii) for which payment may be made under part B, but only if such hospital pays to the medical school at least the reasonable cost of such services to the medical school.

Infra. “(D) Where (i) physicians furnish services which are either inpatient hospital services (including services in conjunction with the teaching programs of such hospital) by reason of paragraph (7) of subsection (b) or for which entitlement exists by reason of clause (II) of section 1832 (a)(2)(B) (i) and (ii) such hospital (or medical school under arrangement with such hospital) incurs no actual cost in the furnishing of such services, the reasonable cost of such services shall (under regulations of the Secretary) be deemed to be the cost such hospital or medical school would have incurred had it paid a salary to such physicians rendering such services approximately equivalent to the average salary paid to all physicians employed by such hospital (or if such employment does not exist, or is minimal in such hospital, by similar hospitals in a geographic area of sufficient size to assure reasonable inclusion of sufficient physicians in development of such average salary).”

42 USC 1395x. (d) (1) Section 1861(u) of such Act is amended by inserting before the period at the end thereof the following: “, or, for purposes of section 1814(g) and section 1835(e), a fund”.

Ante, p. 1405; Infra. 42 USC 1395cc. (2) So much of section 1866(a)(1) of such Act as precedes subparagraph (A) is amended by inserting “(except a fund designated for purposes of section 1814(g) and section 1835(e))” after “provider of services”.

42 USC 1395k. (e) (1) Section 1832(a)(2)(B) of such Act is amended to read as follows:

“(B) medical and other health services furnished by a provider of services or by others under arrangement with them made by a provider of services, excluding—

“(i) physician services except where furnished by—

“(I) a resident or intern of a hospital, or

“(II) a physician to a patient in a hospital which has a teaching program approved as specified in paragraph (6) of section 1861(b) (including services in conjunction with the teaching programs of such hospital whether or not such patient is an inpatient of such hospital), unless either clause (A) or (B) of paragraph (7) of such section is met, and

“(ii) services for which payment may be made pursuant to section 1835(b)(2); and”.

Ante, p. 1404.

42 USC 1395n. (2) (A) So much of section 1835(a) of such Act as precedes paragraph (1) is amended by striking out “subsections (b) and (c),” and inserting in lieu thereof “subsections (b), (c), and (e).”

(B) Section 1835 of such Act is further amended by adding at the end thereof the following new subsection:

Ante, p. 1404. “(e) For purposes of services (1) which are inpatient hospital services by reason of paragraph (7) of section 1861(b) or for which entitlement exists by reason of clause (II) of section 1832(a)(2)(B)

Supra. (i), and (2) for which the reasonable cost thereof is determined under section 1861(v)(1)(D), payment under this part shall be made to such fund as may be designated by the organized medical staff of the hospital in which such services were furnished or, if such services were furnished in such hospital by the faculty of a medical school, to such fund as may be designated by such faculty, but only if—

“(1) such hospital has an agreement with the Secretary under section 1866, and

42 USC 1395cc.

“(2) the Secretary has received written assurances that such payment will be used by such fund solely for the improvement of care to patients in such hospital or for educational or charitable purposes and (B) the individuals who were furnished such services or any other persons will not be charged for such services (or if charged provision will be made for return for any moneys incorrectly collected).”

(3) Section 1842(a) of such Act is amended by inserting after “which involve payments for physicians’ services” the following: “on a reasonable charge basis”.

42 USC 1395u.

(f) Section 1861(q) of such Act is amended by striking out the parenthetical phrase “(but not including services described in the last sentence of subsection (b))” and inserting in lieu thereof “(but not including services described in subsection (b)(6))”.

42 USC 1395x.

Ante, p. 1404.

Effective date.

(g) The amendments made by this section shall apply with respect to accounting periods beginning after June 30, 1973.

ADVANCE APPROVAL OF EXTENDED CARE AND HOME HEALTH COVERAGE UNDER MEDICARE

SEC. 228. (a) Section 1814 of the Social Security Act (as amended by section 227(b)(2) of this Act) is amended by adding at the end thereof the following new subsections:

Ante, p. 1405.

“Payment for Posthospital Extended Care Services

“(h) (1) An individual shall be presumed to require the care specified in subsection (a) (2) (C) of this section for purposes of making payment to an extended care facility (subject to the provisions of section 1812) for posthospital extended care services which are furnished by such facility to such individual if—

Post, p. 1425.

42 USC 1395d.

“(A) the certification referred to in subsection (a) (2) (C) of this section is submitted prior to or at the time of admission of such individual to such extended care facility.

“(B) such certification states that the medical condition of the individual is a condition designated in regulations.

“(C) such certification is accompanied by a plan of treatment for providing such services, and

“(D) there is compliance with such other requirements and procedures as may be specified in regulations.

but only for services furnished during such limited periods of time with respect to such conditions of the individual as may be prescribed in regulations by the Secretary, taking into account the medical severity of such conditions, the degree of incapacity, and the minimum length of stay in an institution generally needed for such conditions, and such other factors affecting the type of care to be provided as the Secretary deems pertinent.

“(2) If the Secretary determines with respect to a physician that such physician is submitting with some frequency (A) erroneous certifications that individuals have conditions designated in regulations as provided in this subsection or (B) plans for providing services which are inappropriate, the provisions of paragraph (1) shall not apply, after the effective date of such determination, in any case in which such physician submits a certification or plan referred to in subparagraph (A), (B), or (C) of paragraph (1).

Erroneous certification, nonapplicability.

## "Payment for Posthospital Home Health Services

- 42 USC 1395f. " (i) (1) An individual shall be presumed to require the services specified in subsection (a) (2) (D) of this section for purposes of making payment to a home health agency (subject to the provisions of section 1812) for posthospital home health services furnished by such agency to such individual if—
- 42 USC 1395d. " (A) the certification and plan referred to in subsection (a) (2) (D) of this section are submitted in timely fashion prior to the first visit by such agency,
- " (B) such certification states that the medical condition of the individual is a condition designated in regulations, and
- " (C) there is compliance with such other requirements and procedures as may be specified in regulations,
- but only for services furnished during such limited numbers of visits with respect to such conditions of the individual as may be prescribed in regulations by the Secretary, taking into account the medical severity of such conditions, the degree of incapacity, and the minimum period of home confinement generally needed for such conditions, and such other factors affecting the type of care to be provided as the Secretary deems pertinent.
- Erroneous certification, non-applicability. " (2) If the Secretary determines with respect to a physician that such physician is submitting with some frequency (A) erroneous certifications that individuals have conditions designated in regulations as provided in this subsection or (B) plans for providing services which are inappropriate, the provisions of paragraph (1) shall not apply, after the effective date of such determination, in any case in which such physician submits a certification or plan referred to in subparagraph (A) or (B) of paragraph (1)."
- Effective date. (b) The amendment made by subsection (a) and any regulations adopted pursuant to such amendment shall apply with respect to plans of care initiated on or after January 1, 1973, and with respect to admission to skilled nursing facilities and home health plans initiated on or after such date.

## AUTHORITY OF SECRETARY TO TERMINATE PAYMENTS TO SUPPLIERS OF SERVICES

Ante, p. 1382.

SEC. 229. (a) Section 1862 of the Social Security Act (as amended by section 210 of this Act) is further amended by adding at the end thereof the following new subsection:

"(d) (1) No payment may be made under this title with respect to any item or services furnished to an individual by a person where the Secretary determines under this subsection that such person—

"(A) has knowingly and willfully made, or caused to be made, any false statement or representation of a material fact for use in an application for payment under this title or for use in determining the right to a payment under this title;

"(B) has submitted or caused to be submitted (except in the case of a provider of services), bills or requests for payment under this title containing charges (or in applicable cases requests for payment of costs to such person) for services rendered which the Secretary finds, with the concurrence of the appropriate program review team appointed pursuant to paragraph (4), to be substantially in excess of such person's customary charges (or in applicable cases substantially in excess of such person's costs) for such services, unless the Secretary finds there is good cause for such bills

Post, p. 1409.

or requests containing such charges (or in applicable cases, such costs); or

“(C) has furnished services or supplies which are determined by the Secretary, with the concurrence of the members of the appropriate program review team appointed pursuant to paragraph (4) who are physicians or other professional personnel in the health care field, to be substantially in excess of the needs of individuals or to be harmful to individuals or to be of a grossly inferior quality.” *Infra.*

“(2) A determination made by the Secretary under this subsection shall be effective at such time and upon such reasonable notice to the public and to the person furnishing the services involved as may be specified in regulations. Such determination shall be effective with respect to services furnished to an individual on or after the effective date of such determination (except that in the case of inpatient hospital services, posthospital extended care services, and home health services such determination shall be effective in the manner provided in section 1866(b) (3) and (4) with respect to terminations of agreements), and shall remain in effect until the Secretary finds and gives reasonable notice to the public that the basis for such determination has been removed and that there is reasonable assurance that it will not recur.” *Determination, effective date, public notice. Post, p. 1427.*

“(3) Any person furnishing services described in paragraph (1) who is dissatisfied with a determination made by the Secretary under this subsection shall be entitled to reasonable notice and opportunity for a hearing thereon by the Secretary 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).” *Judicial review. 42 USC 405.*

“(4) For the purposes of paragraph (1) (B) and (C) of this subsection, and clause (F) of section 1866(b)(2), the Secretary shall, after consultation with appropriate State and local professional societies, the appropriate carriers and intermediaries utilized in the administration of this title, and consumer representatives familiar with the health needs of residents of the State, appoint one or more program review teams (composed of physicians, other professional personnel in the health care field, and consumer representatives) in each State which shall, among other things—” *Program review teams. Infra.*

“(A) undertake to review such statistical data on program utilization as may be submitted by the Secretary,

“(B) submit to the Secretary periodically, as may be prescribed in regulations, a report on the results of such review, together with recommendations with respect thereto, *Report to Secretary.*

“(C) undertake to review particular cases where there is a likelihood that the person or persons furnishing services and supplies to individuals may come within the provisions of paragraph (1) (B) and (C) of this subsection or clause (F) of section 1866(b)(2), and

“(D) submit to the Secretary periodically, as may be prescribed in regulations, a report of cases reviewed pursuant to subparagraph (C) along with an analysis of, and recommendations with respect to, such cases.” *Report to Secretary.*

(b) Section 1866(b)(2) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof the following: “, or (D) that such provider has made, or caused to be made, any false statement or representation of a material fact for use in an application for payment under this title or for use in determining the right to a payment under this title, or (E) that such provider has submitted, or caused to be submitted, requests for payment under this title of amounts for rendering services substantially in excess of the” *42 USC 1395oo.*

costs incurred by such provider for rendering such services, or (F) that such provider has furnished services or supplies which are determined by the Secretary, with the concurrence of the members of the appropriate program review team appointed pursuant to section 1862(d)(4) who are physicians or other professional personnel in the health care field, to be substantially in excess of the needs of individuals or to be harmful to individuals or to be of a grossly inferior quality."

Ante, p. 1408.

Ante, p. 1395.

(c) Section 1903(i) of such Act (as added by section 224(c) of this Act) is further amended by striking out "shall not be made" and all that follows and inserting in lieu thereof the following: "shall not be made—

"(1) with respect to any amount paid for items or services furnished under the plan after December 31, 1972, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the fourth and fifth sentences of section 1842(b)(3); or

Ante, p. 1395;  
Post, p. 1447.

"(2) with respect to any amount paid for services furnished under the plan after December 31, 1972, by a provider or other person during any period of time, if payment may not be made under title XVIII with respect to services furnished by such provider or person during such period of time solely by reason of a determination by the Secretary under section 1862(d)(1) or under clause (D), (E), or (F) of section 1866(b)(2)."

42 USC 1395.

Ante, p. 1408.

Ante, p. 1409.

Ante, p. 1395.

(d) Section 506(f) of such Act (as added by section 224(d) of this Act) is further amended by striking out "no payment shall be made" and all that follows and inserting in lieu thereof the following: "no payment shall be made to any State thereunder—

"(1) with respect to any amount paid for items or services furnished under the plan after December 31, 1972, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the fourth and fifth sentences of section 1842(b)(3); or

"(2) with respect to any amount paid for services furnished under the plan after December 31, 1972, by a provider or other person during any period of time, if payment may not be made under title XVIII with respect to services furnished by such provider or person during such period of time solely by reason of a determination by the Secretary under section 1862(d)(1) or under clause (D), (E), or (F) of section 1866(b)(2)."

ELIMINATION OF REQUIREMENT THAT STATES MOVE TOWARD COMPREHENSIVE MEDICAID PROGRAMS

Repeal.  
42 USC 1396b.  
42 USC 1396b  
note.

SEC. 230. Section 1903(e) of the Social Security Act, and section 2(b) of Public Law 91-56 (approved August 9, 1969), are repealed.

REPEAL OF SECTION 1902(d) OF MEDICAID

42 USC 1396a.

SEC. 231. Section 1902(d) of the Social Security Act is repealed.

DETERMINATION OF REASONABLE COST OF INPATIENT HOSPITAL SERVICES UNDER MEDICAID AND UNDER MATERNAL AND CHILD HEALTH PROGRAM

42 USC 1396a.

SEC. 232. (a) Section 1902(a)(13)(D) of the Social Security Act is amended to read as follows:

"(D) for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in

- accordance with methods and standards which shall be developed by the State and reviewed and approved by the Secretary and (after notice of approval by the Secretary) included in the plan, except that the reasonable cost of any such services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861(v) as the reasonable cost of such services for purposes of title XVIII;” 42 USC 1395x.  
42 USC 1395.
- (b) Section 505(a)(6) of such Act is amended to read as follows: 42 USC 705.  
“(6) provides for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in accordance with methods and standards which shall be developed by the State and included in the plan, except that the reasonable cost of any such services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861(v) as the reasonable cost of such services for purposes of title XVIII;”.
- (c) The amendments made by this section shall be effective July 1, 1972 (or earlier if the State plan so provides). Effective date.

AMOUNT OF PAYMENTS WHERE CUSTOMARY CHARGES FOR SERVICES  
FURNISHED ARE LESS THAN REASONABLE COST

SEC. 233. (a) Section 1814(b) of the Social Security Act is amended 42 USC 1395f.  
to read as follows:

“Amount Paid to Providers

“(b) The amount paid to any provider of services with respect to services for which payment may be made under this part shall, subject to the provisions of section 1813, be— 42 USC 1395e.

“(1) the lesser of (A) the reasonable cost of such services, as determined under section 1861(v), or (B) the customary charges with respect to such services; or 42 USC 1395x.

“(2) if such services are furnished by a public provider of services free of charge or at nominal charges to the public, the amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such reasonable cost which the Secretary finds will provide fair compensation to such provider for such services.”

(b) Section 1833(a)(2) of such Act is amended to read as follows: 42 USC 1395j.

“(2) in the case of services described in section 1832(a)(2)— 42 USC 1395k.  
80 percent of—

“(A) the lesser of (i) the reasonable cost of such services, as determined under section 1861(v), or (ii) the customary charges with respect to such services; or

“(B) if such services are furnished by a public provider of services free of charge or at nominal charges to the public, the amount determined in accordance with section 1814(b)(2).”

Supra.

(c) Section 1903(i) of such Act (as added by section 224(c) and amended by section 229(c) of this Act) is further amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof “; or”, and by adding after paragraph (2) the following new paragraph: 42 USC 1395, pp. 1395, 1410.

“(3) with respect to any amount expended for inpatient hospital services furnished under the plan to the extent that such amount exceeds the hospital’s customary charges with respect to

such services or (if such services are furnished under the plan by a public institution free of charge or at nominal charges to the public) exceeds an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such payment which the Secretary finds will provide fair compensation to such institution for such services."

Ante, pp. 1395, 1410.      (d) Section 506(f) of such Act (as added by section 224(d) and amended by section 229(d) of this Act) is further amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and by adding after paragraph (2) the following new paragraph:

"(3) with respect to any amount expended for inpatient hospital services furnished under the plan to the extent that such amount exceeds the hospital's customary charges with respect to such services or (if such services are furnished under the plan by a public institution free of charge or at nominal charges to the public) exceeds an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such payment which the Secretary finds will provide fair compensation to such institution for such services."

Ante, p. 1389.      (e) Clause (2) of the second sentence of section 509(a) of such Act (as amended by section 221(c) (3) of this Act) is further amended by inserting "(A)" before "the reasonable cost", and by inserting after "under the project," the following: "or (B) if less the customary charges with respect to such services provided under the project, or (C) if such services are furnished under the project by a public institution free of charge or at nominal charges to the public, an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such reasonable cost which the Secretary finds will provide fair compensation to such institution for such services".

Effective dates.      (f) The amendments made by subsections (a) and (b) shall apply to services furnished by hospitals, extended care facilities, and home health agencies in accounting periods beginning after December 31, 1972. The amendments made by subsections (c), (d), and (e) shall apply with respect to services furnished by hospitals in accounting periods beginning after December 31, 1972.

INSTITUTIONAL PLANNING UNDER MEDICARE

Ante, p. 1383.      Sec. 234. (a) The first sentence of section 1861(e) of the Social Security Act is amended—

- (1) by striking out "and" at the end of paragraph (7) ;
- (2) by redesignating paragraph (8) as paragraph (9) ; and
- (3) by inserting after paragraph (7) the following new paragraph:

"(8) has in effect an overall plan and budget that meets the requirements of subsection (z) ; and".

Post, p. 1413.      (b) Section 1861(f) (2) of such Act is amended to read as follows:

"(2) satisfies the requirements of paragraphs (3) through (9) of subsection (e) ;".

42 USC 1395x.      (c) Section 1861(g) (2) of such Act is amended to read as follows:

"(2) satisfies the requirements of paragraphs (3) through (9) of subsection (e) ;".

42 USC 1395x.      (d) The first sentence of section 1861(j) of such Act is amended—

- (1) by striking out "and" at the end of paragraph (9) ;
- (2) by redesignating paragraph (10) as paragraph (11) ; and

(3) by inserting after paragraph (9) the following new paragraph:

“(10) has in effect an overall plan and budget that meets the requirements of subsection (z); and”.

(e) Section 1861 (o) of such Act is amended—

Infra.

42 USC 1395x.

(1) by striking out “and” at the end of paragraph (4);

(2) by redesignating paragraph (5) as paragraph (6); and

(3) by inserting after paragraph (4) the following new paragraph:

“(5) has in effect an overall plan and budget that meets the requirements of subsection (z); and”.

(f) Section 1861 of such Act is further amended by adding at the end thereof the following new subsection: 42 USC 1395x.

#### “Institutional Planning

“(z) An overall plan and budget of a hospital, extended care facility, or home health agency shall be considered sufficient if it—

“(1) provides for an annual operating budget which includes all anticipated income and expenses related to items which would, under generally accepted accounting principles, be considered income and expense items (except that nothing in this paragraph shall require that there be prepared, in connection with any budget, an item-by-item identification of the components of each type of anticipated expenditure or income);

“(2) provides for a capital expenditures plan for at least a 3-year period (including the year to which the operating budget described in subparagraph (1) is applicable) which includes and identifies in detail the anticipated sources of financing for, and the objectives of, each anticipated expenditure in excess of \$100,000 related to the acquisition of land, the improvement of land, buildings, and equipment, and the replacement, modernization, and expansion of the buildings and equipment which would, under generally accepted accounting principles, be considered capital items;

“(3) provides for review and updating at least annually; and

“(4) is prepared, under the direction of the governing body of the institution or agency, by a committee consisting of representatives of the governing body, the administrative staff, and the medical staff (if any) of the institution or agency.”

(g) (1) Section 1814(a) (2) (C) and section 1814(a) (2) (D) of such Act are each amended by striking out “and (8)” and inserting in lieu thereof “and (9)”.

42 USC 1395f.

(2) Section 1863 of such Act is amended by striking out “subsections (e) (8), (f) (4), (g) (4), (j) (10), and (o) (5)” and inserting in lieu thereof “subsections (e) (9), (f) (4), (g) (4), (j) (11), and (o) (6)”.

42 USC 1395z.

(h) Section 1865 of such Act is amended—

42 USC 1395bb.

(1) by striking out “(except paragraph (6) thereof)” in the first sentence and inserting in lieu thereof “(except paragraphs (6) and (8) thereof)”, and

(2) by striking out the second sentence and inserting in lieu thereof the following: “If such Commission, as a condition for accreditation of a hospital, (1) requires a utilization review plan as defined in section 1861(k) or imposes another requirement which serves substantially the same purpose, or (2) requires institutional plans as defined in section 1861(z) or imposes another requirement which serves substantially the same purpose, the

42 USC 1395x.

Supra.

Secretary is authorized to find that all institutions so accredited by the Commission comply also with section 1861(e)(6) or 1861(e)(8), as the case may be.”

42 USC 1395x.  
Effective date. (i) The amendments made by this section shall apply with respect to any provider of services for fiscal years (of such provider) beginning after the fifth month following the month in which this Act is enacted.

PAYMENTS TO STATES UNDER MEDICAID FOR INSTALLATION AND OPERATION OF CLAIMS PROCESSING AND INFORMATION RETRIEVAL SYSTEMS

42 USC 1396b. SEC. 235. (a) Section 1903(a) of the Social Security Act is amended by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

“(3) an amount equal to—

42 USC 1395. “(A) (i) 90 per centum of so much of the sums expended during such quarter as are attributable to the design, development, or installation of such mechanized claims processing and information retrieval systems as the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of title XVIII, including the State’s share of the cost of installing such a system to be used jointly in the administration of such State’s plan and the plan of any other State approved under this title, and

“(ii) 90 per centum of so much of the sums expended during any such quarter in the fiscal year ending June 30, 1972, or the fiscal year ending June 30, 1973, as are attributable to the design, development, or installation of cost determination systems for State-owned general hospitals (except that the total amount paid to all States under this clause for either such fiscal year shall not exceed \$150,000), and

“(B) 75 per centum of so much of the sums expended during such quarter as are attributable to the operation of systems (whether such systems are operated directly by the State or by another person under a contract with the State) of the type described in subparagraph (A)(i) (whether or not designed, developed, or installed with assistance under such subparagraph) which are approved by the Secretary and which include provision for prompt written notice to each individual who is furnished services covered by the plan of the specific services so covered, the name of the person or persons furnishing the services, the date or dates on which the services were furnished, and the amount of the payment or payments made under the plan on account of the services; plus”.

Effective date. (b) The amendments made by subsection (a) shall apply with respect to expenditures under State plans approved under title XIX of the Social Security Act made after June 30, 1971.

42 USC 1396.

PROHIBITION AGAINST REASSIGNMENT OF CLAIMS TO BENEFITS

42 USC 1395u. SEC. 236. (a) Section 1842(b) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

42 USC 1395gg. “(5) No payment under this part for a service provided to any individual shall (except as provided in section 1870) be made to anyone other than such individual or (pursuant to an assignment

described in subparagraph (B) (ii) of paragraph (3)) the physician or other person who provided the service, except that payment may be made (A) to the employer of such physician or other person if such physician or other person is required as a condition of his employment to turn over his fee for such service to his employer, or (B) (where the service was provided in a hospital, clinic, or other facility) to the facility in which the service was provided if there is a contractual arrangement between such physician or other person and such facility under which such facility submits the bill for such service.”

(b) Section 1902(a) of such Act is amended—

42 USC 1396a.

(1) by striking out “and” at the end of paragraph (30);

(2) by striking out the period at the end of paragraph (31) and inserting in lieu thereof “; and”; and

(3) by inserting after paragraph (31) the following new paragraph:

“(32) provide that no payment under the plan for any care or service provided to an individual by a physician, dentist, or other individual practitioner shall be made to anyone other than such individual or such physician, dentist, or practitioner, except that payment may be made (A) to the employer of such physician, dentist, or practitioner if such physician, dentist, or practitioner is required as a condition of his employment to turn over his fee for such care or service to his employer, or (B) (where the care or service was provided in a hospital, clinic, or other facility) to the facility in which the care or service was provided if there is a contractual arrangement between such physician, dentist, or practitioner and such facility under which such facility submits the bill for such care or service.”

(c) The amendment made by subsection (a) shall apply with respect to bills submitted and requests for payments made after the date of the enactment of this Act. The amendments made by subsection (b) shall be effective January 1, 1973 (or earlier if the State plan so provides).

Effective dates.

UTILIZATION REVIEW REQUIREMENTS FOR HOSPITALS AND SKILLED NURSING HOMES UNDER MEDICAID AND UNDER MATERNAL AND CHILD HEALTH PROGRAM

SEC. 237. (a) (1) Section 1903(i) of the Social Security Act (as added by section 224(c) and amended by sections 229(c) and 233(c) of this Act) is further amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof “; or”, and by adding after paragraph (3) the following new paragraph:

Ante, pp. 1395, 1410, 1411.

“(4) with respect to any amount expended for care or services furnished under the plan by a hospital or skilled nursing home unless such hospital or skilled nursing home has in effect a utilization review plan which meets the requirements imposed by section 1861(k) for purposes of title XVIII; and if such hospital or skilled nursing home has in effect such a utilization review plan for purposes of title XVIII, such plan shall serve as the plan required by this subsection (with the same standards and procedures and the same review committee or group) as a condition of payment under this title; the Secretary is authorized to waive the requirements of this paragraph if the State agency demonstrates to his satisfaction that it has in operation utilization review procedures which are superior in their effectiveness to the procedures required under section 1861(k).”

42 USC 1395x, 1395.

42 USC 1396a.

(2) Section 1902(a)(30) of such Act is amended by inserting "(including but not limited to utilization review plans as provided for in section 1903(i)(4))" after "plan" where it first appears.

Ante, pp. 1395,  
1410, 1412.

(b) Section 506(f) of such Act (as added by section 224(d) and amended by sections 229(d) and 233(d) of this Act) is further amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof "or", and by adding after paragraph (3) the following new paragraph:

"(4) with respect to any amount expended for services furnished under the plan by a hospital unless such hospital has in effect a utilization review plan which meets the requirement imposed by section 1861(k) for purposes of title XVIII; and if such hospital has in effect such a utilization review plan for purposes of title XVIII, such plan shall serve as the plan required by this subsection (with the same standards and procedures and the same review committee or group) as a condition of payment under this title; the Secretary is authorized to waive the requirements of this paragraph in any State if the State agency demonstrates to his satisfaction that it has in operation utilization review procedures which are superior in their effectiveness to the procedures required under section 1861(k)."

42 USC 1395x.

(c) Section 1861(k) of such Act is amended by adding at the end thereof the following new sentence: "If the Secretary determines that the utilization review procedures established pursuant to title XIX are superior in their effectiveness to the procedures required under this section, he may, to the extent that he deems it appropriate, require for purposes of this title that the procedures established pursuant to title XIX be utilized instead of the procedures required by this section."

Effective dates.

(d)(1) The amendments made by subsections (a)(1) and (b) shall apply with respect to services furnished in calendar quarters beginning after June 30, 1973.

(2) The amendment made by subsection (a)(2) shall be effective July 1, 1973.

NOTIFICATION OF UNNECESSARY ADMISSION TO A HOSPITAL OR  
EXTENDED CARE FACILITY UNDER MEDICARE

42 USC 1395f.

SEC. 238. (a) Section 1814(a)(7) of the Social Security Act is amended by striking out "as described in section 1861(k)(4)" and inserting in lieu thereof "as described in section 1861(k)(4), including any finding made in the course of a sample or other review of admissions to the institution".

Effective date.

(b) The amendment made by subsection (a) shall apply with respect to services furnished after the second month following the month in which this Act is enacted.

USE OF STATE HEALTH AGENCY TO PERFORM CERTAIN FUNCTIONS UNDER  
MEDICAID AND UNDER MATERNAL AND CHILD HEALTH PROGRAM

42 USC 1396a.

SEC. 239. (a) Section 1902(a)(9) of the Social Security Act is amended to read as follows:

"(9) provide—

"(A) that the State health agency, or other appropriate State medical agency (whichever is utilized by the Secretary for the purpose specified in the first sentence of section 1864(a)), shall be responsible for establishing and maintaining health standards for private or public institutions in which

42 USC 1395aa.

recipients of medical assistance under the plan may receive care or services, and

“(B) for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards, other than those relating to health, for such institutions;”.

(b) Section 1902(a) of such Act (as amended by section 236(b) of this Act) is further amended—

Ante, p. 1415.

(1) by striking out “and” at the end of paragraph (31) ;

(2) by striking out the period at the end of paragraph (32) and inserting in lieu thereof “; and”; and

(3) by inserting after paragraph (32) the following new paragraph:

“(33) provide—

“(A) that the State health agency, or other appropriate State medical agency, shall be responsible for establishing a plan, consistent with regulations prescribed by the Secretary, for the review by appropriate professional health personnel of the appropriateness and quality of care and services furnished to recipients of medical assistance under the plan in order to provide guidance with respect thereto in the administration of the plan to the State agency established or designated pursuant to paragraph (5) and, where applicable, to the State agency described in the last sentence of this subsection; and

“(B) that the State or local agency utilized by the Secretary for the purpose specified in the first sentence of section 1864(a), or, if such agency is not the State agency which is responsible for licensing health institutions, the State agency responsible for such licensing, will perform for the State agency administering or supervising the administration of the plan approved under this title the function of determining whether institutions and agencies meet the requirements for participation in the program under such plan.”

42 USC 1395aa.

(c) Section 505(a) of such Act is amended—

42 USC 705.

(1) by striking out “and” at the end of paragraph (13) ;

(2) by striking out the period at the end of paragraph (14) and inserting in lieu thereof “; and”; and

(3) by adding after paragraph (14) the following new paragraph:

“(15) provides—

“(A) that the State health agency, or other appropriate State medical agency, shall be responsible for establishing a plan, consistent with regulations prescribed by the Secretary, for the review by appropriate professional health personnel of the appropriateness and quality of care and services furnished to recipients of services under the plan and, where applicable, for providing guidance with respect thereto to the other State agency referred to in paragraph (2) ; and

“(B) that the State or local agency utilized by the Secretary for the purpose specified in the first sentence of section 1864(a), or, if such agency is not the State agency which is responsible for licensing health institutions, the State agency responsible for such licensing, will perform the function of determining whether institutions and agencies meet the requirements for participation in the program under the plan under this title.”

42 USC 1395aa.

Effective date. (d) The amendments made by this section shall be effective January 1, 1973 (or earlier if the State plan so provides).

RELATIONSHIP BETWEEN MEDICAID AND COMPREHENSIVE HEALTH  
CARE PROGRAMS

42 USC 1396a. SEC. 240. Section 1902(a)(23) of the Social Security Act is amended by adding after the semicolon at the end thereof the following: "and a State plan shall not be deemed to be out of compliance with the requirements of this paragraph or paragraph (1) or (10) solely by reason of the fact that the State (or any political subdivision thereof) has entered into a contract with an organization which has agreed to provide care and services in addition to those offered under the State plan to individuals eligible for medical assistance who reside in the geographic area served by such organization and who elect to obtain such care and services from such organization;".

PROGRAM FOR DETERMINING QUALIFICATIONS FOR CERTAIN HEALTH  
CARE PERSONNEL

Ante, p. 1386. SEC. 241. Title XI of the Social Security Act is amended by adding after section 1122 (as added by section 221(a) of this Act) the following new section:

"PROGRAM FOR DETERMINING QUALIFICATIONS FOR CERTAIN HEALTH CARE  
PERSONNEL

42 USC 1395. "SEC. 1123. (a) The Secretary, in carrying out his functions relating to the qualifications for health care personnel under title XVIII, shall develop (in consultation with appropriate professional health organizations and State health and licensure agencies) and conduct (in conjunction with State health and licensure agencies) until December 31, 1977, a program designed to determine the proficiency of individuals (who do not otherwise meet the formal educational, professional membership, or other specific criteria established for determining the qualifications of practical nurses, therapists, laboratory technicians, and technologists, and cytotechnologists, X-ray technicians, psychiatric technicians, or other health care technicians and technologists) to perform the duties and functions of practical nurses, therapists, laboratory technicians, technologists, and cytotechnologists, X-ray technicians, psychiatric technicians, or other health care technicians and technologists. Such program shall include (but not be limited to) the employment of procedures for the formal testing of the proficiency of individuals. In the conduct of such program, no individual who otherwise meets the proficiency requirements for any health care specialty shall be denied a satisfactory proficiency rating solely because of his failure to meet formal educational or professional membership requirements.

42 USC 1396. "(b) If any individual has been determined, under the program established pursuant to subsection (a), to be qualified to perform the duties and functions of any health care specialty, no person or provider utilizing the services of such individual to perform such duties and functions shall be denied payment, under title XVIII or under any State plan approved under title XIX, for any health care services provided by such person on the grounds that such individual is not qualified to perform such duties and functions."

PENALTIES FOR FRAUDULENT ACTS AND FALSE REPORTING UNDER  
MEDICARE AND MEDICAID

SEC. 242. (a) Section 1872 of the Social Security Act is amended 42 USC 139511.  
by striking out "208,".

(b) Title XVIII of the Social Security Act is amended by adding  
at the end thereof (after the new section added by section 226(a) of  
this Act) the following new section: Ante, p. 1396.

"PENALTIES

"SEC. 1877. (a) Whoever—

"(1) knowingly and willfully makes or causes to be made any  
false statement or representation of a material fact in any appli-  
cation for any benefit or payment under this title,

"(2) at any time knowingly and willfully makes or causes to be  
made any false statement or representation of a material fact for  
use in determining rights to any such benefit or payment,

"(3) having knowledge of the occurrence of any event affect-  
ing (A) his initial or continued right to any such benefit or pay-  
ment, or (B) the initial or continued right to any such benefit or  
payment of any other individual in whose behalf he has applied  
for or is receiving such benefit or payment, conceals or fails to  
disclose such event with an intent fraudulently to secure such bene-  
fit or payment either in a greater amount or quantity than is due  
or when no such benefit or payment is authorized, or

"(4) having made application to receive any such benefit or  
payment for the use and benefit of another and having received it,  
knowingly and willfully converts such benefit or payment or any  
part thereof to a use other than for the use and benefit of such  
other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be  
fined not more than \$10,000 or imprisoned for not more than one year,  
or both.

"(b) Whoever furnishes items or services to an individual for which  
payment is or may be made under this title and who solicits, offers, or  
receives any—

"(1) kickback or bribe in connection with the furnishing of  
such items or services or the making or receipt of such payment,  
or

"(2) rebate of any fee or charge for referring any such  
individual to another person for the furnishing of such items or  
services,

shall be guilty of a misdemeanor and upon conviction thereof shall be  
fined not more than \$10,000 or imprisoned for not more than one year,  
or both.

"(c) Whoever knowingly and willfully makes or causes to be made,  
or induces or seeks to induce the making of, any false statement or  
representation of a material fact with respect to the conditions or  
operation of any institution or facility in order that such institution  
or facility may qualify (either upon initial certification or upon recerti-  
fication) as a hospital, skilled nursing facility, or home health agency  
(as those terms are defined in section 1861), shall be guilty of a mis-  
demeanor and upon conviction thereof shall be fined not more than  
\$2,000 or imprisoned for not more than 6 months, or both." 42 USC 1395x.

(c) Title XIX of such Act is amended by adding after section 1908 42 USC 1396.  
the following new section:

## "PENALTIES

"SEC. 1909. (a) Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit or payment under a State plan approved under this title,

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to such benefit or payment,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit or payment, or (B) the initial or continued right to any such benefit or payment of any other individual in whose behalf he has applied for or is receiving such benefit or payment, conceals or fails to disclose such event with an intent fraudulently to secure such benefit or payment either in a greater amount or quantity than is due or when no such benefit or payment is authorized, or

"(4) having made application to receive any such benefit or payment for the use and benefit of another and having received it, knowingly and willfully converts such benefit or payment or any part thereof to a use other than for the use and benefit of such other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$10,000 or imprisoned for not more than one year, or both.

"(b) Whoever furnishes items or services to an individual for which payment is or may be made in whole or in part out of Federal funds under a State plan approved under this title and who solicits, offers, or receives any—

"(1) kickback or bribe in connection with the furnishing of such items or services or the making or receipt of such payment, or

"(2) rebate of any fee or charge for referring any such individual to another person for the furnishing of such items or services

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$10,000 or imprisoned for not more than one year, or both.

"(c) Whoever knowingly and willfully makes or causes to be made, or induces or seeks to induce the making of, any false statement or representation of a material fact with respect to the conditions or operation of any institution or facility in order that such institution or facility may qualify (either upon initial certification or upon recertification) as a hospital, skilled nursing home, intermediate care facility, or home health agency (as those terms are employed in this title) shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$2,000 or imprisoned for not more than 6 months, or both."

(d) The provisions of amendments made by this section shall not be applicable to any acts, statements, or representations made or committed prior to the enactment of this Act.

## PROVIDER REIMBURSEMENT REVIEW BOARD

SEC. 243. (a) Title XVIII of the Social Security Act is amended by adding at the end thereof (after the new sections added by section 226(a) and section 242(b) of this Act) the following new section:

## "PROVIDER REIMBURSEMENT REVIEW BOARD

"SEC. 1878. (a) Any provider of services which has filed a required Establishment. cost report within the time specified in regulations may obtain a hearing with respect to such cost report by a Provider Reimbursement Review Board (hereinafter referred to as the 'Board') which shall be established by the Secretary in accordance with subsection (h), if— Conditions.

"(1) such provider—

"(A) is dissatisfied with a final determination of the organization serving as its fiscal intermediary pursuant to section 1816 as to the amount of total program reimbursement due the provider for the items and services furnished to individuals for which payment may be made under this title for the period covered by such report, 42 USC 1395h.

"(B) has not received such final determination from such intermediary on a timely basis after filing such report, where such report complied with the rules and regulations of the Secretary relating to such report, or

"(C) has not received such final determination on a timely basis after filing a supplementary cost report, where such cost report did not so comply and such supplementary cost report did so comply,

"(2) the amount in controversy is \$10,000 or more, and

"(3) such provider files a request for a hearing within 180 days after notice of the intermediary's final determination under paragraph (1)(A) or with respect to appeals pursuant to paragraph (1)(B) or (C), within 180 days after notice of such determination would have been received if such determination had been made on a timely basis.

"(b) The provisions of subsection (a) shall apply to any group of Group appeal. providers of services if each provider of services in such group would, upon the filing of an appeal (but without regard to the \$10,000 limitation), be entitled to such a hearing, but only if the matters in controversy involve a common question of fact or interpretation of law or regulations and the amount in controversy is, in the aggregate, \$50,000 or more.

"(c) At such hearing, the provider of services shall have the right to be represented by counsel, to introduce evidence, and to examine and cross-examine witnesses. Evidence may be received at any such hearing even though inadmissible under rules of evidence applicable to court procedure.

"(d) A decision by the Board shall be based upon the record made at such hearing, which shall include the evidence considered by the intermediary and such other evidence as may be obtained or received by the Board, and shall be supported by substantial evidence when the record is viewed as a whole. The Board shall have the power to affirm, modify, or reverse a final determination of the fiscal intermediary with respect to a cost report and to make any other revisions on matters covered by such cost report (including revisions adverse to the provider of services) even though such matters were not considered by the intermediary in making such final determination.

"(e) The Board shall have full power and authority to make rules Rules and and establish procedures, not inconsistent with the provisions of this title or regulations of the Secretary, which are necessary or appropriate to carry out the provisions of this section. In the course of any hearing the Board may administer oaths and affirmations. The provisions of subsections (d), (e), and (f) of section 205 with respect to subpenas 42 USC 405.

42 USC 401. Board decision, reviewability.	shall apply to the Board to the same extent as they apply to the Secretary with respect to title II. “(f) A decision of the Board shall be final unless the Secretary, on his own motion, and within 60 days after the provider of services is notified of the Board’s decision, reverses or modifies (adversely to such provider) the Board’s decision. In any case where such a reversal or modification occurs the provider of services may obtain a review of such decision by a civil action commenced within 60 days of the date he is notified of the Secretary’s reversal or modification. Such action shall be brought in the district court of the United States for the judicial district in which the provider is located or in the District Court for the District of Columbia and shall be tried pursuant to the applicable provisions under chapter 7 of title 5, United States Code, notwithstanding any other provisions in section 205.
5 USC 701, 42 USC 405.	“(g) The finding of a fiscal intermediary that no payment may be made under this title for any expenses incurred for items or services furnished to an individual because such items or services are listed in section 1862 shall not be reviewed by the Board, or by any court pursuant to an action brought under subsection (f).
42 USC 1395y.  Membership.	“(h) The Board shall be composed of five members appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive services. Two of such members shall be representative of providers of services. All of the members of the Board shall be persons knowledgeable in the field of cost reimbursement, and at least one of them shall be a certified public accountant. Members of the Board shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the rate specified (at the time the service involved is rendered by such members) for grade GS-18 in section 5332 of title 5, United States Code. The term of office shall be three years, except that the Secretary shall appoint the initial members of the Board for shorter terms to the extent necessary to permit staggered terms of office.
5 USC 101 et seq.  Compensation.	“(i) The Board 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 Board such secretarial, clerical, and other assistance as the Board may require to carry out its functions.”
5 USC 5332 note.  Technical and clerical as- sistance.	(b) The first sentence of section 1816(a) of such Act is amended by striking out “subject to” in the parenthetical phrase and inserting in lieu thereof “subject to the provisions of section 1878 and to”.
42 USC 1395h.  Effective date.	(c) The amendments made by this section shall apply with respect to cost reports of providers of services, as defined in title XVIII of the Social Security Act, for accounting periods ending on or after June 30, 1973.
42 USC 1395.	

VALIDATION OF SURVEYS MADE BY JOINT COMMISSION ON THE  
ACCREDITATION OF HOSPITALS

42 USC 1395aa.	SEC. 244. (a) Section 1864 of the Social Security Act is amended by inserting at the end thereof the following new subsection: “(c) The Secretary is authorized to enter into an agreement with any State under which the appropriate State or local agency which performs the certification function described in subsection (a) will survey, on a selective sample basis (or where the Secretary finds that a survey is appropriate because of substantial allegations of the existence of a significant deficiency or deficiencies which would, if found to be present, adversely affect health and safety of patients), hospitals which have an agreement with the Secretary under section 1866 and which are accredited by the Joint Commission on the Accreditation of
42 USC 1395cc.	

Hospitals. The Secretary shall pay for such services in the manner prescribed in subsection (b)."

(b) (1) Section 1865 of such Act, as amended by section 234 of this Act, is further amended by striking out "SEC. 1865" and the first two sentences of such section and inserting in lieu thereof the following: *Ante*, p. 1413.

"SEC. 1865. (a) Except as provided in subsection (b) and the second sentence of section 1863, if— 42 USC 1395z.

"(1) an institution is accredited as a hospital by the Joint Commission on Accreditation of Hospitals, and

"(2) such institution (if it is included within a survey described in section 1864(c)) authorizes the Commission to release to the Secretary (on a confidential basis) upon his request (or such State agency as the Secretary may designate) a copy of the most current accreditation survey of such institution made by such Commission, *Ante*, p. 1422.

then, such institution shall be deemed to meet the requirements of the numbered paragraphs of section 1861(e); except— 42 USC 1395x.

"(3) paragraph (6) thereof, and

"(4) any standard, promulgated by the Secretary pursuant to paragraph (9) thereof, which is higher than the requirements prescribed for accreditation by such Commission.

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) or imposes a standard which the Secretary determines is at least equivalent to the standard promulgated by the Secretary as described in paragraph (4) of this subsection, the Secretary is authorized to find that all institutions so accredited by such Commission comply also with section 1861(e) (6) or the standard described in such paragraph (4), as the case may be."

(2) Such section 1865 (as so amended) is further amended by adding after subsection (a) thereof the following:

"(b) Notwithstanding any other provision of this title, if the Secretary finds following a survey made pursuant to section 1864(c) that an institution has significant deficiencies (as defined in regulations pertaining to health and safety), such institution shall, after the date of notice of such finding to the hospital and for such period as may be prescribed in regulations, be deemed not to meet the requirements of the numbered paragraphs of section 1861(e)." *Ante*, p. 1422.

(c) Section 1861(e) of such Act, as amended by sections 211 and 234 of this Act, is further amended by striking out, in subsection (9), everything after the word "institution" and inserting in lieu thereof a period. *Ante*, pp. 1383, 1412.

(d) Section 1875(b) of such Act, as amended by sections 222 and 226 of this Act, is further amended by inserting, after "including" and before "the operation", the following: "a validation of the accreditation process of the Joint Commission on the Accreditation of Hospitals,". *Ante*, pp. 1393, 1404.

#### PAYMENT FOR DURABLE MEDICAL EQUIPMENT UNDER MEDICARE

SEC. 245. (a) The Secretary is authorized to conduct reimbursement experiments designed to eliminate unreasonable expenses resulting from prolonged rentals of durable medical equipment described in section 1861(s) (6) of the Social Security Act. 42 USC 1395x.

(b) Such experiment may be conducted in one or more geographic areas, as the Secretary deems appropriate, and may, pursuant to agreements with suppliers, provide for reimbursement for such equipment on a lump-sum basis whenever it is determined (in accordance

79 Stat. 302,  
42 USC 13951.

with guidelines established by the Secretary) that a lump-sum payment would be more economical than the anticipated period of rental payments. Such experiments may also provide for incentives to beneficiaries (including waiver of the 20 percent coinsurance amount applicable under section 1833 of the Social Security Act) to purchase used equipment whenever the purchase price is at least 25 percent less than the reasonable charge for new equipment.

(c) The Secretary is authorized, at such time as he deems appropriate, to implement on a nationwide basis any such reimbursement procedures which he finds to be workable, desirable and economical and which are consistent with the purposes of this section.

81 Stat. 850.

(d) Section 1833(f) of the Social Security Act is amended—

(1) by striking out “with respect to purchases of inexpensive equipment (as determined by the Secretary)” and inserting in lieu thereof “(A)”, and

(2) by inserting before the period at the end thereof the following: “, and (B) with respect to purchases of used equipment the Secretary is authorized to waive the 20 percent coinsurance amount applicable under subsection (a) whenever the purchase price of such equipment is at least 25 percent less than the reasonable charge for comparable new equipment.”

(3) by inserting “(1)” after “(f)” and by adding after paragraph (1) the following new paragraph:

“(2) In the case of rental of durable medical equipment, the Secretary may, pursuant to agreements made with suppliers of such equipment, establish any reimbursement procedures (including payment on a lump-sum basis in lieu of prolonged rental payments) which he finds to be equitable, economical, and feasible.”

UNIFORM STANDARDS FOR SKILLED NURSING FACILITIES UNDER MEDICARE AND MEDICAID

42 USC 1396a.

SEC. 246. (a) Section 1902(a)(28) of the Social Security Act is amended to read as follows:

“(28) provide that any skilled nursing facility receiving payments under such plan must satisfy all of the requirements contained in section 1861(j), except that the exclusion contained therein with respect to institutions which are primarily for the care and treatment of mental diseases and tuberculosis shall not apply for purposes of this title;”

Ante, p. 412.

(b) Section 1861(j) of such Act, as amended by section 234(d) of this Act, is further amended—

(1) by striking out “and” at the end of paragraph (10);

(2) by redesignating paragraph (11) as paragraph (15);

(3) by inserting after paragraph (10) the following new paragraphs:

“(11) supplies full and complete information to the Secretary or his delegate as to the identity (A) of each person who has any direct or indirect ownership interest of 10 per centum or more in such skilled nursing facility or who is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such skilled nursing facility or any of the property or assets of such skilled nursing facility, (B) in case a skilled nursing facility is organized as a corporation, of each officer and director of the corporation, and (C) in case a skilled nursing facility is organized as a partnership, of each partner; and promptly reports any changes which would affect the current accuracy of the information so required to be supplied;

"(12) cooperates in an effective program which provides for a regular program of independent medical evaluation and audit of the patients in the facility to the extent required by the programs in which the facility participates (including medical evaluation of each patient's need for skilled nursing facility care);

"(13) meets such provisions of the Life Safety Code of the National Fire Protection Association (21st edition, 1967) as are applicable to nursing homes; except that the Secretary may waive, for such periods as he deems appropriate, specific provisions of such Code which if rigidly applied would result in unreasonable hardship upon a nursing home, but only if such waiver will not adversely affect the health and safety of the patients; except that the provisions of such Code shall not apply in any State if the Secretary finds that in such State there is in effect a fire and safety code, imposed by State law, which adequately protects patients in nursing facilities; and" and

(4) by adding at the end of paragraph (15) (as redesignated by paragraph (2) of this subsection) the following new sentence: "Notwithstanding any other provision of law, all information concerning skilled nursing facilities required by this subsection to be filed with the Secretary shall be made available to Federal or State employees for purposes consistent with the effective administration of programs established under titles XVIII and XIX of this Act."

(c) The amendments made by this section shall be effective July 1, 1973.

42 USC 1395,  
1396.  
Effective date.

#### LEVEL OF CARE REQUIREMENTS FOR SKILLED NURSING HOME SERVICES

SEC. 247. (a) Section 1814(a)(2)(C) of the Social Security Act is amended by striking out everything which appears before "(or services)" and inserting in lieu thereof the following:

"(C) in the case of post hospital extended care services, such services are or were required to be given because the individual needs or needed on a daily basis skilled nursing care (provided directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services, which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis, for any of the conditions with respect to which he was receiving inpatient hospital services".

(b) Section 1905 of the Social Security Act, as amended by section 212 of this Act, is further amended by adding at the end thereof the following new subsection:

"(f) For purposes of this title, the term 'skilled nursing facility services' means services which are or were required to be given an individual who needs or needed on a daily basis skilled nursing care (provided directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis."

(c) The amendments made by this section shall be effective with respect to services furnished after December 31, 1972.

"Skilled nursing  
facility serv-  
ices."

Effective  
date.

#### MODIFICATION OF MEDICARE'S 14-DAY TRANSFER REQUIREMENT FOR EXTENDED CARE BENEFITS

SEC. 248. Section 1861(i) of the Social Security Act is amended by striking out "within 14 days after discharge from such hospital:" and inserting in lieu thereof the following: "(A) within 14 days

42 USC 1395x.

after discharge from such hospital, or (B) within 28 days after such discharge, in the case of an individual who was unable to be admitted to a skilled nursing facility within such 14 days because of a shortage of appropriate bed space in the geographic area in which he resides, or (C) within such time as it would be medically appropriate to begin an active course of treatment, in the case of an individual whose condition is such that skilled nursing facility care would not be medically appropriate within 14 days after discharge from a hospital;”

REIMBURSEMENT RATES FOR SKILLED NURSING AND INTERMEDIATE  
CARE FACILITIES

Ante, p. 1410. SEC. 249. (a) Section 1902(a)(13) of the Social Security Act, as amended by section 221(c)(5) of this Act, is further amended—

- (1) by inserting “and” at the end of subparagraph (D), and
- (2) by inserting after subparagraph (D) the following new paragraph:

“(E) effective July 1, 1976, for payment of the skilled nursing facility and intermediate care facility services provided under the plan on a reasonable cost related basis, as determined in accordance with methods and standards which shall be developed by the State on the basis of cost-finding methods approved and verified by the Secretary;”

Ante, p. 1405. (b) Section 1861(v)(1) of such Act, as amended by sections 223 and 227 of this Act, is further amended by inserting after subparagraph (D) the following new subparagraph:

“(E) Such regulations may, in the case of skilled nursing facilities in any State, provide for the uses of rates, developed by the State in which such facilities are located, for the payment of the cost of skilled nursing facility services furnished under the State’s plan approved under title XIX (and such rates may be increased by the Secretary on a class or size of institution or on a geographical basis by a percentage factor not in excess of 10 percent to take into account determinable items or services or other requirements under this title not otherwise included in the computation of such State rates). If the Secretary finds that such rates are reasonably related to (but not necessarily limited to) analyses undertaken by such State of costs of care in comparable facilities in such State; except that the foregoing provisions of this subparagraph shall not apply to any skilled nursing facility in such State if—

42 USC 1396.

“(i) such facility is a distinct part of or directly operated by a hospital, or

“(ii) such facility operates in a close, formal satellite relationship (as defined in regulations of the Secretary) with a participating hospital or hospitals.

Notwithstanding the previous provisions of this paragraph in the case of a facility specified in clause (ii) of this subparagraph, the reasonable cost of any services furnished by such facility as determined by the Secretary under this subsection shall not exceed 150 percent of the costs determined by the application of this subparagraph (without regard to such clause (ii)).”

MEDICAID CERTIFICATION AND APPROVAL OF SKILLED NURSING FACILITIES

Ante, p. 1420. SEC. 249A. (a) Title XIX of the Social Security Act is amended by adding at the end thereof (after the new section 1909 added by this Act) the following new section:

## "CERTIFICATION AND APPROVAL OF SKILLED NURSING FACILITIES

"SEC. 1910. (a) Whenever the Secretary certifies an institution in a State to be qualified as a skilled nursing facility under title XVIII, such institution shall be deemed to meet the standards for certification as a skilled nursing facility for purposes of section 1902(a)(28). 42 USC 1395. Ante, p. 1424.

"(b) The Secretary shall notify the State agency administering the medical assistance plan of his approval or disapproval of any institution which has applied for certification by him as a qualified skilled nursing facility." Notification.

(b) Section 1866(a)(1) of the Social Security Act is amended by adding at the end thereof the following sentence: "An agreement under this paragraph with an extended care facility shall be for a term of not exceeding 12 months, except that the Secretary may extend such term for a period not exceeding 2 months, where the health and safety of patients will not be jeopardized thereby, if he finds that such extension is necessary to prevent irreparable harm to such facility or hardship to the individuals being furnished items or services by such facility or if he finds it impracticable within such 12-month period to determine whether such facility is complying with the provisions of this title and regulations thereunder." 42 USC 1395cc.

(c) Section 1866(b) of such Act is amended by—

(1) striking out, in the material which precedes clause (1), "terminated—" and inserting in lieu thereof "terminated (and in the case of an extended care facility, prior to the end of the term specified in subsection (a)(1))—"; and

(2) by striking out all of clause (3) appearing after the phrase "Any termination shall be applicable—" and inserting in lieu thereof the following:

"(3) in the case of inpatient hospital services (including tuberculosis hospital services and inpatient psychiatric hospital services) or post-hospital extended care services, with respect to services furnished after the effective date of such termination, except that payment may be made for up to thirty days with respect to inpatient institutional services furnished to any eligible individual who was admitted to such institution prior to the effective date of such termination,".

(d) Section 1866(c) of such Act is amended by inserting "(1)" after "(c)" and by adding at the end thereof the following new paragraph:

"(2) In the case of a skilled nursing facility participating in the programs established by this title and title XIX, the Secretary may enter into an agreement under this section only if such facility has been approved pursuant to section 1910, and the term of any such agreement shall be in accordance with the period of approval of eligibility specified by the Secretary pursuant to such section." 42 USC 1395, 1396.

(e) The provisions of this section shall be effective with respect to agreements filed with the Secretary under section 1866 of the Social Security Act by skilled nursing facilities (as defined in section 1861(j) of such Act) before, on, or after the date of enactment of this Act, but accepted by him on or after such date. Effective date. 42 USC 1395x.

(f) Notwithstanding any other provision of law, any agreement, filed by a skilled nursing facility (as defined in section 1861(j) of the Social Security Act) with the Secretary under section 1866 of such Act and accepted by him prior to the date of enactment of this Act, which was in effect on such date shall be deemed to be for a specified term ending on December 31, 1973. Termination date.

PAYMENTS TO STATES UNDER MEDICAID FOR COMPENSATION OF INSPECTORS  
RESPONSIBLE FOR MAINTAINING COMPLIANCE WITH FEDERAL STANDARDS

Ante, pp. 1380, 1414.  
Effective period.

SEC. 249B. Section 1903(a) of the Social Security Act, as amended by sections 207(a)(2) and 235(a) of this Act, is further amended, effective for the period beginning October 1, 1972, and ending June 30, 1974, by redesignating paragraph (4) as paragraph (5), and by inserting after paragraph (3) the following new paragraph:

“(4) an amount equal to 100 per centum of the sums expended during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) which are attributable to compensation or training of personnel (of the State agency or any other public agency) responsible for inspecting public or private institutions (or portions thereof) providing long-term care to recipients of medical assistance to determine whether such institutions comply with health or safety standards applicable to such institutions under this Act; plus”.

DISCLOSURE OF INFORMATION CONCERNING THE PERFORMANCE OF CARRIERS,  
INTERMEDIARIES, STATE AGENCIES, AND PROVIDERS OF SERVICES UNDER  
MEDICARE AND MEDICAID

42 USC 1306.

SEC. 249C. (a) Section 1106 of the Social Security Act is amended by adding at the end thereof the following new subsections:

42 USC 1396.

“(d) Notwithstanding any other provision of this section the Secretary shall make available to each State agency operating a program under title XIX and shall, subject to the limitations contained in subsection (e), make available for public inspection in readily accessible form and fashion, the following official reports (not including, however, references to any internal tolerance rules and practices that may be contained therein, internal working papers or other informal memoranda) dealing with the operation of the health programs established by titles XVIII and XIX—

42 USC 1395, 1396.

“(1) individual contractor performance reviews and other formal evaluations of the performance of carriers, intermediaries, and State agencies, including the reports of follow-up reviews;

“(2) comparative evaluations of the performance of such contractors, including comparisons of either overall performance or of any particular aspect of contractor operation; and

“(3) program validation survey reports and other formal evaluations of the performance of providers of services, including the reports of follow-up reviews, except that such reports shall not identify individual patients, individual health care practitioners, or other individuals.

Contractor,  
report re-  
view.

“(e) No report described in subsection (d) shall be made public by the Secretary or the State title XIX agency until the contractor or provider of services whose performance is being evaluated has had a reasonable opportunity (not exceeding 60 days) to review such report and to offer comments pertinent parts of which may be incorporated in the public report; nor shall the Secretary be required to include in any such report information with respect to any deficiency (or improper practice or procedures) which is known by the Secretary to have been fully corrected, within 60 days of the date such deficiency was first brought to the attention of such contractor or provider of services, as the case may be.”

Effective  
date.

(b) The provisions of subsection (a) shall apply with respect to reports which are completed by the Secretary after the third calendar month following the enactment of this Act.

## LIMITATION ON INSTITUTIONAL CARE

SEC. 249D. Section 121(b) of the Social Security Amendments of 1965 is amended by adding at the end thereof the following new sentence: "After the date of enactment of the Social Security Amendments of 1972, Federal matching shall not be available for any portion of any payment by any State under title I, X, XIV, or XVI, or part A of title IV, of the Social Security Act for or on account of any medical or any other type of remedial care provided by an institution to any individual as an inpatient thereof, in the case of any State which has a plan approved under title XIX of such Act, if such care is (or could be) provided under a State plan approved under title XIX of such Act by an institution certified under such title XIX."

79 Stat. 352.  
42 USC 1396b  
note.

42 USC 301,  
1201, 1351,  
1381, 601.  
42 USC 1396.

## DETERMINING ELIGIBILITY FOR ASSISTANCE UNDER TITLE XIX FOR CERTAIN INDIVIDUALS

SEC. 249E. For purposes of section 1902(a) (10) of the Social Security Act any individual who, for the month of August 1972, was eligible for or receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV of such Act and who for such month was entitled to monthly insurance benefits under title II of such Act shall be deemed to be eligible for such aid or assistance for any month thereafter prior to October 1974 if such individual would have been eligible for such aid or assistance for such month had the increase in monthly insurance benefits under title II of such Act resulting from enactment of Public Law 92-336 not been applicable to such individual.

42 USC 1396a.

42 USC 401.

Ante, p. 406.

## PROFESSIONAL STANDARDS REVIEW

SEC. 249F. (a) The heading to title XI of the Social Security Act is amended by striking out

42 USC 1301.

## "TITLE XI—GENERAL PROVISIONS"

and inserting in lieu thereof

"TITLE XI—GENERAL PROVISIONS AND  
PROFESSIONAL STANDARDS REVIEW

## "PART A—GENERAL PROVISIONS"

(b) Title XI of such Act is further amended by adding the following:

## "PART B—PROFESSIONAL STANDARDS REVIEW

## "DECLARATION OF PURPOSE

"SEC. 1151. In order to promote the effective, efficient, and economical delivery of health care services of proper quality for which payment may be made (in whole or in part) under this Act and in recognition of the interests of patients, the public, practitioners, and providers in improved health care services, it is the purpose of this part to assure, through the application of suitable procedures of professional standards review, that the services for which payment may be made under the Social Security Act will conform to appropriate professional standards for the provision of health care and that payment for such services will be made—

"(1) only when, and to the extent, medically necessary, as determined in the exercise of reasonable limits of professional discretion; and

"(2) in the case of services provided by a hospital or other health care facility on an inpatient basis, only when and for such period as such services cannot, consistent with professionally recognized health care standards, effectively be provided on an outpatient basis or more economically in an inpatient health care facility of a different type, as determined in the exercise of reasonable limits of professional discretion.

"DESIGNATION OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

"SEC. 1152. (a) The Secretary shall (1) not later than January 1, 1974, establish throughout the United States appropriate areas with respect to which Professional Standards Review Organizations may be designated, and (2) at the earliest practicable date after designation of an area enter into an agreement with a qualified organization whereby such an organization shall be conditionally designated as the Professional Standards Review Organization for such area. If, on the basis of its performance during such period of conditional designation, the Secretary determines that such organization is capable of fulfilling, in a satisfactory manner, the obligations and requirements for a Professional Standards Review Organization under this part, he shall enter into an agreement with such organization designating it as the Professional Standards Review Organization for such area.

"Qualified organization."

"(b) For purposes of subsection (a), the term 'qualified organization' means—

"(1) when used in connection with any area—

"(A) an organization (i) which is a nonprofit professional association (or a component organization thereof), (ii) which is composed of licensed doctors of medicine or osteopathy engaged in the practice of medicine or surgery in such area, (iii) the membership of which includes a substantial proportion of all such physicians in such area, (iv) which is organized in a manner which makes available professional competence to review health care services of the types and kinds with respect to which Professional Standards Review Organizations have review responsibilities under this part, (v) the membership of which is voluntary and open to all doctors of medicine or osteopathy licensed to engage in the practice of medicine or surgery in such area without requirement of membership in or payment of dues to any organized medical society or association, and (vi) which does not restrict the eligibility of any member for service as an officer of the Professional Standards Review Organization or eligibility for and assignment to duties of such Professional Standards Review Organization, or, subject to subsection (c) (i),

"(B) such other public, nonprofit private, or other agency or organization, which the Secretary determines, in accordance with criteria prescribed by him in regulations, to be of professional competence and otherwise suitable; and

"(2) an organization which the Secretary, on the basis of his examination and evaluation of a formal plan submitted to him by the association, agency, or organization (as well as on the basis of other relevant data and information), finds to be willing to perform and capable of performing, in an effective, timely, and objective manner and at reasonable cost, the duties, functions, and

activities of a Professional Standards Review Organization required by or pursuant to this part.

“(c) (1) The Secretary shall not enter into any agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to in subsection (b) (1) (A) prior to January 1, 1976, nor after such date, unless, in such area, there is no organization referred to in subsection (b) (1) (A) which meets the conditions specified in subsection (b) (2).

“(2) Whenever the Secretary shall have entered into an agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to in subsection (b) (1) (A), he shall not renew such agreements with such organization if he determines that—

“(A) there is in such area an organization referred to in subsection (b) (1) (A) which (i) has not been previously designated as a Professional Standards Review Organization, and (ii) is willing to enter into an agreement under this part under which such organization would be designated as the Professional Standards Review Organization for such area;

“(B) such organization meets the conditions specified in subsection (b) (2); and

“(C) the designation of such organization as the Professional Standards Review Organization for such area is anticipated to result in substantial improvement in the performance in such area of the duties and functions required of such organizations under this part.

“(d) Any such agreement under this part with an organization (other than an agreement established pursuant to section 1154) shall be for a term of 12 months; except that, prior to the expiration of such term such agreement may be terminated—

Agreement expiration, prior termination, Post, p. 1432.

“(1) by the organization at such time and upon such notice to the Secretary as may be prescribed in regulations (except that notice of more than 3 months may not be required); or

“(2) by the Secretary at such time and upon such reasonable notice to the organization as may be prescribed in regulations, but only after the Secretary has determined (after providing such organization with an opportunity for a formal hearing on the matter) that such organization is not substantially complying with or effectively carrying out the provisions of such agreement.

“(e) In order to avoid duplication of functions and unnecessary review and control activities, the Secretary is authorized to waive any or all of the review, certification, or similar activities otherwise required under or pursuant to any provision of this Act (other than this part) where he finds, on the basis of substantial evidence of the effective performance of review and control activities by Professional Standards Review Organizations, that the review, certification, and similar activities otherwise so required are not needed for the provision of adequate review and control.

Waiver.

“(f) (1) In the case of agreements entered into prior to January 1, 1976, under this part under which any organization is designated as the Professional Standards Review Organization for any area, the Secretary shall, prior to entering into any such agreement with any organization for any area, inform (under regulations of the Secretary) the doctors of medicine or osteopathy who are in active practice in such area of the Secretary's intention to enter into such an agreement with such organization.

Agreement notice.

"(2) If, within a reasonable period of time following the serving of such notice, more than 10 per centum of such doctors object to the Secretary's entering into such an agreement with such organization on the ground that such organization is not representative of doctors in such area, the Secretary shall conduct a poll of such doctors to determine whether or not such organization is representative of such doctors in such area. If more than 50 per centum of the doctors responding to such poll indicate that such organization is not representative of such doctors in such area the Secretary shall not enter into such an agreement with such organization.

"REVIEW PENDING DESIGNATION OF PROFESSIONAL STANDARDS  
REVIEW ORGANIZATION

"Sec. 1153. Pending the assumption by a Professional Standards Review Organization for any area, of full review responsibility, and pending a demonstration of capacity for improved review effort with respect to matters involving the provision of health care services in such area for which payment (in whole or in part) may be made, under this Act, any review with respect to such services which has not been designated by the Secretary as the full responsibility of such organization, shall be reviewed in the manner otherwise provided for under law.

"TRIAL PERIOD FOR PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

Plan, approval.

"Sec. 1154. (a) The Secretary shall initially designate an organization as a Professional Standards Review Organization for any area on a conditional basis with a view to determining the capacity of such organization to perform the duties and functions imposed under this part on Professional Standards Review Organizations. Such designation may not be made prior to receipt from such organization and approval by the Secretary of a formal plan for the orderly assumption and implementation of the responsibilities of the Professional Standards Review Organization under this part.

Duties.

"(b) During any such trial period (which may not exceed 24 months), the Secretary may require a Professional Standards Review Organization to perform only such of the duties and functions required under this part of Professional Standards Review Organization as he determines such organization to be capable of performing. The number and type of such duties shall, during the trial period, be progressively increased as the organization becomes capable of added responsibility so that, by the end of such period, such organization shall be considered a qualified organization only if the Secretary finds that it is substantially carrying out in a satisfactory manner, the activities and functions required of Professional Standards Review Organizations under this part with respect to the review of health care services provided or ordered by physicians and other practitioners and institutional and other health care facilities, agencies, and organizations. Any of such duties and functions not performed by such organization during such period shall be performed in the manner and to the extent otherwise provided for under law.

Termination,  
notice.

"(c) Any agreement under which any organization is conditionally designated as the Professional Standards Review Organization for any area may be terminated by such organization upon 90 days notice to the Secretary or by the Secretary upon 90 days notice to such organization.

"DUTIES AND FUNCTIONS OF PROFESSIONAL STANDARDS REVIEW  
ORGANIZATIONS

"SEC. 1155. (a) (1) Notwithstanding any other provision of law, but consistent with the provisions of this part, it shall (subject to the provisions of subsection (g)) be the duty and function of each Professional Standards Review Organization for any area to assume, at the earliest date practicable, responsibility for the review of the professional activities in such area of physicians and other health care practitioners and institutional and noninstitutional providers of health care services in the provision of health care services and items for which payment may be made (in whole or in part) under this Act for the purpose of determining whether—

"(A) such services and items are or were medically necessary;

"(B) the quality of such services meets professionally recognized standards of health care; and

"(C) in case such services and items are proposed to be provided in a hospital or other health care facility on an inpatient basis, such services and items could, consistent with the provision of appropriate medical care, be effectively provided on an outpatient basis or more economically in an inpatient health care facility of a different type.

"(2) Each Professional Standards Review Organization shall have the authority to determine, in advance, in the case of—

"(A) any elective admission to a hospital, or other health care facility, or

"(B) any other health care service which will consist of extended or costly courses of treatment, whether such service, if provided, or if provided by a particular health care practitioner or by a particular hospital or other health care facility, organization, or agency, would meet the criteria specified in clauses (A) and (C) of paragraph (1).

"(3) Each Professional Standards Review Organization shall, in accordance with regulations of the Secretary, determine and publish, from time to time, the types and kinds of cases (whether by type of health care or diagnosis involved, or whether in terms of other relevant criteria relating to the provision of health care services) with respect to which such organization will, in order most effectively to carry out the purposes of this part, exercise the authority conferred upon it under paragraph (2).

Case criteria,  
publication.

"(4) Each Professional Standards Review Organization shall be responsible for the arranging for the maintenance of and the regular review of profiles of care and services received and provided with respect to patients, utilizing to the greatest extent practicable in such patient profiles, methods of coding which will provide maximum confidentiality as to patient identity and assure objective evaluation consistent with the purposes of this part. Profiles shall also be regularly reviewed on an ongoing basis with respect to each health care practitioner and provider to determine whether the care and services ordered or rendered are consistent with the criteria specified in clauses (A), (B), and (C) of paragraph (1).

Patient profiles,  
maintenance and  
review.

"(5) Physicians assigned responsibility for the review of hospital care may be only those having active hospital staff privileges in at least one of the participating hospitals in the area served by the Professional Standards Review Organization and (except as may be otherwise provided under subsection (e) (1) of this section) such physicians ordinarily should not be responsible for, but may participate in the review of care and services provided in any hospital in which such physicians have active staff privileges.

Hospital care,  
physician re-  
view.

"(6) No physician shall be permitted to review—

"(A) health care services provided to a patient if he was directly or indirectly involved in providing such services, or

"(B) health care services provided in or by an institution, organization, or agency, if he or any member of his family has, directly or indirectly, any financial interest in such institution, organization, or agency.

Physician's  
family.

For purposes of this paragraph, a physician's family includes only his spouse (other than a spouse who is legally separated from him under a decree of divorce or separate maintenance), children (including legally adopted children), grandchildren, parents, and grandparents.

"(b) To the extent necessary or appropriate for the proper performance of its duties and functions, the Professional Standards Review Organization serving any area is authorized in accordance with regulations prescribed by the Secretary to—

"(1) make arrangements to utilize the services of persons who are practitioners of or specialists in the various areas of medicine (including dentistry), or other types of health care, which persons shall, to the maximum extent practicable, be individuals engaged in the practice of their profession within the area served by such organization;

"(2) undertake such professional inquiry either before or after, or both before and after, the provision of services with respect to which such organization has a responsibility for review under subsection (a) (1);

"(3) examine the pertinent records of any practitioner or provider of health care services providing services with respect to which such organization has a responsibility for review under subsection (a) (1); and

"(4) inspect the facilities in which care is rendered or services provided (which are located in such area) of any practitioner or provider.

"(c) No Professional Standards Review Organization shall utilize the services of any individual who is not a duly licensed doctor of medicine or osteopathy to make final determinations in accordance with its duties and functions under this part with respect to the professional conduct of any other duly licensed doctor of medicine or osteopathy, or any act performed by any duly licensed doctor of medicine or osteopathy in the exercise of his profession.

"(d) In order to familiarize physicians with the review functions and activities of Professional Standards Review Organizations and to promote acceptance of such functions and activities by physicians, patients, and other persons, each Professional Standards Review Organization, in carrying out its review responsibilities, shall (to the maximum extent consistent with the effective and timely performance of its duties and functions)—

"(1) encourage all physicians practicing their profession in the area served by such Organization to participate as reviewers in the review activities of such Organizations;

"(2) provide rotating physician membership of review committees on an extensive and continuing basis;

"(3) assure that membership on review committees have the broadest representation feasible in terms of the various types of practice in which physicians engage in the area served by such Organization; and

"(4) utilize, whenever appropriate, medical periodicals and similar publications to publicize the functions and activities of Professional Standards Review Organizations.

"(e) (1) Each Professional Standards Review Organization shall utilize the services of, and accept the findings of, the review committees of a hospital or other operating health care facility or organization located in the area served by such organization, but only when and only to the extent and only for such time that such committees in such hospital or other operating health care facility or organization have demonstrated to the satisfaction of such organization their capacity effectively and in timely fashion to review activities in such hospital or other operating health care facility or organization (including the medical necessity of admissions, types and extent of services ordered, and lengths of stay) so as to aid in accomplishing the purposes and responsibilities described in subsection (a) (1), except where the Secretary disapproves, for good cause, such acceptance.

Review committees.

"(2) The Secretary may prescribe regulations to carry out the provisions of this subsection.

Regulations.

"(f) (1) An agreement entered into under this part between the Secretary and any organization under which such organization is designated as the Professional Standards Review Organization for any area shall provide that such organization will—

Agreement requirements.

"(A) perform such duties and functions and assume such responsibilities and comply with such other requirements as may be required by this part or under regulations of the Secretary promulgated to carry out the provisions of this part; and

"(B) collect such data relevant to its functions and such information and keep and maintain such records in such form as the Secretary may require to carry out the purposes of this part and to permit access to and use of any such records as the Secretary may require for such purposes.

"(2) Any such agreement with an organization under this part shall provide that the Secretary make payments to such organization equal to the amount of expenses reasonably and necessarily incurred, as determined by the Secretary, by such organization in carrying out or preparing to carry out the duties and functions required by such agreement.

"(g) Notwithstanding any other provision of this part, the responsibility for review of health care services of any Professional Standards Review Organization shall be the review of health care services provided by or in institutions, unless such Organization shall have made a request to the Secretary that it be charged with the duty and function of reviewing other health care services and the Secretary shall have approved such request.

"NORMS OF HEALTH CARE SERVICES FOR VARIOUS ILLNESSES OR HEALTH CONDITIONS

"Sec. 1156. (a) Each Professional Standards Review Organization shall apply professionally developed norms of care, diagnosis, and treatment based upon typical patterns of practice in its regions (including typical lengths-of-stay for institutional care by age and diagnosis) as principal points of evaluation and review. The National Professional Standards Review Council and the Secretary shall provide such technical assistance to the organization as will be helpful in utilizing and applying such norms of care, diagnosis, and treatment. Where the actual norms of care, diagnosis, and treatment in a Professional Standards Review Organization area are significantly different from professionally developed regional norms of care, diagnosis, and

treatment approved for comparable conditions, the Professional Standards Review Organization concerned shall be so informed, and in the event that appropriate consultation and discussion indicate reasonable basis for usage of other norms in the area concerned, the Professional Standards Review Organization may apply such norms in such area as are approved by the National Professional Standards Review Council.

“(b) Such norms with respect to treatment for particular illnesses or health conditions shall include (in accordance with regulations of the Secretary)—

“(1) the types and extent of the health care services which, taking into account differing, but acceptable, modes of treatment and methods of organizing and delivering care are considered within the range of appropriate diagnosis and treatment of such illness or health condition, consistent with professionally recognized and accepted patterns of care;

“(2) the type of health care facility which is considered, consistent with such standards, to be the type in which health care services which are medically appropriate for such illness or condition can most economically be provided.

Preparation and  
distribution of  
data.

“(c) (1) The National Professional Standards Review Council shall provide for the preparation and distribution, to each Professional Standards Review Organization and to each other agency or person performing review functions with respect to the provision of health care services under this Act, of appropriate materials indicating the regional norms to be utilized pursuant to this part. Such data concerning norms shall be reviewed and revised from time to time. The approval of the National Professional Standards Review Council of norms of care, diagnosis, and treatment shall be based on its analysis of appropriate and adequate data.

“(2) Each review organization, agency, or person referred to in paragraph (1) shall utilize the norms developed under this section as a principal point of evaluation and review for determining, with respect to any health care services which have been or are proposed to be provided, whether such care and services are consistent with the criteria specified in section 1155(a)(1).

Ante, p. 1433.

“(d) (1) Each Professional Standards Review Organization shall—

“(A) in accordance with regulations of the Secretary, specify the appropriate points in time after the admission of a patient for inpatient care in a health care institution, at which the physician attending such patient shall execute a certification stating that further inpatient care in such institution will be medically necessary effectively to meet the health care needs of such patient; and

“(B) require that there be included in any such certification with respect to any patient such information as may be necessary to enable such organization properly to evaluate the medical necessity of the further institutional health care recommended by the physician executing such certification.

“(2) The points in time at which any such certification will be required (usually, not later than the 50th percentile of lengths-of-stay for patients in similar age groups with similar diagnoses) shall be consistent with and based on professionally developed norms of care and treatment and data developed with respect to length of stay in health care institutions of patients having various illnesses, injuries, or health conditions, and requiring various types of health care services or procedures.

"SUBMISSION OF REPORTS BY PROFESSIONAL STANDARDS REVIEW  
ORGANIZATIONS

"SEC. 1157. If, in discharging its duties and functions under this part, any Professional Standards Review Organization determines that any health care practitioner or any hospital, or other health care facility, agency, or organization has violated any of the obligations imposed by section 1160, such organization shall report the matter to the Statewide Professional Standards Review Council for the State in which such organization is located together with the recommendations of such Organization as to the action which should be taken with respect to the matter. Any Statewide Professional Standards Review Council receiving any such report and recommendation shall review the same and promptly transmit such report and recommendation to the Secretary together with any additional comments or recommendations thereon as it deems appropriate. The Secretary may utilize a Professional Standards Review Organization, in lieu of a program review team as specified in sections 1862 and 1866, for purposes of subparagraph (C) of section 1862(d)(1) and subparagraph (F) of section 1866(b)(2).

Post, p. 1438.

79 Stat. 325;  
81 Stat. 846,  
42 USC 1395y,  
1395oo.  
Ante, p. 1408.  
Ante, p. 1409.

"REQUIREMENT OF REVIEW APPROVAL AS CONDITION OF PAYMENT OF CLAIMS

"SEC. 1158. (a) Except as provided for in section 1159, no Federal funds appropriated under any title of this Act (other than title V) for the provision of health care services or items shall be used (directly or indirectly) for the payment, under such title or any program established pursuant thereto, of any claim for the provision of such services or items, unless the Secretary, pursuant to regulation determines that the claimant is without fault if—

81 Stat. 921.  
42 USC 701.

"(1) the provision of such services or items is subject to review under this part by any Professional Standards Review Organization, or other agency; and

"(2) such organization or other agency has, in the proper exercise of its duties and functions under or consistent with the purposes of this part, disapproved of the services or items giving rise to such claim, and has notified the practitioner or provider who provided or proposed to provide such services or items and the individual who would receive or was proposed to receive such services or items of its disapproval of the provision of such services or items.

"(b) Whenever any Professional Standards Review Organization, in the discharge of its duties and functions as specified by or pursuant to this part, disapproves of any health care services or items furnished or to be furnished by any practitioner or provider, such organization shall, after notifying the practitioner, provider, or other organization or agency of its disapproval in accordance with subsection (a), promptly notify the agency or organization having responsibility for acting upon claims for payment for or on account of such services or items.

"HEARINGS AND REVIEW BY SECRETARY

"SEC. 1159. (a) Any beneficiary or recipient who is entitled to benefits under this Act (other than title V) or a provider or practitioner who is dissatisfied with a determination with respect to a claim made by a Professional Standards Review Organization in carrying out its responsibilities for the review of professional activities in accordance with paragraphs (1) and (2) of section 1155(a) shall, after being Ante, p. 1433.

notified of such determination, be entitled to a reconsideration thereof by the Professional Standards Review Organization and, where the Professional Standards Review Organization reaffirms such determination in a State which has established a Statewide Professional Standards Review Council, and where the matter in controversy is \$100 or more, such determination shall be reviewed by professional members of such Council and, if the Council so determined, revised.

53 Stat. 1368,  
42 USC 405.

“(b) Where the determination of the Statewide Professional Standards Review Council is adverse to the beneficiary or recipient (or, in the absence of such Council in a State and where the matter in controversy is \$100 or more), such beneficiary or recipient shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205(b), and, where the amount in controversy is \$1,000 or more, to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g). The Secretary will render a decision only after appropriate professional consultation on the matter.

“(c) Any review or appeals provided under this section shall be in lieu of any review, hearing, or appeal under this Act with respect to the same issue.

“OBLIGATIONS OF HEALTH CARE PRACTITIONERS AND PROVIDERS OF HEALTH CARE SERVICES; SANCTIONS AND PENALTIES; HEARINGS AND REVIEW

“SEC. 1160. (a) (1) It shall be the obligation of any health care practitioner and any other person (including a hospital or other health care facility, organization, or agency) who provides health care services for which payment may be made (in whole or in part) under this Act, to assure that services or items ordered or provided by such practitioner or person to beneficiaries and recipients under this Act—

“(A) will be provided only when, and to the extent, medically necessary; and

“(B) will be of a quality which meets professionally recognized standards of health care; and

“(C) will be supported by evidence of such medical necessity and quality in such form and fashion and at such time as may reasonably be required by the Professional Standards Review Organization in the exercise of its duties and responsibilities;

and it shall be the obligation of any health care practitioner in ordering, authorizing, directing, or arranging for the provision by any other person (including a hospital or other health care facility, organization, or agency), of health care services for any patient of such practitioner, to exercise his professional responsibility with a view to assuring (to the extent of his influence or control over such patient, such person, or the provision of such services) that such services or items will be provided—

“(D) only when, and to the extent, medically necessary; and

“(E) will be of a quality which meets professionally recognized standards of health care.

“(2) Each health care practitioner, and each hospital or other provider of health care services, shall have an obligation, within reasonable limits of professional discretion, not to take any action, in the exercise of his profession (in the case of any health care practitioner), or in the conduct of its business (in the case of any hospital or other such provider), which would authorize any individual to be admitted as an inpatient in or to continue as an inpatient in any hospital or other health care facility unless—

“(A) inpatient care is determined by such practitioner and by such hospital or other provider, consistent with professionally recognized health care standards, to be medically necessary for the proper care of such individual; and

“(B)(i) the inpatient care required by such individual cannot, consistent with such standards, be provided more economically in a health care facility of a different type; or

“(ii) (in the case of a patient who requires care which can, consistent with such standards, be provided more economically in a health care facility of a different type) there is, in the area in which such individual is located, no such facility or no such facility which is available to provide care to such individual at the time when care is needed by him.

“(b)(1) If after reasonable notice and opportunity for discussion with the practitioner or provider concerned, any Professional Standards Review Organization submits a report and recommendations to the Secretary pursuant to section 1157 (which report and recommendations shall be submitted through the Statewide Professional Standards Review Council, if such Council has been established, which shall promptly transmit such report and recommendations together with any additional comments and recommendations thereon as it deems appropriate) and if the Secretary determines that such practitioner or provider, in providing health care services over which such organization has review responsibility and for which payment (in whole or in part) may be made under this Act has—

Report and  
recommenda-  
tions.

Ante, p. 1437.

“(A) by failing, in a substantial number of cases, substantially to comply with any obligation imposed on him under subsection (a), or

“(B) by grossly and flagrantly violating any such obligation in one or more instances.

demonstrated an unwillingness or a lack of ability substantially to comply with such obligations, he (in addition to any other sanction provided under law) may exclude (permanently for such period as the Secretary may prescribe) such practitioner or provider from eligibility to provide such services on a reimbursable basis.

“(2) A determination made by the Secretary under this subsection shall be effective at such time and upon such reasonable notice to the public and to the person furnishing the services involved as may be specified in regulations. Such determination shall be effective with respect to services furnished to an individual on or after the effective date of such determination (except that in the case of institutional health care services such determination shall be effective in the manner provided in title XVIII with respect to terminations of provider agreements), and shall remain in effect until the Secretary finds and gives reasonable notice to the public that the basis for such determination has been removed and that there is reasonable assurance that it will not recur.

79 Stat. 291,  
42 USC 1395.

“(3) In lieu of the sanction authorized by paragraph (1), the Secretary may require that (as a condition to the continued eligibility of such practitioner or provider to provide such health care services on a reimbursable basis) such practitioner or provider pay to the United States, in case such acts or conduct involved the provision or ordering by such practitioner or provider of health care services which were medically improper or unnecessary, an amount not in excess of the actual or estimated cost of the medically improper or unnecessary services so provided, or (if less) \$5,000. Such amount may be deducted from any sums owing by the United States (or any instrumentality thereof) to the person from whom such amount is claimed.

53 Stat. 1368.  
42 USC 405.

“(4) Any person furnishing services described in paragraph (1) who is dissatisfied with a determination made by the Secretary under this subsection shall be entitled to reasonable notice and opportunity for a hearing thereon by the Secretary 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).

“(c) It shall be the duty of each Professional Standards Review Organization and each Statewide Professional Standards Review Council to use such authority or influence it may possess as a professional organization, and to enlist the support of any other professional or governmental organization having influence or authority over health care practitioners and any other person (including a hospital or other health care facility, organization, or agency) providing health care services in the area served by such review organization, in assuring that each practitioner or provider (referred to in subsection (a)) providing health care services in such area shall comply with all obligations imposed on him under subsection (a).

“NOTICE TO PRACTITIONER OR PROVIDER

“SEC. 1161. Whenever any Professional Standards Review Organization takes any action or makes any determination—

“(a) which denies any request, by a health care practitioner or other provider of health care services, for approval of a health care service or item proposed to be ordered or provided by such practitioner or provider; or

“(b) that any such practitioner or provider has violated any obligation imposed on such practitioner or provider under section 1160,

such organization shall, immediately after taking such action or making such determination, give notice to such practitioner or provider of such determination and the basis therefor, and shall provide him with appropriate opportunity for discussion and review of the matter.

“STATEWIDE PROFESSIONAL STANDARDS REVIEW COUNCILS; ADVISORY GROUPS TO SUCH COUNCILS

Establishment. “SEC. 1162. (a) In any State in which there are located three or more Professional Standards Review Organizations, the Secretary shall establish a Statewide Professional Standards Review Council.

Membership. “(b) The membership of any such Council for any State shall be appointed by the Secretary and shall consist of—

“(1) one representative from and designated by each Professional Standards Review Organization in the State;

“(2) four physicians, two of whom may be designated by the State medical society and two of whom may be designated by the State hospital association of such State to serve as members on such Council; and

“(3) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).

Duties. “(c) It shall be the duty and function of the Statewide Professional Standards Review Council for any State, in accordance with regulations of the Secretary, (1) to coordinate the activities of, and disseminate information and data among the various Professional Standards Review Organizations within such State including assisting the Secre-

tary in development of uniform data gathering procedures and operating procedures applicable to the several areas in a State (including, where appropriate, common data processing operations serving several or all areas) to assure efficient operation and objective evaluation of comparative performance of the several areas and, (2) to assist the Secretary in evaluating the performance of each Professional Standards Review Organization, and (3) where the Secretary finds it necessary to replace a Professional Standards Review Organization, to assist him in developing and arranging for a qualified replacement Professional Standards Review Organization.

“(d) The Secretary is authorized to enter into an agreement with any such Council under which the Secretary shall make payments to such Council equal to the amount of expenses reasonably and necessarily incurred, as determined by the Secretary, by such Council in carrying out the duties and functions provided in this section. Payments.

“(e) (1) The Statewide Professional Standards Review Council for any State (or in a State which does not have such Council, the Professional Standards Review Organizations in such State which have agreements with the Secretary) shall be advised and assisted in carrying out its functions by an advisory group (of not less than seven nor more than eleven members) which shall be made up of representatives of health care practitioners (other than physicians) and hospitals and other health care facilities which provide within the State health care services for which payment (in whole or in part) may be made under any program established by or pursuant to this Act.

“(2) The Secretary shall by regulations provide the manner in which members of such advisory group shall be selected by the Statewide Professional Standards Review Council (or Professional Standards Review Organizations in States without such Councils). Member selection, regulations.

“(3) The expenses reasonably and necessarily incurred, as determined by the Secretary, by such group in carrying out its duties and functions under this subsection shall be considered to be expenses necessarily incurred by the Statewide Professional Standards Review Council served by such group. Expenses.

“NATIONAL PROFESSIONAL STANDARDS REVIEW COUNCIL

“Sec. 1163. (a) (1) There shall be established a National Professional Standards Review Council (hereinafter in this section referred to as the ‘Council’) which shall consist of eleven physicians, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. Establishment; membership.  
5 USC 101 et seq.

“(2) Members of the Council shall be appointed for a term of three years and shall be eligible for reappointment. Term of membership.

“(3) The Secretary shall from time to time designate one of the members of the Council to serve as Chairman thereof.

“(b) Members of the Council shall consist of physicians of recognized standing and distinction in the appraisal of medical practice. A majority of such members shall be physicians who have been recommended by the Secretary to serve on the Council by national organizations recognized by the Secretary as representing practicing physicians. The membership of the Council shall include physicians who have been recommended for membership on the Council by consumer groups and other health care interests. Qualifications.

“(c) The Council is authorized to utilize, and the Secretary shall make available, or arrange for, such technical and professional consultative assistance as may be required to carry out its functions, and the Consultants.

- Secretary shall, in addition, make available to the Council such secretarial, clerical and other assistance and such pertinent data prepared by, for, or otherwise available to, the Department of Health, Education, and Welfare as the Council may require to carry out its functions.
- Compensation. " (d) Members of the Council, while serving on business of the Council, shall be entitled to receive compensation at a rate fixed by the Secretary (but not in excess of the daily rate paid under GS-18 of the General Schedule under section 5332 of title 5, United States Code), including traveltime; 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 5703 of title 5, United States Code, for persons in Government service employed intermittently.
- 5 USC 5332 note.
- Duties. " (e) It shall be the duty of the Council to—  
 " (1) advise the Secretary in the administration of this part;  
 " (2) provide for the development and distribution, among Statewide Professional Standards Review Councils and Professional Standards Review Organizations of information and data which will assist such review councils and organizations in carrying out their duties and functions;  
 " (3) review the operations of Statewide Professional Standards Review Councils and Professional Standards Review Organizations with a view to determining the effectiveness and comparative performance of such review councils and organizations in carrying out the purposes of this part; and  
 " (4) make or arrange for the making of studies and investigations with a view to developing and recommending to the Secretary and to the Congress measures designed more effectively to accomplish the purposes and objectives of this part.
- Report to Secretary and Congress. " (f) The National Professional Standards Review Council shall from time to time, but not less often than annually, submit to the Secretary and to the Congress a report on its activities and shall include in such report the findings of its studies and investigations together with any recommendations it may have with respect to the more effective accomplishment of the purposes and objectives of this part. Such report shall also contain comparative data indicating the results of review activities, conducted pursuant to this part, in each State and in each of the various areas thereof.

"APPLICATION OF THIS PART TO CERTAIN STATE PROGRAMS RECEIVING  
FEDERAL FINANCIAL ASSISTANCE"

"SEC. 1164. (a) In addition to the requirements imposed by law as a condition of approval of a State plan approved under any title of this Act under which health care services are paid for in whole or part, with Federal funds, there is hereby imposed the requirement that provisions of this part shall apply to the operation of such plan or program.

" (b) The requirement imposed by subsection (a) with respect to such State plans approved under this Act shall apply—

" (1) in the case of any such plan where legislative action by the State legislature is not necessary to meet such requirement, on and after January 1, 1974; and

" (2) in the case of any such plan where legislative action by the State legislature is necessary to meet such requirement, whichever of the following is earlier—

" (A) on and after July 1, 1974, or

“(B) on and after the first day of the calendar month which first commences more than ninety days after the close of the first regular session of the legislature of such State which begins after December 31, 1973.

“CORRELATION OF FUNCTIONS BETWEEN PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS AND ADMINISTRATIVE INSTRUMENTALITIES

“SEC. 1165. The Secretary shall by regulations provide for such correlation of activities, such interchange of data and information, and such other cooperation consistent with economical, efficient, coordinated, and comprehensive implementation of this part (including, but not limited to, usage of existing mechanical and other data-gathering capacity) between and among—

“(a) (1) agencies and organizations which are parties to agreements entered into pursuant to section 1816, (2) carriers which are parties to contracts entered into pursuant to section 1842, and (3) any other public or private agency (other than a Professional Standards Review Organization) having review or control functions, or proved relevant data-gathering procedures and experience, and

79 Stat. 297.  
42 USC 1395h.  
42 USC 1395u.

“(b) Professional Standards Review Organizations, as may be necessary or appropriate for the effective administration of title XVIII, or State plans approved under this Act.

42 USC 1395.

“PROHIBITION AGAINST DISCLOSURE OF INFORMATION

“SEC. 1166. (a) Any data or information acquired by any Professional Standards Review Organization, in the exercise of its duties and functions, shall be held in confidence and shall not be disclosed to any person except (1) to the extent that may be necessary to carry out the purposes of this part or (2) in such cases and under such circumstances as the Secretary shall by regulations provide to assure adequate protection of the rights and interests of patients, health care practitioners, or providers of health care.

“(b) It shall be unlawful for any person to disclose any such information other than for such purposes, and any person violating the provisions of this section shall, upon conviction, be fined not more than \$1,000, and imprisoned for not more than six months, or both, together with the costs of prosecution.

Penalty.

“LIMITATION ON LIABILITY FOR PERSONS PROVIDING INFORMATION, AND FOR MEMBERS AND EMPLOYEES OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS, AND FOR HEALTH CARE PRACTITIONERS AND PROVIDERS

“SEC. 1167. (a) Notwithstanding any other provision of law, no person providing information to any Professional Standards Review Organization shall be held, by reason of having provided such information, to have violated any criminal law, or to be civilly liable under any law, of the United States or of any State (or political subdivision thereof) unless—

“(1) such information is unrelated to the performance of the duties and functions of such Organization, or

“(2) such information is false and the person providing such information knew, or had reason to believe, that such information was false.

“(b) (1) No individual who, as a member or employee of any Professional Standards Review Organization or who furnishes profes-

sional counsel or services to such organization, shall be held by reason of the performance by him of any duty, function, or activity authorized or required of Professional Standards Review Organizations under this part, to have violated any criminal law, or to be civilly liable under any law, of the United States or of any State (or political subdivision thereof) provided he has exercised due care.

“(2) The provisions of paragraph (1) shall not apply with respect to any action taken by any individual if such individual, in taking such action, was motivated by malice toward any person affected by such action.

“(c) No doctor of medicine or osteopathy and no provider (including directors, trustees, employees, or officials thereof) of health care services shall be civilly liable to any person under any law of the United States or of any State (or political subdivision thereof) on account of any action taken by him in compliance with or reliance upon professionally developed norms of care and treatment applied by a Professional Standards Review Organization (which has been designated in accordance with section 1152(b)(1)(A)) operating in the area where such doctor of medicine or osteopathy or provider took such action but only if—

Ante, p. 1430.

“(1) he takes such action (in the case of a health care practitioner) in the exercise of his profession as a doctor of medicine or osteopathy (or in the case of a provider of health care services) in the exercise of his functions as a provider of health care services, and

“(2) he exercised due care in all professional conduct taken or directed by him and reasonably related to, and resulting from, the actions taken in compliance with or reliance upon such professionally accepted norms of care and treatment.

“AUTHORIZATION FOR USE OF CERTAIN FUNDS TO ADMINISTER THE PROVISIONS OF THIS PART

“SEC. 1168. Expenses incurred in the administration of this part shall be payable from—

“(a) funds in the Federal Hospital Insurance Trust Fund;

“(b) funds in the Federal Supplementary Medical Insurance Trust Fund; and

“(c) funds appropriated to carry out the health care provisions of the several titles of this Act;

in such amounts from each of the sources of funds (referred to in subsections (a), (b), and (c)) as the Secretary shall deem to be fair and equitable after taking into consideration the costs attributable to the administration of this part with respect to each of such plans and programs.

“TECHNICAL ASSISTANCE TO ORGANIZATIONS DESIRING TO BE DESIGNATED AS PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

“SEC. 1169. The Secretary is authorized to provide all necessary technical and other assistance (including the preparation of prototype plans of organization and operation) to organizations described in section 1152(b)(1) which—

“(a) express a desire to be designated as a Professional Standards Review Organization; and

“(b) the Secretary determines have a potential for meeting the requirements of a Professional Standards Review Organization;

to assist such organizations in developing a proper plan to be submitted to the Secretary and otherwise in preparing to meet the requirements of this part for designation as a Professional Standards Review Organization.

**"EXEMPTIONS OF CHRISTIAN SCIENCE SANATORIUMS**

"Sec. 1170. The provisions of this part shall not apply with respect to a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts."

**PHYSICAL THERAPY SERVICES AND OTHER THERAPY SERVICES UNDER MEDICARE**

SEC. 231. (a) (1) Section 1861(p) of the Social Security Act is amended by adding at the end thereof (after and below paragraph (4) (B)) the following new sentence: "The term 'outpatient physical therapy services' also includes physical therapy services furnished an individual by a physical therapist (in his office or in such individual's home) who meets licensing and other standards prescribed by the Secretary in regulations, otherwise than under an arrangement with and under the supervision of a provider of services, clinic, rehabilitation agency, or public health agency, if the furnishing of such services meets such conditions relating to health and safety as the Secretary may find necessary." 81 Stat. 850.  
42 USC 1395x.

(2) Section 1833 of such Act is amended by adding at the end thereof the following new subsection: Ante, p. 1424.

"(g) In the case of services described in the next to last sentence of section 1861 (p), with respect to expenses incurred in any calendar year, no more than \$100 shall be considered as incurred expenses for purposes of subsections (a) and (b)."

(3) Section 1833 (a) (2) of such Act (as amended by section 233 (b) of this Act) is further amended by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding after subparagraph (B) the following new subparagraph: Ante, p. 1411.

"(C) if such services are services to which the next to last sentence of section 1861 (p) applies, the reasonable charges for such services."

(4) Section 1832 (a) (2) (C) of such Act is amended by striking out "services." and inserting in lieu thereof "services, other than services to which the next to last sentence of section 1861 (p) applies." 81 Stat. 851.  
42 USC 1395k.

(b) (1) Section 1861 (p) of such Act (as amended by subsection (a) (1) of this section) is further amended by adding at the end thereof the following new sentence: "In addition, such term includes physical therapy services which meet the requirements of the first sentence of this subsection except that they are furnished to an individual as an inpatient of a hospital or extended care facility."

(2) Section 1835 (a) (2) (C) of such Act is amended by striking out "on an outpatient basis". 81 Stat. 851.  
42 USC 1395n.

(c) Section 1861 (v) of such Act (as amended by sections 221 (c) (4) and 223 (f) of this Act) is further amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph: Ante, p. 1394.

"(5) (A) Where physical therapy services, occupational therapy services, speech therapy services, or other therapy services or services of other health-related personnel (other than physicians) are furnished under an arrangement with a provider of services or other organization, specified in the first sentence of section 1861 (p) the

86 STAT., 1446

amount included in any payment to such provider or other organization under this title as the reasonable cost of such services (as furnished under such arrangements) shall not exceed an amount equal to the salary which would reasonably have been paid for such services (together with any additional costs that would have been incurred by the provider or other organization) to the person performing them if they had been performed in an employment relationship with such provider or other organization (rather than under such arrangement) plus the cost of such other expenses (including a reasonable allowance for traveltime and other reasonable types of expense related to any differences in acceptable methods of organization for the provision of such therapy) incurred by such person, as the Secretary may in regulations determine to be appropriate.

81 Stat. 850.  
42 USC 1395x.

“(B) Notwithstanding the provisions of subparagraph (A), if a provider of services or other organization specified in the first sentence of section 1861(p) requires the services of a therapist on a limited part-time basis, or only to perform intermittent services, the Secretary may make payment on the basis of a reasonable rate per unit of service, even though such rate is greater per unit of time than salary related amounts, where he finds that such greater payment is, in the aggregate, less than the amount that would have been paid if such organization had employed a therapist on a full- or part-time salary basis.”

Effective date. (d) (1) The amendments made by subsection (a) shall apply with respect to services furnished on or after July 1, 1973.  
(2) The amendments made by subsection (b) shall apply with respect to services furnished on or after the date of enactment of this Act.  
(3) The amendments made by subsection (c) shall be effective with respect to accounting periods beginning after December 31, 1972.

COVERAGE OF SUPPLIES RELATED TO COLOSTOMIES

79 Stat. 313.  
42 USC 1395x.

SEC. 252. (a) Section 1861(s) (8) of the Social Security Act is amended by inserting after “organ” the following: “(including colostomy bags and supplies directly related to colostomy care)”.

Effective date. (b) The amendment made by subsection (a) shall apply only with respect to items furnished on or after the date of the enactment of this Act.

COVERAGE PRIOR TO APPLICATION FOR MEDICAL ASSISTANCE

Ante, pp. 1415,  
1417.

SEC. 255. (a) Section 1902(a) of the Social Security Act (as amended by sections 236(b) and 239(b) of this Act) is further amended—

(1) by striking out “and” at the end of paragraph (32);  
(2) by striking out the period at the end of paragraph (33) and inserting in lieu thereof “; and”; and  
(3) by inserting after paragraph (33) the following new paragraph:

“(34) provide that in the case of any individual who has been determined to be eligible for medical assistance under the plan, such assistance will be made available to him for care and services included under the plan and furnished in or after the third month before the month in which he made application for such assistance if such individual was (or upon application would have been) eligible for such assistance at the time such care and services were furnished.”

Effective date. (b) The amendments made by subsection (a) shall be effective July 1, 1973.

## HOSPITAL ADMISSIONS FOR DENTAL SERVICES UNDER MEDICARE

SEC. 256. (a) Section 1814(a)(2) of the Social Security Act is amended by striking out "or" at the end of subparagraph (C), by Ante, p. 1413, adding "or" after the semicolon at the end of the subparagraph (D), and by inserting after subparagraph (D) the following new subparagraph:

"(E) in the case of inpatient hospital services in connection with a dental procedure, the individual suffers from impairments of such severity as to require hospitalization;"

(b) Section 1861(r) of such Act is amended by inserting after "or 79 Stat. 321, any facial bone," the following: "or (C) the certification required by 42 USC 1395x, section 1814(a)(2)(E) of this Act,"

(c) Section 1862(a)(12) of such Act is amended by inserting before 42 USC 1395y, the semicolon the following: ", except that payment may be made under part A in the case of inpatient hospital services in connection with a dental procedure where the individual suffers from impairments of such severity as to require hospitalization".

(d) The amendments made by this section shall apply with respect Effective date, to admissions occurring after the second month following the month in which this Act is enacted.

## EXTENSION OF GRACE PERIOD FOR TERMINATION OF SUPPLEMENTARY MEDICAL INSURANCE COVERAGE WHERE FAILURE TO PAY PREMIUMS IS DUE TO GOOD CAUSE

SEC. 257. (a) Section 1838(b) of the Social Security Act is amended 42 USC 1395q, by striking out "(not in excess of 90 days)" in the third sentence, and by adding at the end thereof the following new sentence: "The grace period determined under the preceding sentence shall not exceed 90 days; except that it may be extended to not to exceed 180 days in any case where the Secretary determines that there was good cause for failure to pay the overdue premiums within such 90-day period."

(b) The amendments made by subsection (a) shall apply with Effective date, respect to nonpayment of premiums which become due and payable on or after the date of the enactment of this Act or which became payable within the 90-day period immediately preceding such date; and for purposes of such amendments any premium which became due and payable within such 90-day period shall be considered a premium becoming due and payable on the date of the enactment of this Act.

## EXTENSION OF TIME FOR FILING CLAIM FOR SUPPLEMENTARY MEDICAL INSURANCE BENEFITS WHERE DELAY IS DUE TO ADMINISTRATIVE ERROR

SEC. 258. (a) Section 1842(b)(3) of the Social Security Act (as amended by section 224(a) of this Act) is further amended by adding at the end thereof the following new sentence: "The requirement in subparagraph (B) that a bill be submitted or request for payment be made by the close of the following calendar year shall not apply if (i) failure to submit the bill or request the payment by the close of such year is due to the error or misrepresentation of an officer, employee, fiscal intermediary, carrier, or agent of the Department of Health, Education, and Welfare performing functions under this title and acting within the scope of his or its authority, and (ii) the bill is submitted or the payment is requested promptly after such error or misrepresentation is eliminated or corrected."

(b) The amendment made by subsection (a) shall apply with Effective respect to bills submitted and requests for payment made after March date, 1968.

WAIVER OF ENROLLMENT PERIOD REQUIREMENTS WHERE INDIVIDUAL'S RIGHTS WERE PREJUDICED BY ADMINISTRATIVE ERROR OR INACTION

- Ante*, p. 1378. SEC. 259. (a) Section 1837 of the Social Security Act (after the new subsections added by section 206(a) of this Act) is amended by adding at the end thereof the following new subsection:
- Ante*, p. 1374. "(h) In any case where the Secretary finds that an individual's enrollment or nonenrollment in the insurance program established by this part or part A pursuant to section 1818 is unintentional, inadvertent, or erroneous and is the result of the error, misrepresentation, or inaction of an officer, employee, or agent of the Federal Government, or its instrumentalities, the Secretary may take such action (including the designation for such individual of a special initial or subsequent enrollment period, with a coverage period determined on the basis thereof and with appropriate adjustments of premiums) as may be necessary to correct or eliminate the effects of such error, misrepresentation, or inaction."
- Effective date. (b) The amendment made by subsection (a) shall be effective as of July 1, 1966.

ELIMINATION OF PROVISIONS PREVENTING ENROLLMENT IN SUPPLEMENTARY MEDICAL INSURANCE PROGRAM MORE THAN THREE YEARS AFTER FIRST OPPORTUNITY

- 42 USC 1395p. SEC. 260. Section 1837(b) of the Social Security Act is amended to read as follows:
- "(b) No individual may enroll under this part more than twice."

WAIVER OF RECOVERY OF INCORRECT PAYMENTS FROM SURVIVOR WHO IS WITHOUT FAULT UNDER MEDICARE

- 42 USC 1395gg. SEC. 261. (a) Section 1870(c) of the Social Security Act is amended by striking out "and where" and inserting in lieu thereof the following: "or where the adjustment (or recovery) would be made by decreasing payments to which another person who is without fault is entitled as provided in subsection (b) (4), if".
- Effective date. (b) The amendment made by subsection (a) shall apply with respect to waiver actions considered after the date of the enactment of this Act.

REQUIREMENT OF MINIMUM AMOUNT OF CLAIM TO ESTABLISH ENTITLEMENT TO HEARING UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

- 42 USC 1395u. SEC. 262. (a) Section 1842(b)(3)(C) of the Social Security Act is amended by inserting after "a fair hearing by the carrier" the following: ", in any case where the amount in controversy is \$100 or more,".
- Effective date. (b) The amendment made by subsection (a) shall apply with respect to hearings requested (under the procedures established under section 1842(b)(3)(C) of the Social Security Act) after the date of the enactment of this Act.

COLLECTION OF SUPPLEMENTARY MEDICAL INSURANCE PREMIUMS FROM INDIVIDUALS ENTITLED TO BOTH SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFITS

- 42 USC 1395s. SEC. 263. (a) Section 1840(a)(1) of the Social Security Act is amended by striking out "subsection (d)" and inserting in lieu thereof "subsections (b)(1) and (c)".

(b) Section 1840(b)(1) of such Act is amended by inserting “(whether or not such individual is also entitled for such month to a monthly insurance benefit under section 202)” after “1937”, and by striking out “subsection (d)” and inserting in lieu thereof “subsection (c)”.

42 USC 1395a.

(c) Section 1840 of such Act is further amended by striking out subsection (c), and by redesignating subsections (d) through (i) as subsections (c) through (h), respectively.

(d) (1) Section 1840(e) of such Act (as so redesignated) is amended by striking out “subsection (d)” and inserting in lieu thereof “subsection (c)”.

(2) Section 1840(f) of such Act (as so redesignated) is amended by striking out “subsection (d) or (f)” and inserting in lieu thereof “subsection (c) or (e)”.

(3) Section 1840(h) of such Act (as so redesignated) is amended by striking out “(c), (d), and (e)” and inserting in lieu thereof “(c), and (d)”.

(4) Section 1841(h) of such Act is amended by striking out “1840(e)” and inserting in lieu thereof “1840(d)”.

42 USC 1395t.

(5) Section 1842 of such Act is amended by adding at the end thereof the following new subsection:

42 USC 1395u.

“(g) The Railroad Retirement Board shall, in accordance with such regulations as the Secretary may prescribe, contract with a carrier or carriers to perform the functions set out in this section with respect to individuals entitled to benefits as qualified railroad retirement beneficiaries pursuant to section 226(a) of this Act and section 21(b) of the Railroad Retirement Act of 1937.”

Ante, p. 1371.  
79 Stat. 340.

(e) Section 1841 of such Act is amended by adding at the end thereof the following new subsection:

45 USC 226a-2.  
42 USC 1395t.

“(i) 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 Railroad Retirement Board for services performed pursuant to section 1840(b)(1) and section 1842(g). During each fiscal year or after the close of such fiscal year, the Railroad Retirement Board shall certify to the Secretary the amount of the costs it incurred in performing such services and such certified amount shall be the basis for the amount of such costs certified by the Secretary to the Managing Trustee.”

(f) The amendments made by this section with respect to collection of premiums shall apply to premiums becoming due and payable after the fourth month following the month in which this Act is enacted.

Effective date.

PROSTHETIC LENSES FURNISHED BY OPTOMETRISTS UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 264. (a) Section 1861(r) of the Social Security Act (as amended by sections 211(c)(2) and 256(b) of this Act) is further amended (1) by striking out “or (3)” and inserting in lieu thereof “(3)”, and (2) by inserting before the period at the end thereof the following: “, or (4) a doctor of optometry who is legally authorized to practice optometry by the State in which he performs such function, but only with respect to establishing the necessity for prosthetic lenses”.

Ante, pp. 1384,  
1447.

(b) The amendment made by subsection (a) shall apply only with respect to services performed on or after the date of the enactment of this Act.

Effective date.

PROVISION OF MEDICAL SOCIAL SERVICES NOT MANDATORY FOR EXTENDED  
CARE FACILITIES

*Ante*, pp. 1412,  
1424. SEC. 265. Section 1861(j)(11) of the Social Security Act (as redesignated by section 234(d) of this Act) is amended by inserting before the semicolon at the end thereof the following: “, except that the Secretary shall not require as a condition of participation that medical social services be furnished in any such institution”.

REFUND OF EXCESS PREMIUMS UNDER MEDICARE

42 USC 1395gg. SEC. 266. Section 1870 of the Social Security Act is amended by adding at the end thereof the following new subsection:

*Ante*, p. 1374.  
42 USC 1395p. “(g) If an individual, who is enrolled under section 1818(c) of the Social Security Act or under section 1837, dies, and premiums with respect to such enrollment have been received with respect to such individual for any month after the month of his death, such premiums shall be refunded to the person or persons determined by the Secretary under regulations to have paid such premiums or if payment for such premiums was made by the deceased individual before his death, to the legal representative of the estate of such deceased individual, if any. If there is no person who meets the requirements of the preceding sentence such premiums shall be refunded to the person or persons in the priorities specified in paragraphs (2) through (7) of subsection (e).”

WAIVER OF REGISTERED NURSE REQUIREMENT IN SKILLED NURSING  
FACILITIES IN RURAL AREAS

*Ante*, pp. 1412,  
1424. SEC. 267. Section 1861(j) of the Social Security Act, as amended by sections 234(d) and 246(b) of this Act, is further amended by adding at the end thereof the following new sentence: “To the extent that paragraph (6) of this subsection may be deemed to require that any skilled nursing facility engage the services of a registered professional nurse for more than 40 hours a week, the Secretary is authorized to waive such requirement if he finds that—

“(A) such facility is located in a rural area and the supply of skilled nursing facility services in such area is not sufficient to meet the needs of individuals residing therein,

“(B) such facility has one full-time registered professional nurse who is regularly on duty at such facility 40 hours a week, and

“(C) such facility (i) has only patients whose physicians have indicated (through physicians' orders or admission notes) that each such patient does not require the services of a registered nurse or a physician for a 48-hour period, or (ii) has made arrangements for a registered professional nurse or a physician to spend such time at such facility as may be indicated as necessary by the physician to provide necessary skilled nursing services on days when the regular full-time registered professional nurse is not on duty.”

EXEMPTION OF CHRISTIAN SCIENCE SANATORiums FROM CERTAIN NURSING  
HOME REQUIREMENTS UNDER MEDICAID

42 USC 1396a. SEC. 268. (a) Section 1902(a) of the Social Security Act is amended by adding at the end thereof the following new sentence: “For purposes of paragraphs (9)(A), (29), (31), and (33), and of section 1903(i)(4), the terms ‘skilled nursing home’ and ‘nursing home’ do not

*Ante*, p. 1415.

include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts.”

(b) Section 1908(g)(1) of such Act is amended by inserting after “Secretary” the following: “, but does not include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts”.

(c) The amendments made by this section shall be effective on the date of the enactment of this Act.

REQUIREMENTS FOR NURSING HOME ADMINISTRATORS

SEC. 269. Section 1908(d) of the Social Security Act is amended by striking out “No State” and inserting in lieu thereof the following: “No State shall be considered to have failed to comply with the provisions of section 1902(a)(29) because the agency or board of such State (established pursuant to subsection (b)) shall have granted any waiver, with respect to any individual who, during all of the three calendar years immediately preceding the calendar year in which the requirements prescribed in section 1902(a)(29) are first met by the State, has served as a nursing home administrator, of any of the standards developed, imposed, and enforced by such agency or board pursuant to subsection (c). No State”.

INCREASE IN LIMITATION ON PAYMENTS TO PUERTO RICO AND THE VIRGIN ISLANDS FOR MEDICAL ASSISTANCE

SEC. 271. (a) Section 1108(c)(1) of the Social Security Act is amended by striking out “\$20,000,000” and inserting in lieu thereof “\$30,000,000”.

(b) Section 1108(c)(2) of such Act is amended by striking out “\$650,000” and inserting in lieu thereof “\$1,000,000”.

(c) The amendments made by subsections (a) and (b) shall apply with respect to fiscal years beginning after June 30, 1971.

MEDICAL ASSISTANCE IN PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 271A. (a) Section 227(b) of the Social Security Amendments of 1967 is amended by striking out “June 30, 1972” and inserting in lieu thereof “June 30, 1975”.

(b) The amendment made by subsection (a) shall be effective from and after July 1, 1972.

EXTENSION OF TITLE V TO AMERICAN SAMOA AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 272. (a) Section 1101(a)(1) of the Social Security Act is amended by adding at the end thereof the following new sentence: “Such term when used in title V also includes American Samoa and the Trust Territory of the Pacific Islands.”

(b) Section 1108(d) of such Act is amended by inserting, after “allot such smaller amount to Guam”, the following: “, American Samoa, and the Trust Territory of the Pacific Islands”.

(c) The amendments made by this section shall apply with respect to fiscal years beginning after June 30, 1971.

INCLUSION OF CHIROPRACTOR SERVICES UNDER MEDICARE

SEC. 273. (a) Section 1861(r) of the Social Security Act (as amended by sections 256(b) and 264(a) of this Act) is further amended by—

86 STAT. 1452

- (1) striking out "or (4)" and inserting in lieu thereof "(4)", and
- (2) inserting before the period at the end thereof the following "or (5) a chiropractor who is licensed as such by the State (or in a State which does not license chiropractors as such, is legally authorized to perform the services of a chiropractor in the jurisdiction in which he performs such services), and who meets uniform minimum standards promulgated by the Secretary, but only for the purpose of sections 1861(s)(1) and 1861(s)(2)(A) and only with respect to treatment by means of manual manipulation of the spine (to correct a subluxation demonstrated by X-ray to exist) which he is legally authorized to perform by the State or jurisdiction in which such treatment is provided".
- 42 USC 1395x. (b) The amendments made by this section shall be effective with respect to services furnished after June 30, 1973.
- Effective date.

MISCELLANEOUS TECHNICAL AND CLERICAL AMENDMENTS

- 42 USC 1396a. SEC. 274. (a) Clause (A) of section 1902(a)(26) of the Social Security Act is amended by striking out "evaluation" and inserting in lieu thereof "evaluation", and by striking out "care" and inserting in lieu thereof "care".
- 42 USC 1396g. (b) Section 1908(d) of such Act is amended by striking out "subsection (b)(1)" and inserting in lieu thereof "subsection (c)(1)".

CHIROPRACTORS' SERVICES UNDER MEDICAID

- SEC. 275. (a) Section 1905 of the Social Security Act is amended by adding after subsection (f), as added by section 247 of this Act, the following new subsection:
- "(g) If the State plan includes provision of chiropractors' services, such services include only—
- "(1) services provided by a chiropractor (A) who is licensed as such by the State and (B) who meets uniform minimum standards promulgated by the Secretary under section 1861(r)(5); and
- "(2) services which consist of treatment by means of manual manipulation of the spine which the chiropractor is legally authorized to perform by the State."
- Effective date. (b) The amendment made by this section shall be effective with respect to services furnished after June 30, 1973.

SERVICES OF PODIATRIC INTERNS AND RESIDENTS UNDER PART A OF MEDICARE

- SEC. 276. (a) Section 1861(b)(6), as added by section 227(a) of this Act, is amended by deleting "or" and inserting in lieu thereof the following: "or in the case of services in a hospital or osteopathic hospital by an intern or resident-in-training in the field of podiatry, approved by the Council on Podiatry Education of the American Podiatry Association; or".
- Effective date. (b) The amendment made by this section shall apply with respect to accounting periods beginning after December 31, 1972.

USE OF CONSULTANTS FOR EXTENDED CARE FACILITIES

- 42 USC 1395aa. SEC. 277. Section 1864(a) of the Social Security Act is amended by adding at the end the following new sentence: "Any State agency which has such an agreement may (subject to approval of the Secre-

tary) furnish to an extended care facility, after proper request by such facility, such specialized consultative services (which such agency is able and willing to furnish in a manner satisfactory to the Secretary) as such facility may need to meet one or more of the conditions specified in section 1861(j). Any such services furnished by a State agency shall be deemed to have been furnished pursuant to such agreement." 42 USC 1395x.

DESIGNATION OF EXTENDED CARE FACILITIES AND SKILLED NURSING HOMES  
AS SKILLED NURSING FACILITIES

Sec. 278. (a) The following sections of the Social Security Act are amended by striking out "extended care facility", "extended care facilities", "skilled nursing home", and "skilled nursing homes" each time they appear therein and inserting in lieu thereof "skilled nursing facility" or "skilled nursing facilities", as the case may be, and by changing "an" to "a" as appropriate:

- (1) section 1814 (a) (2) (C);
- (2) section 1814 (a) (6);
- (3) section 1814 (a) (7);
- (4) section 1861 (a) (2);
- (5) section 1861 (h);
- (6) section 1861 (i);
- (7) section 1861 (j);
- (8) section 1861 (k);
- (9) section 1861 (l);
- (10) section 1861 (m) (7);
- (11) section 1861 (n);
- (12) section 1861 (u);
- (13) section 1861 (v) (3);
- (14) section 1861 (w);
- (15) section 1861 (y);
- (16) section 1864 (a);
- (17) section 1866;
- (18) section 1902 (a) (13);
- (19) section 1902 (a) (26);
- (20) section 1902 (a) (28);
- (21) section 1905 (a) (4);
- (22) section 1905 (a) (5);
- (23) section 1905 (a) (14); and
- (24) section 1121.

Ante, p. 1425.  
42 USC 1395f.

42 USC 1395x.

42 USC 1395aa.  
42 USC 1395cc.  
42 USC 1396a.

Ante, p. 1424.  
42 USC 1396d.

Ante, p. 1459.  
42 USC 1320a.

(b) The following sections of the Social Security Act, as amended or added by the provisions of this Act, are further amended by striking out the terms "extended care facility", "extended care facilities", "skilled nursing home", and "skilled nursing homes" each time they appear therein and inserting in lieu thereof "skilled nursing facility" or "skilled nursing facilities", as the case may be, and by changing "an" to "a" as appropriate:

- (1) section 1903 (g) and (h) of the Social Security Act as added by section 207 of this Act;
- (2) section 402 (a) (1) (E) of the Social Security Amendments of 1967 as amended by section 222 of this Act;
- (3) section 1876 of the Social Security Act as added by section 226 (a) of this Act;
- (4) section 1814 (h) of such Act as added by section 228 (a) of this Act;
- (5) section 1903 (h) of such Act as added by section 207 (a) (1) of this Act;
- (6) section 1861 (z) of such Act as added by section 234 (f) of this Act;

- (7) section 1903(i)(4) of such Act as added by section 237(a) of this Act;
- (8) section 1877(c) of such Act as added by section 242(b) of this Act;
- (9) section 1909(c) of such Act as added by section 242(c) of this Act;
- (10) section 1861(i) of such Act as amended by section 248 of this Act;
- (11) section 1861(v)(1)(E) of such Act as added by section 249(b) of this Act;
- (12) section 1910 of such Act as added by section 249A of this Act;
- (13) section 1861(j) of such Act as amended by section 267 of this Act;
- (14) section 1902(a) of such Act as amended by section 268 of this Act;
- (15) section 1864(a) of such Act as amended by section 277 of this Act;
- (16) section 1903(j) of such Act as added by section 225 of this Act;
- (17) section 1814(h) of such Act as added by section 228(a) of this Act; and
- (18) section 1866(a)(1) of such Act as amended by section 249A of this Act.

DIRECT LABORATORY BILLING OF PATIENTS

SEC. 279. (a) Section 1833(a)(1) of the Social Security Act (as amended by section 211(c)(4) of this Act) is further amended by—

- (1) striking out “and” before “(C)”;
- (2) inserting before the semicolon at the end thereof the following: “, and (D) with respect to diagnostic tests performed in a laboratory for which payment is made under this part to the laboratory, the amounts paid shall be equal to 100 percent of the negotiated rate for such tests (as determined pursuant to subsection (g) of this section)”.

Ante, p. 1445.

(b) Section 1833 of such Act is amended by adding at the end thereof the following subsection:

“(g) With respect to diagnostic tests performed in a laboratory for which payment is made under this part to the laboratory, the Secretary is authorized to establish a payment rate which is acceptable to the laboratory and which would be considered the full charge for such tests. Such negotiated rate shall be limited to an amount not in excess of the total payment that would have been made for the services in the absence of such a rate.”

CLARIFICATION OF MEANING OF “PHYSICIANS’ SERVICES” UNDER TITLE XIX

42 USC 1396d.

SEC. 280. Section 1905(a)(5) of the Social Security Act is amended by inserting “furnished by a physician (as defined in section 1861(r)(1))” after “physicians’ services”.

LIMITATION ON ADJUSTMENT OR RECOVERY OF INCORRECT PAYMENTS UNDER THE MEDICARE PROGRAM

42 USC 1395gg.

SEC. 281. (a) (1) Section 1870(b)(1) of the Social Security Act is amended by—

- (A) inserting “(A)” after “the Secretary determines”; and
- (B) inserting at the end of paragraph (1) the following:

“(B) that such provider of services or other person was without fault with respect to the payment of such excess over the correct amount, or”.

(2) Section 1870(b) of such Act is amended by adding at the end the following new sentence: “For purposes of clause (B) of paragraph (1), such provider of services or such other person shall, in the absence of evidence to the contrary, be deemed to be without fault if the Secretary’s determination that more than such correct amount was paid was made subsequent to the third year following the year in which notice was sent to such individual that such amount had been paid; except that the Secretary may reduce such three-year period to not less than one year if he finds such reduction is consistent with the objectives of this title.” 42 USC 1395gg.

(b) Section 1870(c) of such Act (as amended by section 261 of this Act) is further amended by—

(1) inserting “or title XVIII” after “title II”, and

(2) adding at the end the following new sentence: “Adjustment or recovery of an incorrect payment (or only such part of an incorrect payment as the Secretary determines to be inconsistent with the purposes of this title) against an individual who is without fault shall be deemed to be against equity and good conscience if (A) the incorrect payment was made for expenses incurred for items or services for which payment may not be made under this title by reason of the provisions of paragraph (1) or (9) of section 1862 and (B) if the Secretary’s determination that such payment was incorrect was made subsequent to the third year following the year in which notice of such payment was sent to such individual; except that the Secretary may reduce such three-year period to not less than one year if he finds such reduction is consistent with the objectives of this title.”

(c) Section 1866(a)(1) of such Act (as amended by section 227(d)(2) of this Act) is further amended by—

(1) redesignating subparagraph (B) as subparagraph (C), and

(2) inserting after subparagraph (A) the following new subparagraph:

“(B) not to charge any individual or any other person for items or services for which such individual is not entitled to have payment made under this title because payment for expenses incurred for such items or services may not be made by reason of the provisions of paragraph (1) or (9), but only if (i) such individual was without fault in incurring such expenses and (ii) the Secretary’s determination that such payment may not be made for such items and services was made after the third year following the year in which notice of such payment was sent to such individual; except that the Secretary may reduce such three-year period to not less than one year if he finds such reduction is consistent with the objectives of this title, and”

(d) Section 1842(b)(3)(B)(ii) of such Act (as amended by section 211(c)(3) of this Act) is further amended by—

(1) inserting “(I)” after “of which”; and

(2) inserting after “service” the following: “and (II) the physician or other person furnishing such service agrees not to charge for such service if payment may not be made therefor by reason of the provisions of paragraph (1) of section 1862, and if the individual to whom such service was furnished was without fault in incurring the expenses of such service, and if the

Secretary's determination that payment (pursuant to such assignment) was incorrect and was made subsequent to the third year following the year in which notice of such payment was sent to such individual; except that the Secretary may reduce such three-year period to not less than one year if he finds such reduction is consistent with the objectives of this title."

42 USC 1395f.

(e) Section 1814(a)(1) of such Act is amended to read as follows:

"(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, and by such person or persons as the Secretary may by regulation prescribe, no later than the close of the period of 3 calendar years following the year in which such services are furnished (deeming any services furnished in the last 3 calendar months of any calendar year to have been furnished in the succeeding calendar year) except that where the Secretary deems that efficient administration so requires, such period may be reduced to not less than 1 calendar year;"

42 USC 1395n.

(f) Section 1835(a)(1) of such Act is amended to read as follows:

"(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 and by such person or persons as the Secretary may by regulation prescribe, no later than the close of the period of 3 calendar years following the year in which such services are furnished (deeming any services furnished in the last 3 calendar months of any calendar year to have been furnished in the succeeding calendar year) except that, where the Secretary deems that efficient administration so requires, such period may be reduced to not less than 1 calendar year; and"

Effective date.

(g) The provisions of subsection (a)(1) shall apply with respect to notices of payment sent to individuals after the date of enactment of this Act. The provisions of subsections (a)(2), (b), (c), and (d) shall apply in the case of notices sent to individuals after 1968. The provisions of subsections (e) and (f) shall apply in the case of services furnished (or deemed to have been furnished) after 1970.

## COVERAGE OF OUTPATIENT SPEECH PATHOLOGY SERVICES UNDER MEDICARE

Ante, p. 1445.

SEC. 283. (a) Section 1861(p) of the Social Security Act is amended by adding at the end thereof the following new sentence: "The term 'outpatient physical therapy services' also includes speech pathology services furnished by a provider of services, a clinic, rehabilitation agency, or by a public health agency, or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient, subject to the conditions prescribed in this subsection."

(b) Section 1835(a)(2) of such Act (as amended by section 251 of this Act) is further amended—

(1) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; and"; and

(2) by adding after subparagraph (C) the following new subparagraph:

"(D) in the case of outpatient speech pathology services, (i) such services are or were required because the individual needed speech pathology services, (ii) a plan for furnishing such services 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."

Effective date.

(c) The provisions of this section shall apply with respect to services rendered after December 31, 1972.

TERMINATION OF MEDICAL ASSISTANCE ADVISORY COUNCIL

Sec. 287. (a) Section 1906 of the Social Security Act is repealed. 42 USC 1396e.

(b) The provisions of subsection (a) shall become effective on the first day of the third calendar month following the month in which this Act is enacted. Effective date.

MODIFICATION OF THE ROLE OF THE HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

Sec. 288. (a) Section 1867(a) of the Social Security Act is amended to read as follows: 42 USC 1395dd.

"(a) There is hereby created a Health Insurance Benefits Advisory Council which shall consist of 19 persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive services. 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, persons who are representative of organizations and associations of professional personnel in the field of medicine, and at least one person who is representative of the general public. Each member shall hold office for a term of four 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. A member shall not be eligible to serve continuously for more than two terms. Members of the Advisory Council, while attending meetings or conferences thereof or otherwise serving on business of the Advisory Council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including traveltime, 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 5703 of title 5, United States Code, for persons in the Government service employed intermittently. The Advisory Council shall meet as the Secretary deems necessary, but not less than annually."

5 USC 101  
et seq.

Per diem and  
travel ex-  
penses.

(b) Section 1867(b) of such Act is amended to read as follows:

"(b) It shall be the function of the Advisory Council to provide advice and recommendations for the consideration of the Secretary on matters of general policy with respect to this title and title XIX."

42 USC 1395,  
1396.

(c) Section 1867 of such Act is further amended by striking out subsection (c).

AUTHORITY OF SECRETARY TO ADMINISTER OATHS IN MEDICARE PROCEEDINGS

Sec. 289. Section 1874 of the Social Security Act is amended by adding at the end thereof the following new subsection: 42 USC 1395kk.

"(c) In the course of any hearing, investigation, or other proceeding that he is authorized to conduct under this title, the Secretary may administer oaths and affirmations."

WITHHOLDING OF FEDERAL PAYMENTS UNDER MEDICAID WITH RESPECT TO CERTAIN HEALTH CARE FACILITIES

Sec. 200. Section 1903 of the Social Security Act is amended by adding after subsection (i) thereof the following new subsection: Ante, pp. 1396, 1454.

"(j) (1) Notwithstanding the preceding provisions of this section, no payment shall be made to a State (except as provided under this

subsection) with respect to expenditures incurred by it for services provided by any institution during any period that an order for suspension of payment (as authorized by this subsection) is effective with respect to such institution.

"(2) The Secretary may issue a suspension of payment order with respect to any institution if—

42 USC 1395cc.

"(A) such institution (i) does not (at the time such order is issued) have in effect an agreement with the Secretary which is entered into pursuant to section 1866; and (ii) did (prior to the time such order is issued) have in effect such an agreement; and

42 USC 1395.

"(B) (i) the Secretary has been unable to collect (or make satisfactory arrangement for the collection of) amounts due on account of overpayments made to such institution under title XVIII; or

"(ii) the Secretary has been unable to obtain from such institution the data and information necessary to enable him to determine the amount (if any) of the overpayments made to such institution under title XVIII.

Notice.

"(3) Whenever the Secretary issues any order for suspension of payment under this subsection with respect to any institution, he shall submit a notice of such order to the single State agency (referred to in section 1902(a)(5)) of each State which he has reason to believe does or may utilize the services of such institution in providing medical assistance under a plan approved under this title.

42 USC 1396a.

"(4) Any order for suspension of payment issued with respect to any institution under this subsection shall become effective, in the case of any state plan approved under this title, on the 60th day after the date the State agency (referred to in section 1902(a)(5)) administering or supervising the administration of such plan receives notice of such order submitted pursuant to paragraph (3). Any such order shall cease to be effective at such time as the Secretary is satisfied that the institution is participating in substantial negotiations which seek to remedy the conditions which gave rise to his order of suspension of payments, or that the amounts (referred to in paragraph (2)) are no longer due from such institution or that a satisfactory arrangement has been made for the payment by such institution of any such amounts. Upon the determination of the Secretary that any such order with respect to any such institution shall cease to be effective, he shall forthwith notify each State agency to which he has theretofore submitted notice under paragraph (3) with respect to such institution.

"(5) Whenever any order which has been issued by the Secretary under the preceding provisions of this subsection with respect to an institution ceases to be effective, any payment to which any State would (except for the preceding provisions of this subsection) have been entitled under this section on account of services provided by such institution shall be made to such State for the month in which such order ceases to be effective."

INTERMEDIATE CARE SERVICES IN STATES WHICH DO NOT HAVE A MEDICAID PROGRAM

85 Stat. 810.  
42 USC 1396a  
note.

42 USC 1396.

SEC. 292. Section 4(d) of Public Law 92-223 (approved December 28, 1971) is amended by inserting immediately before the period at the end thereof the following: "except that the repeal made by subsection (c) shall not become effective in the case of any State, which on January 1, 1972 did not have in effect a State plan approved under title XIX of the Social Security Act, until the first day of the first month (occurring after such date) that such State does have in effect a State plan approved under such title".

REQUIRED INFORMATION RELATING TO EXCESS MEDICARE TAX PAYMENTS BY  
RAILROAD EMPLOYEES

SEC. 293. (a) Section 6051(a) of the Internal Revenue Code of 1954 <sup>68A Stat. 747.</sup>  
(relating to requirement of receipts for employees) is amended— <sup>26 USC 6051.</sup>

(1) by striking out "section 3101, 3201, or 3402" in the matter preceding paragraph (1) and inserting in lieu thereof "section 3101 or 3402";

(2) by inserting "and" at the end of paragraph (5), and by striking out the comma at the end of paragraph (6) and inserting in lieu thereof a period; and

(3) by striking out paragraphs (7) and (8).

(b) Section 6051(c) of such Code (relating to additional requirements (is amended by striking out "sections 3101 and 3201" in the second sentence and inserting in lieu thereof "section 3101").

(c) Section 6051 of such Code (relating to receipts for employees) is amended by adding at the end thereof the following new subsection:

"(e) RAILROAD EMPLOYEES.—

"(1) ADDITIONAL REQUIREMENT.—Every person required to deduct and withhold tax under section 3201 from an employee shall include on or with the statement required to be furnished such employee under subsection (a) a notice concerning the provisions of this title with respect to the allowance of a credit or refund of the tax on wages imposed by section 3101 (b) and the tax on compensation imposed by section 3201 or 3211 which is treated as a tax on wages imposed by section 3101 (b).

"(2) INFORMATION TO BE SUPPLIED TO EMPLOYEES.—Each person required to deduct and withhold tax under section 3201 during any year from an employee who has also received wages during such year subject to the tax imposed by section 3101 (b) shall, upon request of such employee, furnish to him a written statement showing—

"(A) the total amount of compensation with respect to which the tax imposed by section 3201 was deducted,

"(B) the total amount deducted as tax under section 3201, and

"(C) the portion of the total amount deducted as tax under section 3201 which is for financing the cost of hospital insurance under part A of title XVIII of the Social Security Act." <sup>42 USC 1395e.</sup>

(d) The amendments made by this section shall apply in respect <sup>Effective date.</sup> to remuneration paid after December 31, 1971.

APPOINTMENT AND CONFIRMATION OF ADMINISTRATOR OF SOCIAL AND  
REHABILITATION SERVICE

SEC. 294. Appointments made on or after the date of enactment of this Act to the office of Administrator of the Social and Rehabilitation Service, within the Department of Health, Education, and Welfare, shall be made by the President, by and with the advice and consent of the Senate.

REPEAL OF SECTION 1903(b) (1)

SEC. 295. Section 1903(b) (1) of the Social Security Act is repealed. <sup>42 USC 1396b.</sup>

COVERAGE UNDER MEDICAID OF INTERMEDIATE CARE FURNISHED IN MENTAL  
AND TUBERCULOSIS INSTITUTIONS

SEC. 297. (a) Section 1905(a) (14) of the Social Security Act is <sup>42 USC 1396d.</sup> amended to read as follows:

Effective  
date.

“(14) inpatient hospital services, skilled nursing home services, and intermediate care facility services for individuals 65 years of age or over in an institution for tuberculosis or mental diseases;”  
(b) The amendment made by this section shall apply with respect to services furnished after December 31, 1972.

#### INDEPENDENT REVIEW OF INTERMEDIATE CARE FACILITY PATIENTS

85 Stat. 809.  
42 USC 1396a.

SEC. 298. Section 1902(a)(31)(A) of the Social Security Act, as added by Public Law 92-223, is amended by striking out the phrase “which provides more than a minimum level of health care services.”

#### INTERMEDIATE CARE, MAINTENANCE OF EFFORT IN PUBLIC INSTITUTIONS

42 USC 1396d.

SEC. 299. Section 1905(d)(3) of the Social Security Act, as added by Public Law 92-223, is amended to read as follows:

“(3) the State or political subdivision responsible for the operation of such institution has agreed that the non-Federal expenditures in any calendar quarter prior to January 1, 1975, with respect to services furnished to patients in such institution (or distinct part thereof) in the State will not, because of payments made under this title, be reduced below the average amount expended for such services in such institution in the four quarters immediately preceding the quarter in which the State in which such institution is located elected to make such services available under its plan approved under this title.”

#### DISCLOSURE OF OWNERSHIP OF OPERATIONS OF INTERMEDIATE CARE FACILITIES

SEC. 299A. Section 1902(a) of the Social Security Act, as amended by sections 236, 239, and 255 of this Act, is further amended—

- (1) by striking out “and” at the end of paragraph (33);
- (2) by striking out the period at the end of paragraph (34) and inserting in lieu thereof “; and”; and
- (3) by inserting after paragraph (34) the following new paragraph:

“(35) effective January 1, 1973, provide that any intermediate care facility receiving payments under such plan must supply to the licensing agency of the State full and complete information as to the identity (A) of each person having (directly or indirectly) an ownership interest of 10 per centum or more in such intermediate care facility, (B) in case an intermediate care facility is organized as a corporation, of each officer and director of the corporation, and (C) in case an intermediate care facility is organized as a partnership, of each partner; and promptly report any changes which would affect the current accuracy of the information so required to be supplied.”

#### TREATMENT IN MENTAL HOSPITALS FOR INDIVIDUALS UNDER AGE 21

SEC. 299B. (a) Section 1905(a) of the Social Security Act is amended—

- (1) by striking the word “and” in paragraph (15);
- (2) by redesignating paragraph (15) as paragraph (17);
- (3) by redesignating paragraph (16) as paragraph (15);
- (4) by inserting after paragraph (15) the following new paragraph:

“(16) effective January 1, 1973, inpatient psychiatric hospital services for individuals under 21, as defined in subsection (e);”.

(b) Section 1905 of such Act, as amended by sections 212(a), 247(b) and 275(e) of this Act, is further amended by adding after subsection (g) the following new subsection:

“(h) (1) For purposes of paragraph (16) of subsection (a), the term ‘inpatient psychiatric hospital services for individuals under age 21’ includes only—

Definition.

“(A) inpatient services which are provided in an institution which is accredited as a psychiatric hospital by the Joint Commission on Accreditation of Hospitals;

“(B) inpatient services which, in the case of any individual, involves active treatment (i) which meets such standards as may be prescribed pursuant to title XVIII in regulations by the Secretary, and (ii) which a team, consisting of physicians and other personnel qualified to make determinations with respect to mental health conditions and the treatment thereof, has determined are necessary on an inpatient basis and can reasonably be expected to improve the condition, by reason of which such services are necessary, to the extent that eventually such services will no longer be necessary; and

42 USC 1395.

“(C) inpatient services which, in the case of any individual, are provided prior to (A) the date such individual attains age 21, or (B) in the case of an individual who was receiving such services in the period immediately preceding the date on which he attained age 21, (i) the date such individual no longer requires such services, or (ii) if earlier, the date such individual attains age 22;

“(2) Such term does not include services provided during any calendar quarter under the State plan of any State if the total amount of the funds expended, during such quarter, by the State (and the political subdivisions thereof) from non-Federal funds for inpatient services included under paragraph (e) (1), and for active psychiatric care and treatment provided on an outpatient basis for eligible mentally ill children, is less than the average quarterly amount of the funds expended, during the 4-quarter period ending December 31, 1971, by the State (and the political subdivisions thereof) from non-Federal funds for such services.”

(c) Section 1905(a) is further amended by striking out, in the part which follows paragraph (17) (as redesignated by subsection (a) of this section), “except that” and inserting in lieu thereof “except as otherwise provided in paragraph (16).”.

PUBLIC DISCLOSURE OF INFORMATION CONCERNING SURVEY REPORTS OF AN INSTITUTION

SEC. 299D. (a) Section 1864(a) of the Social Security Act is amended by adding at the end thereof the following new sentence: <sup>Ante, pp. 1452-1454.</sup>

“Within 90 days following the completion of each survey of any health care facility, laboratory, clinic, agency, or organization by the appropriate State or local agency described in the first sentence of this subsection, the Secretary shall make public in readily available form and place the pertinent findings of each such survey relating to the compliance of each such health care facility, laboratory, clinic, agency, or organization with (1) the statutory conditions of participation imposed under this title and (2) the major additional conditions which the Secretary finds necessary in the interest of health and safety of individuals who are furnished care or services by any such facility, laboratory, clinic, agency, or organization.”

86 STAT. 1462

- Ante, p. 1460. (b) Section 1902(a) of the Social Security Act, as amended by sections 236, 239, 255, and 299A of this Act, is further amended—
- (1) by striking out “and” at the end of paragraph (35);
  - (2) by striking out the period at the end of paragraph (36) and inserting in lieu thereof “; and”; and
  - (3) by inserting after paragraph (36) the following new paragraph:
 

“(37) provide that within 90 days following the completion of each survey of any health care facility, laboratory, agency, clinic, or organization, by the appropriate State agency described in paragraph (9), such agency shall (in accordance with regulations of the Secretary) make public in readily available form and place the pertinent findings of each such survey relating to the compliance of each such health care facility, laboratory, clinic, agency, or organization with (A) the statutory conditions of participation imposed under this title, and (B) the major additional conditions which the Secretary finds necessary in the interest of health and safety of individuals who are furnished care or services by any such facility, laboratory, clinic, agency, or organization.
- Effective date. (c) The provisions of this section shall be effective beginning January 1, 1973, or within 6 months following the enactment of this Act, whichever is later.

FAMILY PLANNING SERVICES MANDATORY UNDER MEDICAID

- Ante, p. 1428. SEC. 299E. (a) Section 1903(a) of the Social Security Act, as amended by sections 235 and 249B of this Act, is further amended by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:
- “(5) an amount equal to 90 per centum of the sums expended during such quarter (as found necessary by the Secretary for the proper and efficient administration of the plan) which are attributable to the offering, arranging, and furnishing (directly or on a contract basis) of family planning services and supplies;”
- 79 Stat. 351;  
81 Stat. 929.  
42 USC 1396d. (b) Section 1905(a)(4) of the Social Security Act is amended by adding after clause (B) the following: “and (C) family planning services and supplies furnished (directly or under arrangements with others) to individuals of child-bearing age (including minors who can be considered to be sexually active) who are eligible under the State plan and who desire such services and supplies;”
- 85 Stat. 803.  
42 USC 602. (c) Section 402(a)(15)(B) of such Act is amended, effective January 1, 1973, (1) by adding after “in all appropriate cases” the following: “(including minors who can be considered to be sexually active)”, and (2) by adding after “family planning services are offered them” the following: “and are provided promptly (directly or under arrangements with others) to all individuals voluntarily requesting such services”.
- 49 Stat. 628;  
85 Stat. 805.  
42 USC 603. (d) Section 403 of such Act is amended by adding at the end thereof the following new sections:
- “(e) Notwithstanding any other provision of subsection (a), with respect to expenditures during any calendar quarter beginning after December 31, 1972 (as found necessary by the Secretary for the proper and efficient administration of the plan) which are attributable to the offering, arranging, and furnishing, directly or on a contract basis, of family planning services and supplies, the amount payable to any State under this part shall be 90 per centum of such expenditures.

“(f) Notwithstanding any other provision of this section, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters in fiscal years beginning after June 30, 1973, be reduced by 1 per centum (calculated without regard to any reduction under section 403(g)) of such amount if such State—

*Infra.*

“(1) in the immediately preceding fiscal year failed to carry out the provisions of section 402(a)(15)(B) as pertain to requiring the offering and arrangement for provision of family planning services; or

*Ante*, p. 1462.

“(2) in the immediately preceding fiscal year (but, in the case of the fiscal year beginning July 1, 1972, only considering the third and fourth quarters thereof), failed to carry out the provisions of section 402(a)(15)(B) of the Social Security Act with respect to any individual who, within such period or periods as the Secretary may prescribe, has been an applicant for or recipient of aid to families with dependent children under the plan of the State approved under this part.”

PENALTY FOR FAILURE TO PROVIDE CHILD HEALTH SCREENING SERVICES UNDER MEDICAID

SEC. 299F. Section 403 of the Social Security Act is amended by adding at the end thereof the following:

“(g) Notwithstanding any other provision of this section, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters in fiscal years beginning after June 30, 1974, be reduced by 1 per centum (calculated without regard to any reduction under section 403(f)) of such amount if such State fails to—

*Supra.*

“(1) inform all families in the State receiving aid to families with dependent children under the plan of the State approved under this part of the availability of child health screening services under the plan of such State approved under title XIX,

*Ante*, p. 1426.

“(2) provide or arrange for the provision of such screening services in all cases where they are requested, or

“(3) arrange for (directly or through referral to appropriate agencies, organizations, or individuals) corrective treatment the need for which is disclosed by such child health screening services.”

CHRONIC RENAL DISEASE CONSIDERED TO CONSTITUTE DISABILITY

SEC. 299I. Effective with respect to services provided on and after July 1, 1973, section 226 of the Social Security Act (as amended by section 201(b)(5) of this Act) is amended by redesignating subsection (e) as subsection (f), and by inserting after subsection (d) the following new subsection:

Effective date.

*Ante*, p. 1372.

“(e) Notwithstanding the foregoing provisions of this section, every individual who—

“(1) has not attained the age of 65;

“(2) (A) is fully or currently insured (as such terms are defined in section 214 of this Act), or (B) is entitled to monthly insurance benefits under title II of this Act, or (C) is the spouse or dependent child (as defined in regulations) of an individual who is fully or currently insured, or (D) is the spouse or dependent child (as defined in regulations) of an individual entitled to monthly insurance benefits under title II of this Act; and

*Ante*, p. 1341.  
42 USC 401.

“(3) is medically determined to have chronic renal disease and who requires hemodialysis or renal transplantation for such disease;

86 STAT. 1464

42 USC 1395. shall be deemed to be disabled for purposes of coverage under parts A and B of Medicare subject to the deductible, premium, and copayment provisions of title XVIII.

"(f) Medicare eligibility on the basis of chronic kidney failure shall begin with the third month after the month in which a course of renal dialysis is initiated and would end with the twelfth month after the month in which the person has a renal transplant or such course of dialysis is terminated.

"(g) The Secretary is authorized to limit reimbursement under Medicare for kidney transplant and dialysis to kidney disease treatment centers which meet such requirements as he may by regulation prescribe: *Provided*, That such requirements must include at least requirements for a minimal utilization rate for covered procedures and for a medical review board to screen the appropriateness of patients for the proposed treatment procedures."

ELIMINATION OF COINSURANCE PAYMENT WITH RESPECT TO HOME HEALTH SERVICES UNDER PART B OF MEDICARE

Ante, p. 1411. SEC. 299K. (a) Section 1833(a)(2) of the Social Security Act is amended by striking out "80 percent" and inserting in lieu thereof "with respect to home health services, 100 percent, and with respect to other services, 80 percent."

Effective date. (b) The amendment made by subsection (a) shall apply to services furnished by home health agencies in accounting periods beginning after December 31, 1972.

CERTIFICATION OF INTERMEDIATE CARE FACILITIES AND SKILLED NURSING FACILITIES LOCATED ON AN INDIAN RESERVATION

85 Stat. 809. SEC. 299L. (a) Section 1905(c) of the Social Security Act, as added by Public Law 92-223, is amended by adding after the penultimate sentence thereof the following: "The term 'intermediate care facility' also includes any institution which is located in a State on an Indian reservation and is certified by the Secretary as meeting the requirements of clauses (2) and (3) of this subsection and providing the care and services required under clauses (1)."

"Skilled nursing facility." (b) Section 1905 of the Social Security Act, as amended by this Act, is amended by adding at the end thereof the following new subsection:

Ante, p. 1452. "(h) For purposes of this title, the term 'skilled nursing facility' also includes any institution which is located in a State on an Indian reservation and is certified by the Secretary as being a qualified skilled nursing facility by meeting the requirements of section 1861(j)."

42 USC 1395x.

DETERMINATIONS AND APPEALS

79 Stat. 330. SEC. 299O. (a) Section 1869(b) of the Social Security Act is amended to read as follows:

42 USC 1395ff. "(b) (1) Any individual dissatisfied with any determination under subsection (a) as to—

42 USC 426. "(A) whether he meets the conditions of section 226 of this Act or section 103 of the Social Security Amendments of 1965, or

79 Stat. 333; 81 Stat. 854. "(B) whether he is eligible to enroll and has enrolled pursuant to the provisions of part B of this title, or section 1818, or section 1819, or

42 USC 426a. 42 USC 1395j. "(C) the amount of benefits under part A (including a determination where such amount is determined to be zero)

Ante, p. 1374. 42 USC 1395c.

shall be entitled to a hearing thereon by the Secretary 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). 42 USC 405.

"(2) Notwithstanding the provisions of subparagraph (C) of paragraph (1) of this subsection, a hearing shall not be available to an individual by reason of such subparagraph (C) if the amount in controversy is less than \$100; nor shall judicial review be available to an individual by reason of such subparagraph (C) if the amount in controversy is less than \$1,000."

(b)(1) The provisions of subparagraphs (A) and (B) of section 1869(b)(1) of the Social Security Act, as amended by subsection (a) of this section, shall be effective on the date of enactment of this Act. Effective dates.

(2) The provisions of paragraph (2) and of subparagraph (C) of paragraph (1) of section 1869(b) of the Social Security Act, as amended by subsection (a) of this section, shall be effective with respect to any claims under part A of title XVIII of such Act, filed— 42 USC 1395c.

(A) in or after the month in which this Act is enacted, or

(B) before the month in which this Act is enacted, but only if a civil action with respect to a final decision of the Secretary of Health, Education, and Welfare on such claim has not been commenced under such section 1869(b) before such month.

### TITLE III—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

#### ESTABLISHMENT OF PROGRAM

Sec. 301. Effective January 1, 1974, title XVI of the Social Security Act is amended to read as follows: Effective date,  
76 Stat. 197;

"TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR  
THE AGED, BLIND, AND DISABLED 81 Stat. 896.  
42 USC 1381.

#### "PURPOSE; APPROPRIATIONS

"SEC. 1601. For the purpose of establishing a national program to provide supplemental security income to individuals who have attained age 65 or are blind or disabled, there are authorized to be appropriated sums sufficient to carry out this title.

#### "BASIC ELIGIBILITY FOR BENEFITS

"SEC. 1602. Every aged, blind, or disabled individual who is determined under part A to be eligible on the basis of his income and resources shall, in accordance with and subject to the provisions of this title, be paid benefits by the Secretary of Health, Education, and Welfare.

## "PART A—DETERMINATION OF BENEFITS

## "ELIGIBILITY FOR AND AMOUNT OF BENEFITS

## "Definition of Eligible Individual

"SEC. 1611. (a) (1) Each aged, blind, or disabled individual who does not have an eligible spouse and—

"(A) whose income, other than income excluded pursuant to section 1612(b), is at a rate of not more than \$1,560 for the calendar year 1974 or any calendar year thereafter, and

"(B) whose resources, other than resources excluded pursuant to section 1613(a), are not more than (i) in case such individual has a spouse with whom he is living, \$2,250, or (ii) in case such individual has no spouse with whom he is living, \$1,500,

shall be an eligible individual for purposes of this title.

"(2) Each aged, blind, or disabled individual who has an eligible spouse and—

"(A) whose income (together with the income of such spouse), other than income excluded pursuant to section 1612(b), is at a rate of not more than \$2,340 for the calendar year 1974, or any calendar year thereafter, and

"(B) whose resources (together with the resources of such spouse), other than resources excluded pursuant to section 1613(a), are not more than \$2,250,

shall be an eligible individual for purposes of this title.

## "Amounts of Benefits

"(b) (1) The benefit under this title for an individual who does not have an eligible spouse shall be payable at the rate of \$1,560 for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual.

"(2) The benefit under this title for an individual who has an eligible spouse shall be payable at the rate of \$2,340 for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual and spouse.

## "Period for Determination of Benefits

"(c) (1) An individual's eligibility for benefits under this title and the amount of such benefits shall be determined for each quarter of a calendar year except that, if the initial application for benefits is filed in the second or third month of a calendar quarter, such determinations shall be made for each month in such quarter. Eligibility for and the amount of such benefits for any quarter shall be redetermined at such time or times as may be provided by the Secretary.

"(2) For purposes of this subsection an application shall be considered to be effective as of the first day of the month in which it was actually filed.

## "Special Limits on Gross Income

"(d) The Secretary may prescribe the circumstances under which, consistently with the purposes of this title, the gross income from a trade or business (including farming) will be considered sufficiently large to make an individual ineligible for benefits under this title. For purposes of this subsection, the term 'gross income' has the same

meaning as when used in chapter 1 of the Internal Revenue Code of 1954.

26 USC 1 et seq.

"Limitation on Eligibility of Certain Individuals

"(e) (1) (A) Except as provided in subparagraph (B), no person shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if throughout such month he is an inmate of a public institution.

"(B) In any case where an eligible individual or his eligible spouse (if any) is, throughout any month, in a hospital, extended care facility, nursing home, or intermediate care facility receiving payments (with respect to such individual or spouse) under a State plan approved under title XIX, the benefit under this title for such individual for such month shall be payable—

42 USC 1396.

"(i) at a rate not in excess of \$300 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who does not have an eligible spouse;

"(ii) at a rate not in excess of the sum of the applicable rate specified in subsection (b) (1) and the rate of \$300 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who has an eligible spouse, if only one of them is in such a hospital, home, or facility throughout such month; and

"(iii) at a rate not in excess of \$600 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who has an eligible spouse, if both of them are in such a hospital, home, or facility throughout such month.

"(2) No person shall be an eligible individual or eligible spouse for purposes of this title if, after notice to such person by the Secretary that it is likely that such person is eligible for any payments of the type enumerated in section 1612(a) (2) (B), such person fails within 30 days to take all appropriate steps to apply for and (if eligible) obtain any such payments.

"(3) (A) No person who is an aged, blind, or disabled individual solely by reason of disability (as determined under section 1614(a) (3)) shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if such individual is medically determined to be a drug addict or an alcoholic unless such individual is undergoing any treatment that may be appropriate for his condition as a drug addict or alcoholic (as the case may be) at an institution or facility approved for purposes of this paragraph by the Secretary (so long as such treatment is available) and demonstrates that he is complying with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under subparagraph (B).

"(B) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title and who as a condition of such benefits are required to be undergoing treatment and complying with the terms, conditions, and requirements thereof as described in subparagraph (A), in order to assure such compliance and to determine the extent to which the imposition of such requirement is contributing to the achievement of the purposes of this title. The Secretary shall annually submit to the Congress a full and complete report on his activities under this paragraph.

Report to  
Congress.

"Suspension of Payments to Individuals Who Are Outside the United States

"(f) Notwithstanding any other provision of this title, no individual shall be considered an eligible individual for purposes of this title for any month during all of which such individual is outside the United States (and no person shall be considered the eligible spouse of an individual for purposes of this title with respect to any month during all of which such person is outside the United States). For purposes of the preceding sentence, after an individual has been outside the United States for any period of 30 consecutive days, he shall be treated as remaining outside the United States until he has been in the United States for a period of 30 consecutive days.

"Certain Individuals Deemed To Meet Resources Test

42 USC 301,  
1201, 1351.

"(g) In the case of any individual or any individual and his spouse (as the case may be) who for the month of December 1973 was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, the resources of such individual or such individual and his spouse shall be deemed not to exceed the amount specified in sections 1611(a)(1)(B) and 1611(a)(2)(B) during any period that the resources of such individual or individual and his spouse (as the case may be) does not exceed the maximum amount of resources, as specified in the State plan (above referred to, and as in effect in October 1972) under which he or they were entitled to aid or assistance for the month of December 1972.

"Certain Individuals Deemed To Meet Income Test

"(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who is blind (as that term is defined under a State plan approved under title X or XVI as in effect in October 1972) and who for the month of December 1973 was a recipient of aid or assistance under a State plan approved under title X or XVI, there shall be disregarded an amount equal to the greater of the amounts determined as follows—

"(1) the maximum amount of any earned or unearned income which could have been disregarded under the State plan (above referred to, and as in effect in October 1972), or

"(2) the amount which would be required to be disregarded under section 1612 without application of this subsection.

"INCOME

"Meaning of Income

"Sec. 1612. (a) For purposes of this title, income means both earned income and unearned income; and—

"(1) earned income means only—

42 USC 403.

"(A) wages as determined under section 203(f)(5)(C); and

Ante, p. 1353.

"(B) net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following subsection (a)(10), and the last par-

agraph of subsection (a)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

“(2) unearned income means all other income, including—

“(A) support and maintenance furnished in cash or kind; except that in the case of any individual (and his eligible spouse, if any) living in another person's household and receiving support and maintenance in kind from such person, the dollar amounts otherwise applicable to such individual (and spouse) as specified in subsections (a) and (b) of section 1611 shall be reduced by 33 $\frac{1}{3}$  percent in lieu of including such support and maintenance in the unearned income of such individual (and spouse) as otherwise required by this subparagraph;

“(B) any payments received as an annuity, pension, retirement, or disability benefit, including veterans' compensation and pensions, workmen's compensation payments, old-age, survivors, and disability insurance benefits, railroad retirement annuities and pensions, and unemployment insurance benefits;

“(C) prizes and awards;

“(D) the proceeds of any life insurance policy to the extent that they exceed the amount expended by the beneficiary for purposes of the insured individual's last illness and burial or \$1,500, whichever is less;

“(E) gifts (cash or otherwise), support and alimony payments, and inheritances; and

“(F) rents, dividends, interest, and royalties.

#### “Exclusions From Income

“(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

“(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, if such individual is a child who is, as determined by the Secretary, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment, the earned income of such individual;

“(2) the first \$240 per year (or proportionately smaller amounts for shorter periods) of income (whether earned or unearned) other than income which is paid on the basis of the need of the eligible individual;

“(3) (A) the total unearned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed \$60 in such quarter, and (B) the total earned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included, if such income so received does not exceed \$30 in such quarter;

“(4) (A) if such individual (or such spouse) is blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1002 or 1602) for the month before the month in which he attained age 65), (i) the first \$780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding para-

graphs of this subsection, plus one-half of the remainder thereof, (ii) an amount equal to any expenses reasonably attributable to the earning of any income, and (iii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan,

Post, p. 160.

“(B) if such individual (or such spouse) is disabled but not blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1402 or 1602) for the month before the month in which he attained age 65), (i) the first \$780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof, and (ii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan, or

“(C) if such individual (or such spouse) has attained age 65 and is not included under subparagraph (A) or (B), the first \$780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof;

“(5) any amount received from any public agency as a return or refund of taxes paid on real property or on food purchased by such individual (or such spouse);

“(6) assistance described in section 1616(a) which is based on need and furnished by any State or political subdivision of a State;

“(7) any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution;

“(8) home produce of such individual (or spouse) utilized by the household for its own consumption;

“(9) if such individual is a child one-third of any payment for his support received from an absent parent; and

“(10) any amounts received for the foster care of a child who is not an eligible individual but who is living in the same home as such individual and was placed in such home by a public or nonprofit private child-placement or child-care agency.

#### “RESOURCES

##### “Exclusions From Resources

“SEC. 1613. (a) In determining the resources of an individual (and his eligible spouse, if any) there shall be excluded—

“(1) the home (including the land that appertains thereto), to the extent that its value does not exceed such amount as the Secretary determines to be reasonable;

“(2) household goods, personal effects, and an automobile, to the extent that their total value does not exceed such amount as the Secretary determines to be reasonable;

“(3) other property which, as determined in accordance with and subject to limitations prescribed by the Secretary, is so essential to the means of self-support of such individual (and such spouse) as to warrant its exclusion;

“(4) such resources of an individual who is blind or disabled and who has a plan for achieving self-support approved by the

Secretary, as may be necessary for the fulfillment of such plan; and

“(5) in the case of Natives of Alaska, shares of stock held in a Regional or a Village Corporation, during the period of twenty years in which such stock is inalienable, as provided in section 7(h) and section 8(c) of the Alaska Native Claims Settlement Act.

In determining the resources of an individual (or eligible spouse) an insurance policy shall be taken into account only to the extent of its cash surrender value; except that if the total face value of all life insurance policies on any person is \$1,500 or less, no part of the value of any such policy shall be taken into account.

85 Stat. 691,  
43 USC 1606,  
1607.

#### “Disposition of Resources

“(b) The Secretary shall prescribe the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining an individual's eligibility for benefits. Any portion of the individual's benefits paid for any such period shall be conditioned upon such disposal; and any benefits so paid shall (at the time of the disposal) be considered overpayments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

#### “MEANING OF TERMS

##### “Aged, Blind, or Disabled Individual

“Sec. 1614. (a) (1) For purposes of this title, the term ‘aged, blind, or disabled individual’ means an individual who—

“(A) is 65 years of age or older, is blind (as determined under paragraph (2)), or is disabled (as determined under paragraph (3)), and

“(B) is a resident of the United States, and is either (i) a citizen or (ii) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a) (7) or section 212(d) (5) of the Immigration and Nationality Act).

“(2) An individual shall be considered to be blind for purposes of this title if he has central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of the first sentence of this subsection as having a central visual acuity of 20/200 or less. An individual shall also be considered to be blind for purposes of this title if he is blind as defined under a State plan approved under title X or XVI as in effect for October 1972 and received aid under such plan (on the basis of blindness) for December 1973, so long as he is continuously blind as so defined.

“(3) (A) An individual shall be considered to be disabled for purposes of this title if he is unable 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 twelve months (or, in the case of a child under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity). An individual shall also be

79 Stat. 912,  
66 Stat. 182,  
8 USC 1153,  
1182.

42 USC 1201.

42 USC 1351. considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973, so long as he is continuously disabled as so defined.

Definition. "(B) For purposes of subparagraph (A), an individual shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

"(C) For purposes of this paragraph, a physical or mental impairment is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

"(D) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of subparagraph (B), an individual whose services or earnings meet such criteria, except for purposes of paragraph (4), shall be found not to be disabled.

"(4)(A) For purposes of this title, any services rendered during a period of trial work (as defined in subparagraph (B)) by an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection) shall be deemed not to have been rendered by such individual in determining whether his disability has ceased in a month during such period. As used in this paragraph, the term 'services' means activity which is performed for remuneration or gain or is determined by the Secretary to be of a type normally performed for remuneration or gain.

Definition. "(B) The term 'period of trial work', with respect to an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection), means a period of months beginning and ending as provided in subparagraphs (C) and (D).

"(C) A period of trial work for any individual shall begin with the month in which he becomes eligible for benefits under this title on the basis of his disability; but no such period may begin for an individual who is eligible for benefits under this title on the basis of a disability if he has had a previous period of trial work while eligible for benefits on the basis of the same disability.

"(D) A period of trial work for any individual shall end with the close of whichever of the following months is the earlier:

"(i) the ninth month, beginning on or after the first day of such period, in which the individual renders services (whether or not such nine months are consecutive); or

"(ii) the month in which his disability (as determined under paragraph (3) of this subsection) ceases (as determined after the application of subparagraph (A) of this paragraph).

#### "Eligible Spouse

"(b) For purposes of this title, the term 'eligible spouse' means an aged, blind, or disabled individual who is the husband or wife of another aged, blind, or disabled individual and who has not been living apart from such other aged, blind, or disabled individual for more than six months. If two aged, blind, or disabled individuals are husband and wife as described in the preceding sentence, only one of them may be an 'eligible individual' within the meaning of section 1611(a).

#### "Definition of Child

"(c) For purposes of this title, the term 'child' means an individual who is neither married nor (as determined by the Secretary) the head of a household, and who is (1) under the age of eighteen, or (2) under the age of twenty-two and (as determined by the Secretary) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

#### "Determination of Marital Relationships

"(d) In determining whether two individuals are husband and wife for purposes of this title, appropriate State law shall be applied; except that—

"(1) if a man and woman have been determined to be husband and wife under section 216(h)(1) for purposes of title II they shall be considered (from and after the date of such determination or the date of their application for benefits under this title, whichever is later) to be husband and wife for purposes of this title, or

"(2) if a man and woman are found to be holding themselves out to the community in which they reside as husband and wife, they shall be so considered for purposes of this title notwithstanding any other provision of this section.

#### "United States

"(e) For purposes of this title, the term 'United States', when used in a geographical sense, means the 50 States and the District of Columbia.

#### "Income and Resources of Individuals Other Than Eligible Individuals and Eligible Spouses

"(f) (1) For purposes of determining eligibility for and the amount of benefits for any individual who is married and whose spouse is living with him in the same household but is not an eligible spouse, such individual's income and resources shall be deemed to include any income and resources of such spouse, whether or not available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

"(2) For purposes of determining eligibility for and the amount of benefits for any individual who is a child under age 21, such individual's income and resources shall be deemed to include any income and resources of a parent of such individual (or the spouse of such a parent) who is living in the same household as such individual,

whether or not available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

“REHABILITATION SERVICES FOR BLIND AND DISABLED INDIVIDUALS

“SEC. 1615. (a) In the case of any blind or disabled individual who—

“ (1) has not attained age 65, and

“ (2) is receiving benefits (or with respect to whom benefits are paid) under this title,

the Secretary shall make provision for referral of such individual to the appropriate State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases as he may determine) for a review not less often than quarterly of such individual's blindness or disability and his need for and utilization of the rehabilitation services made available to him under such plan.

68 Stat. 652.  
29 USC 31 note.

“ (b) Every individual with respect to whom the Secretary is required to make provision for referral under subsection (a) shall accept such rehabilitation services as are made available to him under the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act; and the Secretary is authorized to pay to the State agency administering or supervising the administration of such State plan the costs incurred in the provision of such services to individuals so referred.

“ (c) No individual shall be an eligible individual or eligible spouse for purposes of this title if he refuses without good cause to accept vocational rehabilitation services for which he is referred under subsection (a).

“OPTIONAL STATE SUPPLEMENTATION

“SEC. 1616. (a) Any cash payments which are made by a State (or political subdivision thereof) on a regular basis to individuals who are receiving benefits under this title or who would but for their income be eligible to receive benefits under this title, as assistance based on need in supplementation of such benefits (as determined by the Secretary), shall be excluded under section 1612(b)(6) in determining the income of such individuals for purposes of this title and the Secretary and such State may enter into an agreement which satisfies subsection (b) under which the Secretary will, on behalf of such State (or subdivision) make such supplementary payments to all such individuals.

“ (b) Any agreement between the Secretary and a State entered into under subsection (a) shall provide—

“ (1) that such payments will be made (subject to subsection (c)) to all individuals residing in such State (or subdivision) who are receiving benefits under this title, and

“ (2) such other rules with respect to eligibility for or amount of the supplementary payments, and such procedural or other general administrative provisions, as the Secretary finds necessary (subject to subsection (c)) to achieve efficient and effective administration of both the program which he conducts under this title and the optional State supplementation.

“ (c) (1) Any State (or political subdivision) making supplementary payments described in subsection (a) may at its option impose as a condition of eligibility for such payments, and include in the State's agreement with the Secretary under such subsection, a residence requirement which excludes individuals who have resided in the State (or political subdivision) for less than a minimum period prior to application for such payments.

"(2) Any State (or political subdivision), in determining the eligibility of any individual for supplementary payments described in subsection (a), may disregard amounts of earned and unearned income in addition to other amounts which it is required or permitted to disregard under this section in determining such eligibility, and shall include a provision specifying the amount of any such income that will be disregarded, if any.

"(d) Any State which has entered into an agreement with the Secretary under this section which provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals who are receiving benefits under this title (or who would but for their income be eligible to receive such benefits), shall, at such times and in such installments as may be agreed upon between the Secretary and such State, pay to the Secretary an amount equal to the expenditures made by the Secretary as such supplementary payments.

#### "PART B—PROCEDURAL AND GENERAL PROVISIONS

##### "PAYMENTS AND PROCEDURES

##### "Payment of Benefits

"Sec. 1631. (a) (1) Benefits under this title shall be paid at such time or times and in such installments as will best effectuate the purposes of this title, as determined under regulations (and may in any case be paid less frequently than monthly where the amount of the monthly benefit would not exceed \$10).

"(2) Payments of the benefit of any individual may be made to any such individual or to his eligible spouse (if any) or partly to each, or, if the Secretary deems it appropriate to any other person (including an appropriate public or private agency) who is interested in or concerned with the welfare of such individual (or spouse). Notwithstanding the provisions of the preceding sentence, in the case of any individual or eligible spouse referred to in section 1611(e) (3) (A), the Secretary shall provide for making payments of the benefit to any other person (including an appropriate public or private agency) who is interested in or concerned with the welfare of such individual (or spouse).

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of benefits under this title shall apply.

"(4) The Secretary—

"(A) may make to any individual initially applying for benefits under this title who is presumptively eligible for such benefits and who is faced with financial emergency a cash advance against such benefits in an amount not exceeding \$100; and

"(B) may pay benefits under this title to an individual applying for such benefits on the basis of disability for a period not exceeding 3 months prior to the determination of such individual's disability, if such individual is presumptively disabled and is determined to be otherwise eligible for such benefits, and any benefits so paid prior to such determination shall in no event be considered overpayments for purposes of subsection (b).

"(5) Payment of the benefit of any individual who is an aged, blind, or disabled individual solely by reason of blindness (as determined under section 1614(a) (2)) or disability (as determined under section 1614(a) (3)), and who ceases to be blind or to be under such disability,

shall continue (so long as such individual is otherwise eligible) through the second month following the month in which such blindness or disability ceases.

#### "Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of benefits has been paid with respect to any individual, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to such individual or by recovery from or payment to such individual or his eligible spouse (or by recovery from the estate of either). The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to an individual with a view to avoiding penalizing such individual or his eligible spouse who was without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this title.

#### "Hearings and Review

"(c) (1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be an eligible individual or eligible spouse and is in disagreement with any determination under this title with respect to eligibility of such individual for benefits, or the amount of such individual's benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received.

"(2) Determination on the basis of such hearing, except to the extent that the matter in disagreement involves the existence of a disability (within the meaning of section 1614(a)(3)), shall be made within ninety days after the individual requests the hearing as provided in paragraph (1).

42 USC 405.

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court.

#### "Procedures; Prohibitions of Assignments; Representation of Claimants

42 USC 407.

42 USC 401.

"(d) (1) The provisions of section 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"(2) To the extent the Secretary finds it will promote the achievement of the objectives of this title, qualified persons may be appointed to serve as hearing examiners in hearings under subsection (c) without meeting the specific standards prescribed for hearing examiners by or under subchapter II of chapter 5 of title 5, United States Code.

80 Stat. 381;  
81 Stat. 54.  
5 USC 551.  
Rules and  
regulations.

"(3) The Secretary may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys, as hereinafter provided, representing claimants before the Secretary under this title, and may require of such agents or other persons, before being recognized as representatives of claimants, that they shall show

that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Secretary. The Secretary may, after due notice and opportunity for hearing, suspend or prohibit from further practice before him any such person, agent, or attorney who refuses to comply with the Secretary's rules and regulations or who violates any provision of this paragraph for which a penalty is prescribed. The Secretary may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Secretary under this title, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this title by word, circular, letter, or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Secretary, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall for each offense be punished by a fine not exceeding \$500 or by imprisonment not exceeding one year, or both.

Offenses and penalties.

#### "Applications and Furnishing of Information

"(c)(1)(A) The Secretary shall, subject to subparagraph (B), prescribe such requirements with respect to the filing of applications, the suspension or termination of assistance, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this title.

Requirements.

"(B) The requirements prescribed by the Secretary pursuant to subparagraph (A) shall require that eligibility for benefits under this title will not be determined solely on the basis of declarations by the applicant concerning eligibility factors or other relevant facts, and that relevant information will be verified from independent or collateral sources and additional information obtained as necessary in order to assure that such benefits are only provided to eligible individuals (or eligible spouses) and that the amounts of such benefits are correct.

"(2) In case of the failure by any individual to submit a report of events and changes in circumstances relevant to eligibility for or amount of benefits under this title as required by the Secretary under paragraph (1), or delay by any individual in submitting a report as so required, the Secretary (in addition to taking any other action he may consider appropriate under paragraph (1)) shall reduce any benefits which may subsequently become payable to such individual under this title by—

Benefits, reduction.

"(A) \$25 in the case of the first such failure or delay,

"(B) \$50 in the case of the second such failure or delay, and

"(C) \$100 in the case of the third or a subsequent such failure or delay,

except where the individual was without fault or good cause for such failure or delay existed.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of benefits, or verifying other information with respect thereto.

"PENALTIES FOR FRAUD

"SEC. 1632. Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit under this title,

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to any such benefit,

"(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit, or (B) the initial or continued right to any such benefit of any other individual in whose behalf he has applied for or is receiving such benefit, conceals or fails to disclose such event with an intent fraudulently to secure such benefit either in a greater amount or quantity than is due or when no such benefit is authorized, or

"(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts such benefit or any part thereof to a use other than for the use and benefit of such other person, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

"ADMINISTRATION

42 USC 421. "SEC. 1633. The Secretary may make such administrative and other arrangements (including arrangements for the determination of blindness and disability under section 1614(a) (2) and (3) in the same manner and subject to the same conditions as provided with respect to disability determinations under section 221) as may be necessary or appropriate to carry out his functions under this title.

"DETERMINATIONS OF MEDICAID ELIGIBILITY

42 USC 1396. "SEC. 1634. The Secretary may enter into an agreement with any State which wishes to do so under which he will determine eligibility for medical assistance in the case of aged, blind, or disabled individuals under such State's plan approved under title XIX. Any such agreement shall provide for payments by the State, for use by the Secretary in carrying out the agreement, of an amount equal to one-half of the cost of carrying out the agreement, but in computing such cost with respect to individuals eligible for benefits under this title, the Secretary shall include only those costs which are additional to the costs incurred in carrying out this title."

Effective date,  
49 Stat. 620;  
81 Stat. 921.  
42 USC 1305.

SEC. 302. The Social Security Act is amended, effective January 1, 1974, by adding after title V the following new title:

**"TITLE VI—GRANTS TO STATES FOR SERVICES TO THE  
AGED, BLIND, OR DISABLED**

"APPROPRIATION

"SEC. 601. For the purpose of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation

and other services to help needy individuals who are 65 years of age or over, are blind, or are disabled to attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year, subject to section 1130, 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 services to the aged, blind, or disabled.

"STATE PLANS FOR SERVICES TO THE AGED, BLIND, OR DISABLED

"SEC. 602. (a) A State plan for services to the aged, blind, or disabled, must—

"(1) except to the extent permitted by the Secretary, 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;

"(3) 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;

"(4) provide (A) 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) as are found by the Secretary to be necessary for the proper and efficient operation of the plan, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services under the plan and in assisting any advisory committees established by the State agency;

"(5) 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;

"(6) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;

"(7) provide, if the plan includes services to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions;

"(8) provide a description of the services which the State agency makes available under the plan 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;

"(9) 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;

“(10) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of services under the plan;

“(11) if the State plan includes services to individuals 65 years of age or older who are patients in institutions for mental diseases—

“(A) provide for having in effect such agreements or other arrangements with State authorities concerned with mental diseases, 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; and

“(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for persons receiving services under the State plan who are 65 years of age or older and who would otherwise need care in such institutions; for services referred to in section 603(a)(1)(A)(i) and (ii) which are appropriate for such persons receiving services 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 persons receiving services and such patients will be effectively carried out;

“(12) if the State plan includes services to 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.

Notwithstanding paragraph (3), if on October 1, 1972, the State agency which administered or supervised the administration of the plan of such State approved under title X (or so much of the plan of such State approved under title XVI as applies to the blind) was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV (or so much of the plan of such State approved under title XVI as applies to the aged and disabled), the State agency which administered or supervised the administration of such plan approved under title X (or so much of the plan of such State approved under title XVI as applies to the blind) may be designated to administer or supervise the administration of the portion of the State plan for services to the aged, blind, or disabled which relates to blind individuals and a separate State agency may be established or designated to administer or supervise the administra-

42 USC 1201.  
Ante, p. 1465.

42 USC 1351.

tion of the rest of such plan; 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.

"(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 services under the plan—

"(1) an age requirement of more than sixty-five years; or

"(2) any residence requirement which excludes any individual who resides in the State; or

"(3) any citizenship requirement which excludes any citizen of the United States.

#### "PAYMENTS TO STATES

"Sec. 603. (a) From the sums appropriated therefor, the Secretary shall, subject to section 1130, pay to each State which has a plan approved under this title, for each quarter—

"(1) in the case of any State whose State plan approved under section 602 meets the requirements of subsection (c)(1), an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for—

"(i) services which are prescribed pursuant to subsection (c)(1) and are provided (in accordance with the next sentence) to applicants for or recipients of supplementary security income benefits under title XVI to help them attain or retain capability for self-support or self-care, or

"(ii) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to such applicants or recipients, or

"(iii) any of the services prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of supplementary security income benefits under title XVI, if such services are requested by such individuals and are provided to such individuals in accordance with the next sentence, or

"(iv) the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of so much of such expenditures (not included under subparagraph (A)) as are for services provided (in accordance with the next sentence) to applicants for or recipients of supplementary security income benefits under title XVI, and to individuals requesting such services who (within such period or periods as the Secretary may prescribe) have been or are likely to become applicants for or recipients of such benefits; plus

Ante, p. 1465.

“(C) one-half of the remainder of such expenditures.

The services referred to in subparagraphs (A) and (B) shall, except to the extent specified by the Secretary, include only—

“(D) services provided by the staff of the State agency, or of the local agency administering the State plan in the political subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and

“(E) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not otherwise reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies);

except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved. The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the portion thereof to which subparagraphs (B) and (C) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary; and

“(2) in the case of any State whose State plan approved under section 602 does not meet the requirements of subsection (c) (1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (1) and provided in accordance with the provisions of such paragraph.

“(b) (1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) 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 subsection, 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, in such installments as he may determine, to the State 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) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

“(c) (1) In order for a State to qualify for payments under paragraph (1) of subsection (a), its State plan approved under section 602 must provide that the State agency shall make available to applicants for and recipients of supplementary security income benefits under title XVI at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

Ante, p. 1465.

“(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency, administering or supervising the administration of such plan, that—

“(A) the provision has been so changed that it no longer complies with the requirements of paragraph (1), or

“(B) in the administration of the plan there is a failure to comply substantially with such provision.

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (1) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (1) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (2) of such 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 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.

## "OPERATION OF STATE PLANS

"SEC. 604. 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 no longer complies with the provisions of section 602; 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).

## "DEFINITION

"SEC. 605. For purposes of this title, the term 'services to the aged, blind, or disabled' means services (including but not limited to the services referred to in section 603(a)(1)(A) and (B)) provided for or on behalf of needy individuals who are 65 years of age or older or are blind, or are disabled."

## REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

Effective date.  
42 USC 301,  
1201, 1351.

SEC. 303. (a) Effective January 1, 1974, titles I, X, and XIV of the Social Security Act are repealed.

(b) The amendments made by sections 301 and 302 and the repeals made by subsection (a) shall not be applicable in the case of Puerto Rico, Guam, and the Virgin Islands.

64 Stat. 47.  
25 USC 639.

(c) Section 9 of the Act of April 19, 1950, is repealed effective January 1, 1974.

## PROVISION FOR DISREGARDING OF CERTAIN INCOME IN DETERMINING NEED FOR AID TO THE AGED, BLIND, OR DISABLED FOR ASSISTANCE

Effective date.  
84 Stat. 2038;  
85 Stat. 810.  
42 USC 415  
note.

SEC. 304. Effective upon the enactment of this Act, section 1007 of the Social Security Amendments of 1969 is amended by striking out "and before January 1973" and inserting in lieu thereof "and before January 1974".

## ADVANCES FROM OASI TRUST FUND FOR ADMINISTRATIVE EXPENSES

79 Stat. 338.  
42 USC 401.

SEC. 305. (a) Section 201(g)(1)(A) of the Social Security Act is amended—

(1) by striking out "this title and title XVIII" wherever it appears and inserting in lieu thereof "this title, title XVI, and title XVIII";

(2) by striking out "costs which should be borne by each of the Trust Funds" and inserting in lieu thereof "costs which should be borne by each of the Trust Funds and (with respect to title XVI) by the general revenues of the United States"; and

(3) by striking out "in order to assure that each of the Trust Funds bears" and inserting in lieu thereof "in order to assure that (after appropriations made pursuant to section 1601, and repayment to the Trust Funds from amounts so appropriated)

each of the Trust Funds and the general revenues of the United States bears".

(b) (1) Sums appropriated pursuant to section 1601 of the Social Security Act shall be utilized from time to time, in amounts certified under the second sentence of section 201(g)(1)(A) of such Act, to repay the Trust Funds for expenditures made from such Funds in any fiscal year under section 201(g)(1)(A) of such Act (as amended by subsection (a) of this section) on account of the costs of administration of title XVI of such Act (as added by section 301 of this Act). *Ante*, p. 1465.  
*Ante*, p. 1484.

(2) If the Trust Funds have not theretofore been repaid for expenditures made in any fiscal year (as described in paragraph (1)) to the extent necessary on account of—

(A) expenditures made from such Funds prior to the end of such fiscal year to the extent that the amount of such expenditures exceeded the amount of the expenditures which would have been made from such Funds if subsection (a) had not been enacted,

(B) the additional administrative expenses, if any, resulting from the excess expenditures described in subparagraph (A), and

(C) any loss in interest to such Funds resulting from such excess expenditures and such administrative expenses,

in order to place each such Fund in the same position (at the end of such fiscal year) as it would have been in if such excess expenditures had not been made, the amendments made by subsection (a) shall cease to be effective at the close of the fiscal year following such fiscal year.

(3) As used in this subsection, the term "Trust Funds" has the meaning given it in section 201(g)(1)(A) of the Social Security Act.

(c) The provisions of this section shall become effective on the date of enactment of this Act. *Effective date.*

#### DISREGARDING OF INCOME OF OASDI RECIPIENTS IN DETERMINING NEED FOR PUBLIC ASSISTANCE

SEC. 306. In addition to the requirements imposed by law as a condition of approval of a State plan to provide aid or assistance in the form of money payments to individuals under title I, X, XIV, or XVI of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that, in the case of any individual receiving aid or assistance for any month after October 1972, or, at the option of the State, September 1972, and before January 1974 who also receives in such month a monthly insurance benefit under title II of such Act which was increased as a result of the enactment of Public Law 92-336, the sum of the aid or assistance received by him for such month, plus the monthly insurance benefit received by him in such month (not including any part of such benefit which is disregarded under such plan), shall exceed the sum of the aid or assistance which would have been received by him for such month under such plan as in effect for October 1972, plus the monthly insurance benefit which would have been received by him in such month, by an amount equal to \$4 or (if less) to such increase in his monthly insurance benefit under such title II (whether such excess is brought about by disregarding a portion of such monthly insurance benefit or otherwise). *42 USC 301, 1201, 1351.*  
*42 USC 401. Ante*, p. 406.

#### TITLE IV—MISCELLANEOUS

##### LIMITATION ON FISCAL LIABILITY OF STATES FOR OPTIONAL STATE SUPPLEMENTATION

SEC. 401. (a) (1) The amount payable to the Secretary by a State for any fiscal year pursuant to its agreement or agreements under

Ante, p. 1474.42 USC 301,  
1201, 1351.

section 1616 of the Social Security Act shall not exceed the non-Federal share of expenditures as aid or assistance for quarters in the calendar year 1972 under the plans of the State approved under titles I, X, XIV, and XVI of the Social Security Act (as defined in subsection (c) of this section).

(2) Paragraph (1) of this subsection shall only apply with respect to that portion of the supplementary payments made by the Secretary on behalf of the State under such agreements in any fiscal year which does not exceed in the case of any individual the difference between—

(A) the adjusted payment level under the appropriate approved plan of such State as in effect for January 1972 (as defined in subsection (b) of this section), and

(B) the benefits under title XVI of the Social Security Act, plus income not excluded under section 1612(b) of such Act in determining such benefits, paid to such individual in such fiscal year,

and shall not apply with respect to supplementary payments to any individual who (i) is not required by section 1616 of such Act to be included in any such agreement administered by the Secretary and (ii) would have been ineligible (for reasons other than income) for payments under the appropriate approved State plan as in effect for January 1972.

Definitions.

(b) (1) For purposes of subsection (a), the term "adjusted payment level under the appropriate approved plan of a State as in effect for January 1972" means the amount of the money payment which an individual with no other income would have received under the plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, as may be appropriate, and in effect for January 1972; except that the State may, at its option, increase such payment level with respect to any such plan by an amount which does not exceed the sum of—

(A) a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plan, and

(B) the bonus value of food stamps in such State for January 1972 (as defined in paragraph (3) of this subsection).

(2) For purposes of paragraph (1), the term "payment level modification" with respect to any State plan means that amount by which a State which for January 1972 made money payments under such plan to individuals with no other income which were less than 100 per centum of its standard of need could have increased such money payments without increasing (if it reduced its standard of need under such plan so that such increased money payments equaled 100 per centum of such standard of need) the non-Federal share of expenditures as aid or assistance for quarters in calendar year 1972 under the plans of such State approved under titles I, X, XIV, and XVI of the Social Security Act.

(3) For purposes of paragraph (1), the term "bonus value of food stamps in a State for January 1972" (with respect to an individual) means—

(A) the face value of the coupon allotment which would have been provided to such an individual under the Food Stamp Act of 1964 for January 1972, reduced by

(B) the charge which such an individual would have paid for such coupon allotment.

if the income of such individual, for purposes of determining the charge it would have paid for its coupon allotment, had been equal to the adjusted payment level under the State plan (including any

payment level modification with respect to the plan adopted pursuant to paragraph (2) (but not including any amount under this paragraph). The total face value of food stamps and the cost thereof in January 1972 shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect in such month.

(c) For purposes of this section, the term "non-Federal share of expenditures as aid or assistance for quarters in the calendar year 1972 under the plans of a State approved under titles I, X, XIV, and XVI of the Social Security Act" means the difference between—

- (1) the total expenditures in such quarters under such plans for aid or assistance (expenditures authorized under section 1119 of such Act for repairing the home of an individual who was receiving aid or assistance under one of such plans (as such section was in effect prior to the enactment of this Act)), and
- (2) the total of the amounts determined under sections 3, 1003, 1403, and 1603 of the Social Security Act, under section 1118 of such Act, and under section 9 of the Act of April 19, 1950, for such State with respect to such expenditures in such quarters.

Definition.  
42 USC 301,  
1201, 1351.  
*Ante*, p. 1465.  
81 Stat. 894.  
42 USC 1319.  
42 USC 303,  
1203, 1353,  
1383.  
79 Stat. 423.  
42 USC 1318.  
*Ante*, p. 1484.

TRANSITIONAL ADMINISTRATIVE PROVISIONS

SEC. 402. In order for a State to be eligible for any payments pursuant to title IV, V, XVI, or XIX of the Social Security Act with respect to expenditures for any quarter in the fiscal year ending June 30, 1975, and for the purpose of providing an orderly transition from State to Federal administration of the Supplemental Security Income Program, such State shall enter into an agreement with the Secretary of Health, Education, and Welfare under which the State agencies responsible for administering or for supervising the administration of the plans approved under titles I, X, XIV, and XVI of the Social Security Act will, on behalf of the Secretary, administer all or such part or parts of the program established by section 301 of this Act, during such portion of the fiscal year ending June 30, 1975, as may be provided in such agreement.

42 USC 401,  
701, 1396.

SAVINGS PROVISION REGARDING CERTAIN EXPENDITURES FOR SOCIAL SERVICES

SEC. 403. In the administration of section 1130 of the Social Security Act, the allotment of each State (as determined under subsection (b) of such section) for the fiscal year ending June 30, 1973, shall (notwithstanding any provision of such section 1130) be adjusted so that the amount of such allotment for such year consists of the sum of the following:

- (1) the amount, not to exceed \$50,000,000, payable to the State (as determined without regard to such section 1130) with respect to the total expenditures incurred by the State for services (of the type, and under the programs to which the allotment, as determined under such subsection (b), is applicable) for the calendar quarter commencing July 1, 1972, plus
- (2) an amount equal to three-fourths of the amount of the allotment of such State (as determined under such subsection (b), but without application of the provisions of this section): *Provided, however*, That no State shall receive less under this section than the amount to which it would have been entitled otherwise under section 1130 of the Social Security Act.

such term need not include money payments to an individual who has been absent from such State for a period in excess of 90 consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period or 90 consecutive days in the case of any other such individual."

42 USC 1206.

(b) Section 1006 of such Act is amended by adding at the end thereof the following new sentence: "At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of 90 consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period or 90 consecutive days in the case of any other such individual."

42 USC 1355.

(c) Section 1405 of such Act is amended by adding at the end thereof the following new sentence: "At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of ninety consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for thirty consecutive days in the case of such an individual who has maintained his residence in such State during such period or ninety consecutive days in the case of any other such individual."

42 USC 1385.

(d) Section 1605(a) of such Act is amended by adding at the end thereof the following new sentence: "At the option of a State (if its plan approved under this title so provides), such term need not include money payments to an individual who has been absent from such State for a period in excess of ninety consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for thirty consecutive days in the case of such an individual who has maintained his residence in such State during such period or ninety consecutive days in the case of any other such individual."

#### RENT PAYMENTS TO PUBLIC HOUSING AGENCY

Ante, p. 1489.

SEC. 409. (a) Section 6(a) of the Social Security Act (as amended by section 554(a) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)", and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of assistance under such plan".

Supra.

(b) Section 1006 of such Act (as amended by section 554(b) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)", and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of aid under such plan".

(c) Section 1405 of such Act (as amended by section 554(c) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)"; and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of aid under such plan".

(d) Section 1605(a) of such Act (as amended by section 554(d) of this Act) is further amended by—

(1) striking out "such term" in the last sentence thereof and inserting in lieu thereof "such term (i)"; and

(2) adding immediately before the period at the end of such sentence the following: ", and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of aid under such plan".

#### STATEWIDENESS NOT REQUIRED FOR SERVICES

SEC. 410. (a) Section 2(a) of the Social Security Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of paragraph (1). 42 USC 302.

(b) Section 1002(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of clause (1). 42 USC 1202.

(c) Section 1402(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of clause (1). 42 USC 1352.

(d) Section 1602(a) of such Act is amended by inserting "except to the extent permitted by the Secretary with respect to services," before "provide" at the beginning of paragraph (1). 42 USC 1382.

#### PROHIBITION AGAINST PARTICIPATION IN FOOD STAMP OR SURPLUS COMMODITIES PROGRAM BY PERSONS ELIGIBLE TO PARTICIPATE IN EMPLOYMENT OR ASSISTANCE PROGRAMS

SEC. 411. (a) Effective January 1, 1974, section 3(e) of the Food Stamp Act of 1964 is amended by adding at the end thereof the following new sentence: "No person who is eligible (or upon application would be eligible) to receive supplemental security income benefits under title XVI of such Act shall be considered to be a member of a household or an elderly person for purposes of this Act." Effective date, 84 Stat. 2048, 7 USC 2012.

(b) Section 3(h) of such Act is amended to read as follows: 78 Stat. 703.

"(h) The term 'State agency', with respect to any State, means the agency of State government which is designated by the Secretary for purposes of carrying out this Act in such State."

(c) Section 10(c) of such Act is amended by striking out the first sentence. 84 Stat. 2051, 7 USC 2019.

(d) Clause (2) of the second sentence of section 10(e) of such Act is amended by striking out "used by them in the certification of applicants for benefits under the federally aided public assistance programs" and inserting in lieu thereof the following: "prescribed by the Secretary in the regulations issued pursuant to this Act".

(e) Section 10(e) of such Act is further amended by striking out the third sentence.

- 84 Stat. 2052. (f) Section 14 of such Act is amended by striking out subsection (c).  
 7 USC 2023. (g) Effective January 1, 1974, section 416 of the Act of October 31,  
 68 Stat. 458; 1949, is amended by adding at the end thereof the following new  
 84 Stat. 199. sentence: "No person who is eligible (or upon application would be  
 7 USC 1431. eligible) to receive supplemental security income under title XVI of  
 such Act shall be eligible to participate in any program conducted  
 under this section (other than nonprofit child feeding programs or  
 programs under which commodities are distributed on an emergency  
 or temporary basis and eligibility for participation therein is not based  
 upon the income or resources of the individual or family)."
- Effective date. (h) Except as otherwise provided in this section, the amendments  
 made by this section shall take effect on January 1, 1973.

## CHILD WELFARE SERVICES

- Effective date. SEC. 412. Effective with respect to fiscal years beginning after  
 42 USC 620. June 30, 1972, section 420 of the Social Security Act is amended by  
 striking out "\$55,000,000 for the fiscal year ending June 30, 1968,  
 \$100,000,000 for the fiscal year ending June 30, 1969, and \$110,000,000  
 for each fiscal year thereafter" and inserting in lieu thereof  
 "\$196,000,000 for the fiscal year ending June 30, 1973, \$211,000,000  
 for the fiscal year ending June 30, 1974, \$226,000,000 for the fiscal  
 year ending June 30, 1975, \$246,000,000 for the fiscal year ending  
 June 30, 1976, and \$266,000,000 for each fiscal year thereafter".

## SAFEGUARDING INFORMATION

- 42 USC 302. SEC. 413. (a) Section 2(a)(7) of the Social Security Act is amended  
 to read as follows:  
 "(7) provide safeguards which permit the use or disclosure of  
 information concerning applicants or recipients only (A) to  
 public officials who require such information in connection with  
 their official duties, or (B) to other persons for purposes directly  
 connected with the administration of the State plan;"
- 42 USC 1202. (b) Section 1002(a)(9) of such Act is amended to read as follows:  
 "(9) provide safeguards which permit the use or disclosure of  
 information concerning applicants or recipients only (A) to  
 public officials who require such information in connection with  
 their official duties, or (B) to other persons for purposes directly  
 connected with the administration of the State plan;"
- 42 USC 1352. (c) Section 1402(a)(9) of such Act is amended to read as follows:  
 "(9) provide safeguards which permit the use or disclosure  
 of information concerning applicants or recipients only (A) to  
 public officials who require such information in connection with  
 their official duties, or (B) to other persons for purposes directly  
 connected with the administration of the State plan;"
- 42 USC 1382. (d) Section 1602(a)(7) of such Act is amended to read as follows:  
 "(7) provide safeguards which permit the use or disclosure  
 of information concerning applicants or recipients only (A) to  
 public officials who require such information in connection with  
 their official duties, or (B) to other persons for purposes directly  
 connected with the administration of the State plan;"

## RECIPIENTS OF ASSISTANCE FOR THE AGED, BLIND, AND DISABLED INELIGIBLE

- 42 USC 602. SEC. 414. (a) Section 402(a) of the Social Security Act is amended  
 (1) by striking out the period at the end thereof and inserting in lieu

of such period “: and”, and (2) by adding at the end thereof the following new clause: “(24) if an individual is receiving benefits under title XVI, then, for the period for which such benefits are Ante, p. 1465. received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the benefits of the family under this title and his income and resources shall not be counted as income and resources of a family under this title.”

(b) The amendments made by subsection (a) shall be effective on Effective date. and after January 1, 1973.

Approved October 30, 1972.

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LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 92-231 (Comm. on Ways and Means) and NO. 92-1605 (Comm. of Conference).

SENATE REPORT No. 92-1230 (Comm. on Finance).

CONGRESSIONAL RECORD:

Vol. 117 (1971): June 21, 22, considered and passed House.

Vol. 118 (1972): Mar. 28, Sept. 27-30, Oct. 2-6, considered and passed Senate, amended.

Oct. 17, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS:

Vol. 8, No. 45 (1972): Oct. 30, Presidential statement.



H.R. 1 also contains an important provision, sponsored by Senator Wallace Bennett of Utah, for the mandatory establishment of Professional Standards Review Organizations which will review the medical necessity, appropriateness and quality of services covered under Medicare and Medicaid. This will assure that patients are getting exactly what they need--and nothing which they do not need--with the highest possible quality of care all along the line.

THE NEEDY AGED, BLIND, AND DISABLED--H.R. 1 will establish, beginning January 1, 1974, a nationally uniform system of benefits for people in these groups. As delegates to the White House Conference on Aging pointed out, these people now are subject to great inequities and considerable red tape inherent in the present system of varying State programs with different benefits, eligibility standards and rules. The cost of this measure for calendar year 1974 is estimated to be \$1.5 billion over what is being spent under the current law.

The new national plan--one I have long urged upon the Congress--will provide a minimum monthly benefit of \$130 for an individual and \$195 for a couple. States currently paying higher benefits would be encouraged to continue to do so by Federal assumption of any new costs involved.

This entire program will be fully financed by the Federal Government and efficiently executed with a minimum of paperwork by the Social Security Administration.

This legislation once again provides dramatic and heart-warming evidence that America is the country that cares--and translates that humanitarian care into a better life for those who need, and deserve, the support of their fellow citizens. The American way of life is the high achievement of our era and the envy of the world, and responsive and responsible legislation such as this is one major reason why.

I am highly gratified to be able, at long last, to put my signature on H.R. 1--thus lifting these long-sought benefits out of debate and placing them into the laws of our generous and compassionate land.

# # #

92d Congress }  
2d Session }

COMMITTEE PRINT

# Summary of Social Security Amendments of 1972

PUBLIC LAW 92-603  
(H.R. 1)

JOINT PUBLICATION  
COMMITTEE ON FINANCE  
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AND  
COMMITTEE ON WAYS AND MEANS  
OF THE  
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VI

**AMENDMENTS TO CURRENT LAW FOR AID TO AGED,  
BLIND, AND DISABLED PERSONS (EFFECTIVE UPON  
ENACTMENT AND UNTIL JANUARY 1, 1974)**

	Page
Separation of social services not required.....	27
Cost for providing manuals.....	27
Appeals process.....	27
Absence from State for 90 days.....	27
Rent payments for public housing.....	27
Safeguarding information.....	27
Passalong of social security increases.....	27

**IV. Child Welfare Services and Social Services**

Grants to States for child welfare services (including foster care and adoptions).....	29
Social services.....	29

**V. Statistical Material**

Table 1.—Social security tax rates for employers and employees and self-employed under prior law and under P.L. 92-603.....	31
Table 2.—Allocation to disability insurance trust fund.....	31
Table 3.—Operations of the old-age and survivors insurance and the disability insurance trust funds, combined, calendar years 1965-77.....	32
Table 4.—Operations of the old-age and survivors insurance trust fund, calendar years 1965-77.....	34
Table 5.—Operations of the disability insurance trust fund, calendar years 1965-77.....	36
Table 6.—Estimated operations of the hospital insurance trust fund, under P.L. 92-603, calendar years 1972-77.....	38
Table 7.—Estimated operations of the supplementary medical insurance trust fund, P.L. 92-603, calendar years 1972-77.....	39
Table 8.—Increase in expenditures under Social Security Amendments of 1972, calendar year 1974.....	40
Table 9.—Social security programs: first full-year cost of P.L. 92-603.....	41
Table 10.—Changes in estimated medicaid costs and savings under P.L. 92-603.....	42
Table 11.—Calendar year 1974 Federal costs of supplemental security income for the aged, blind, and disabled, and child welfare services.....	43
Table 12.—Estimated amount of combined total benefit payments under the OASDI and medicare programs and, separately, total benefit payments under the medicare program, calendar year 1974, by State.....	44
Table 13.—Estimated number of persons with hospital insurance protection on July 1, 1973, and estimated amount of hospital insurance benefit payments, calendar year 1974, by State.....	47
Table 14.—Estimated number of persons with supplementary medical insurance protection on July 1, 1973, and estimated amount of supplementary medical insurance benefit payments, calendar year 1974, by State.....	50
Table 15.—Estimated number of beneficiaries on Jan. 1, 1973, estimated number of persons affected by selected provisions, and estimated amount of benefit payments, calendar year 1974, by State.....	53
Table 16.—Dollar amount of employee social security contributions for calendar years 1973 and 1974 for selected levels of annual earnings.....	56

## I. SOCIAL SECURITY CASH BENEFIT PROVISIONS

### 1. SPECIAL MINIMUM CASH BENEFIT

The new law provides a special minimum benefit computed by multiplying \$8.50 by a worker's number of years in covered employment in excess of 10 years up to 30 years. This produces a special minimum benefit of \$170 a month for a worker retiring at age 65 (or disabled) who has been employed for 30 years under social security coverage. This benefit will be paid as an alternative to the regular benefits in cases where a higher benefit would result.

Under this provision, the new higher minimum benefit will be payable to people with 23 or more years of covered employment. A worker retiring at age 65 (or a disabled worker) with 25 years of employment under social security is guaranteed a benefit of at least \$127.50; while one with 30 years will receive at least \$170 a month. Minimum payments to a couple are one and one-half times these amounts. The special minimum benefit will not be increased automatically in the future.

---

Years of covered employment	Special minimum
22 or less .....	(*)
23 .....	\$110.50
24 .....	119.00
25 .....	127.50
26 .....	136.00
27 .....	144.50
28 .....	153.00
29 .....	161.50
30 or more .....	170.00

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\*The special minimum benefit will not generally be payable to workers with less than 23 years of covered employment since these workers will generally qualify for higher regular benefits.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—150,000 people will get increased benefits on the effective date and \$20 million in additional benefits will be paid in 1974.

### 2. INCREASE IN WIDOW'S AND WIDOWER'S INSURANCE BENEFITS

A widow (or dependent widower) whose benefits start at age 65 or after will receive either 100 percent of her deceased husband's primary insurance amount (the amount he would have been entitled to

receive if he began his retirement at age 65) or, if his benefits began before age 65, an amount equal to the reduced benefit he would have been receiving if he were alive, but not less than 82½ percent of his primary insurance amount.

The benefit for a widow (or widower) who comes on the rolls between 60 and 65 will be reduced to take account of the longer period over which the benefit will be paid. For example, a widow who becomes entitled to benefits in the month she attains age 63 will receive 88.6 percent of her husband's benefit; for a widow who applies in the month she attains age 64 the benefit will be equal to 94.3 percent of her husband's benefit. A widow's benefit after reduction for age cannot exceed the amount her deceased husband would have received, but in no case will a widow who began receiving benefits at or after age 62 get less than 82½ percent of the husband's primary insurance amount.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—3.8 million people will get increased benefits on the effective date and \$1.1 billion in additional benefits will be paid in 1974.

### 3. DELAYED RETIREMENT CREDIT

Provides for an increase in social security retirement benefits of 1 percent for each year after age 65 and before age 72 that an individual delays his retirement. Benefits of dependents and survivors will not be increased under the provision.

*Effective date.*—For computations and recomputations after 1972 based on earnings after 1970.

### 4. AGE 62 COMPUTATION POINT FOR MEN

Under prior law, the method of computing benefits for men and women differed in that years up to age 65 were taken into account in determining average earnings for men, while for women only years up to age 62 were taken into account. Also, benefit eligibility was figured up to age 65 for men, but only up to age 62 for women. Under the new law, these differences are eliminated by applying to men the rules which previously applied only to women.

*Effective date.*—The new provision will become effective, starting January 1973 and will be fully effective in January 1975 by reducing the age for men to 64 in 1973, to 63 in 1974 and to 62 in 1975.

*Number of people affected and dollar payments.*—About 190,000 people will be affected immediately and \$14 million in additional benefits will be paid in 1974.

### 5. LIBERALIZATION OF THE RETIREMENT TEST

The amount that a beneficiary under age 72 may earn in a year and still receive all his social security benefits for the year is increased from \$1,680 to \$2,100. Under prior law, benefits were reduced by \$1 for each \$2 of earnings between \$1,680 and \$2,880 and by \$1 for each \$1 of earnings above \$2,880. The new law provides for a \$1 reduction in benefits for each \$2 of all earnings above \$2,100; there is no \$1-for-\$1 reduction as under prior law. Also, in the year in which a person attains age 72 his earnings in and after the month in which he attains age 72 will not be included, as they were under prior law, in determining his total earnings for the year.

The amount of exempt earnings is to be increased automatically in the future in proportion to the rise in average earnings, whenever social security benefits are increased automatically.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—1.2 million beneficiaries will become entitled to higher benefit payments on the effective date and 450,000 additional people will become entitled to benefits. About \$856 million in additional benefits will be paid in 1974.

#### **6. DEPENDENT WIDOWER'S BENEFITS AT AGE 60**

Aged dependent widowers under age 62 can be paid reduced benefits (on the same basis as widows) starting as early as age 60.

*Effective date.*—January 1973.

#### **7. CHILDHOOD DISABILITY BENEFITS**

Childhood disability benefits will be paid to the disabled son or daughter of an insured retired, deceased, or disabled worker, if the child's disability began before age 22, rather than before age 18 as under prior law. In addition, a person who was entitled to childhood disability benefits will become re-entitled if he again becomes disabled within 7 years after his prior entitlement to such benefits was terminated.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—13,000 additional people will become eligible for benefits on the effective date and \$17 million in additional benefits will be paid in 1974.

#### **8. CONTINUATION OF CHILD'S BENEFITS THROUGH THE END OF A SEMESTER**

Payment of benefits to a child attending school will continue through the end of the semester or quarter in which the student, including a student in a vocational school, attains age 22 (rather than the month before he attains age 22) if he has not received, or completed the requirements for, a bachelor's degree from a college or university. If the educational institution in which he is enrolled is not operated on a semester or quarter system, benefits will continue until the month following the completion of the course in which he is enrolled or two calendar months have elapsed after the month he reaches age 22, whichever occurs first.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—55,000 beneficiaries will receive additional benefits in the first full year and 6,000 additional people will become eligible for some benefits. About \$19 million in additional benefits will be paid in 1974.

#### **9. ELIGIBILITY OF A CHILD ADOPTED BY AN OLD-AGE OR DISABILITY INSURANCE BENEFICIARY**

The provisions of law relating to eligibility requirements for child's benefits in the case of adoption by old-age and disability insurance beneficiaries are modified to make the requirements uniform in both cases. A child adopted after a retired or disabled worker becomes entitled to benefits will be eligible for child's benefits based on the worker's earnings if the child is the natural child or stepchild of the worker or if (1) the adoption was decreed by a court of competent jurisdiction within the United States, (2) the child lived with the worker in the United States for the year before the worker became

disabled or entitled to an old-age or disability insurance benefit, (3) the child received at least one-half of his support from the worker for that year, and (4) the child was under age 18 at the time he began living with the worker. A child who was born in the 1-year period specified in (2) and (3) is eligible if he was living with and receiving support from the worker for substantially all of the period after he was born.

*Effective date.*—January 1968 and after if an application for benefits is filed within 6 months after the month of enactment; otherwise, effective for the month of enactment.

#### **10. BENEFITS FOR A CHILD ENTITLED ON THE RECORD OF MORE THAN ONE WORKER**

The new law provides that a child who is entitled to benefits on the earnings record of more than one worker will be paid benefits based on the earnings record which results in paying him the highest amount, if the payment would not reduce the benefits of any other individual who is entitled to benefits based on that earnings record.

*Effective date.*—January 1973.

#### **11. BENEFITS FOR A CHILD BASED ON THE EARNINGS RECORD OF A GRANDPARENT**

Benefits are extended to the grandchild of a worker or his spouse if the grandchild's parents have died or are disabled and if the grandchild began living with the grandparent before age 18 and was living with and being supported by the grandparent for the year immediately before the grandparent became disabled, qualified for retirement benefits, or died.

*Effective date.*—January 1973.

#### **12. NONTERMINATION OF CHILD'S BENEFITS BY REASON OF ADOPTION**

Under prior law, a child's entitlement to benefits ended if he was adopted unless he was adopted by (1) his natural parent, (2) his natural parent's spouse jointly with the natural parent, (3) the worker (e.g., a stepparent) on whose earnings the child was getting benefits, or (4) a stepparent, grandparent, aunt, uncle, brother, or sister after the death of the worker on whose earnings the child was getting benefits.

Under the new law, a child's benefits will no longer stop when the child is adopted, regardless of who adopts him.

*Effective date.*—October 1973.

#### **13. ELIMINATION OF SUPPORT REQUIREMENTS FOR DIVORCED WOMEN**

Benefits are payable to a divorced wife age 62 or older and a divorced widow age 60 or older if her marriage lasted 20 years before the divorce, and to a surviving divorced mother. In order to qualify for any of these benefits under the old law a divorced woman was required to show that: (1) she was receiving at least one-half of her support from her former husband, (2) she was receiving substantial contributions from her former husband pursuant to a written agreement, or (3) there was a court order in effect providing for substantial contributions to her support by her former husband. The new law eliminates these support requirements for divorced wives, divorced widows, and surviving divorced mothers.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—10,000 additional people will become eligible for benefits on the effective date and \$23 million in additional benefits will be paid in 1974.

#### 14. WAIVER OF DURATION-OF-MARRIAGE REQUIREMENT IN CASE OF REMARRIAGE

Under the new law the duration-of-marriage requirement for entitlement to benefits as a worker's widow, widower, or stepchild—that is, the requirement that the marriage must have been in existence for not less than 9 months immediately prior to the day on which the worker died (except where death was accidental or in the line of duty in the uniformed services)—is waived in cases where the worker and his spouse were previously married, divorced, and remarried, if they were married at the time of the worker's death and if the duration-of-marriage requirement would have been met at the time of the divorce had the worker died then.

*Effective date.*—January 1973.

#### 15. REDUCTION IN WAITING PERIOD FOR DISABILITY BENEFITS

Under the new law the period throughout which a person must be disabled before he can become eligible for disability benefits is reduced by 1 month (from 6 months to 5 months).

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—950,000 beneficiaries will become entitled to additional benefit payments in 1974 and 4,000 additional people will become entitled to benefits. About \$128 million in additional benefits will be paid in 1974.

#### 16. DISABILITY INSURED STATUS FOR INDIVIDUALS WHO ARE BLIND

To be insured for disability insurance benefits a worker must be fully insured and meet a test of substantial recent covered work (generally 20 quarters of coverage in the period of 40 calendar quarters preceding disablement). The new law eliminates the test of recent attachment to covered work for blind people; thus a blind person would be insured for disability benefits if he is fully insured—that is, he has as many quarters of coverage as the number of calendar years that elapsed after 1950 (or the year he reached age 21, if later) and up to the year in which he became disabled.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—30,000 additional people will become immediately eligible for benefits on the effective date, and \$38 million in additional benefits will be paid in 1974.

#### 17. DISABILITY INSURANCE APPLICATIONS FILED AFTER DEATH

Disability insurance benefits (and dependents' benefits based on a worker's entitlement to disability benefits) will be paid to the disabled worker's survivors if an application for benefits is filed within 3 months after the worker's death, or within 3 months after enactment of the provision.

*Effective date.*—Effective for deaths occurring after 1969.

#### 18. DISABILITY BENEFITS AFFECTED BY THE RECEIPT OF WORKMEN'S COMPENSATION

Social security disability benefits must be reduced when workmen's compensation is also payable if the combined payments exceed 80 percent of the worker's average current earnings before disablement. Average current earnings for this purpose are computed on two different bases and the larger amount is used. The new law adds a

third alternative base, under which a worker's average current earnings can be based on the 1 year of his highest earnings in a period consisting of the year of disablement and the 5 preceding years.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—40,000 people will get increased benefits on the effective date and \$22 million in additional benefits will be paid in 1974.

#### **19. WAGE CREDITS FOR MEMBERS OF THE UNIFORMED SERVICES**

Present law provides for a social security noncontributory wage credit of up to \$300, in addition to contributory credit for basic pay, for each calendar quarter of military service after 1967. Under the new law noncontributory wage credits of \$300 for each calendar quarter will also be provided for service during the period January 1957 (when military service came under contributory social security coverage) through December 1967.

*Effective date.*—January 1973.

*Number of people affected and dollar payments.*—130,000 people will get increased benefits on the effective date and \$46 million in additional benefits will be paid in 1974.

#### **20. OPTIONAL DETERMINATION OF SELF-EMPLOYMENT EARNINGS**

Self-employed persons are permitted to elect to report for social security purposes two-thirds of their gross income from nonfarm self-employment. An individual may use this option only if his total net earnings from self-employment (farm and nonfarm) are less than \$1,600 and his net self-employment earnings from his nonfarm business are less than two-thirds of his gross income from such business. (This optional method of reporting is similar to the option which has been available for farm self-employment.) A regularity of coverage requirement will have to be met and the option may be used only five times by any individual.

*Effective date.*—Taxable years beginning after December 31, 1972.

#### **21. COVERAGE OF MEMBERS OF RELIGIOUS ORDERS WHO ARE UNDER A VOW OF POVERTY**

Social security coverage is made available to members of religious orders who have taken a vow of poverty, if the order makes an irrevocable election to cover all of its members and lay employees.

*Effective date.*—October 30, 1972.

#### **22. SELF-EMPLOYMENT INCOME OF U.S. CITIZENS LIVING TEMPORARILY OUTSIDE THE UNITED STATES AND CLERGYMEN SERVING OUTSIDE THE UNITED STATES**

At present, a U.S. citizen who retains his residence in the United States but who is present in a foreign country or countries for approximately 17 months out of 18 consecutive months, must exclude the first \$20,000 of his earned income in computing his taxable income for social security and income tax purposes. The new law provides that U.S. citizens who are self-employed outside the United States and who retain their residence in the United States may not exclude the first \$20,000 of earned income for social security purposes but will compute their earnings for self-employment for social security purposes in the same way as those who are self-employed in the United States. The new law also eliminates from the application of

the \$20,000 exclusion provision clergymen and members of religious orders who do not maintain a residence in the United States, so that the self-employment earnings of any American clergyman serving outside the United States will be computed the same as for clergymen in the United States.

*Effective date.*—Taxable years beginning after December 31, 1972.

**23. ISSUANCE OF SOCIAL SECURITY NUMBERS AND PENALTY FOR FURNISHING FALSE INFORMATION TO OBTAIN A NUMBER**

The new law includes a number of provisions dealing with the method of issuing social security numbers. Presently, numbers are issued upon application, often by mail.

Under the new law the Secretary will be required to issue numbers to non-citizens entering the country under conditions which would permit them to work. In the case of an alien who may not legally work at the time he is admitted to the United States, the number will be issued at the time his status changes. In addition, numbers will be issued to persons who do not have them at the time they apply for benefits and to present beneficiaries under any federally financed program.

The Secretary is authorized to issue numbers to children when they enter the school system.

As a corollary to this more orderly system of issuing social security numbers, the new law provides criminal penalties for (1) knowingly and willfully furnishing false information in applying for a social security number; or (2) for the purpose of increasing a payment under social security or any other federally funded program, or for the purpose of obtaining such payment, knowingly and willfully using a social security number that was obtained with false information, falsely representing a number to be a social security number, or using someone else's social security number. The penalty involves a fine of up to \$1,000 or imprisonment for up to 1 year or both.

*Effective date.*—October 30, 1972.

**24. TRUST FUND EXPENDITURES FOR REHABILITATION SERVICES**

The new law provides an increase in the amount of social security trust fund moneys that may be used to pay for the costs of rehabilitating social security disability beneficiaries. The amount is increased from 1 percent of the previous year's disability benefits to 1¼ percent for fiscal year 1973 and to 1½ percent for fiscal year 1974 and subsequent years.

*Effective date.*—Upon enactment for expenditures after June 30, 1972.

*Dollar expenditures.*—\$28 million in additional expenditures for vocational rehabilitation may be made in 1974.

**25. PAYMENTS TO SURVIVOR OR ESTATE OF FORMER EMPLOYEE AND TO DISABLED FORMER EMPLOYEE**

Provides that payments will not be counted for social security benefit or tax purposes, if made by an employer to a survivor or estate of a deceased former employee after the calendar year in which the employee died or to a disabled former employee after the calendar year in which he became entitled to social security disability insurance benefits provided the disabled employee does not perform any services for that employer in the period for which the payment is made.

*Effective date.*—Payments made after December 1972.

**26. COVERAGE OF STUDENTS AND CERTAIN PART-TIME EMPLOYEES**

Permits States to modify their social security coverage agreements for State and local employees prior to January 1, 1974, so as to remove from coverage services of students employed by the public school or college they are attending, and the services of other part-time employees.

*Effective date.*—October 30, 1972.

**27. EXCLUSION FROM COVERAGE OF STUDENTS EMPLOYED BY NON-PROFIT ORGANIZATIONS AUXILIARY TO SCHOOLS, COLLEGES, AND UNIVERSITIES**

Services of a student performed in the employ of an auxiliary non-profit organization which is organized and operated exclusively for the benefit of, and supervised or controlled by, the school, college, or university at which the student is enrolled and regularly attends classes is excluded from social security coverage. The exclusion does not apply to the services of a student for an organization connected with a public school, college, or university whose student employees are covered under social security pursuant to a State coverage agreement.

*Effective date.*—Applies to services performed after December 1972.

**28. WAGE CREDITS FOR WORLD WAR II INTERNEES**

Provides non-contributory social security credits for U.S. citizens of Japanese ancestry for the periods they were interned by the U.S. Government during World War II and were age 18 or older. The credits will be determined on the basis of the then prevailing minimum wage or the individual's prior earnings, whichever is larger.

*Effective date.*—January 1973.

**29. DURATION-OF-RELATIONSHIP REQUIREMENTS**

Amends the provision of law which reduces from 9 months to 3 months the duration-of-relationship requirement when death is accidental or in line of duty in the Armed Forces so that there would be no duration-of-relationship requirement in such cases if at the time of the marriage it is reasonable to expect that the deceased would have lived for at least 9 months.

*Effective date.*—January 1973.

**30. OTHER CASH BENEFIT AMENDMENTS**

Other changes in the law relate to the executive pay level of the Commissioner of Social Security; coverage of registrars of voters in Louisiana; retroactive benefits for certain disabled people; coverage of certain policemen and firemen in West Virginia and Idaho and certain hospital employees in New Mexico; coverage of certain employees of the Government of Guam; coverage of Federal Home Loan Bank employees; recomputing benefits based on combined earnings under railroad retirement and social security; and acceptance of money gifts made unconditionally to the social security program.

## II. MEDICARE-MEDICAID AMENDMENTS

### 1. MEDICARE COVERAGE FOR THE DISABLED

Social security disability beneficiaries will be covered under medicare after entitlement to disability benefits for not less than 24 consecutive months. Those covered include disabled workers at any age; disabled widows and disabled dependent widowers between the ages of 50 and 65; beneficiaries age 18 or older who receive benefits because of disability prior to reaching age 22; and disabled qualified railroad retirement annuitants. An estimated 1.7 million disabled beneficiaries will be eligible initially.

*Effective date: July 1973.*

### 2. HOSPITAL INSURANCE FOR THE UNINSURED

People age 65 or over who are ineligible for part A of medicare can voluntarily enroll for hospital insurance coverage by paying the full cost of coverage (initially \$33 monthly to be recalculated annually). Where the Secretary of HEW finds it administratively feasible, those State and other public employee groups which have, in the past, voluntarily elected *not* to participate in the Social Security program could opt for and pay the part A premium costs for their retired or active employees age 65 or over. Enrollment in part B of medicare is required as a condition of buying into the part A program.

*Effective date: July 1973.*

### 3. PART B PREMIUM INCREASES

Part B premium increases for fiscal years 1974 and thereafter will be limited to not more than the percentage by which social security cash benefits had been generally increased since the last part B premium adjustment. Costs above those met by such premium payments will be paid out of general revenues in addition to the regular general revenue matching.

*Effective date: July 1973.*

### 4. PART B DEDUCTIBLE

The annual part B deductible is increased from \$50 to \$60.

*Effective date: January 1973.*

### 5. AUTOMATIC ENROLLMENT IN PART B

The new law provides for automatic enrollment under part B for the elderly and the disabled as they become eligible for part A hospital insurance coverage (except for residents of Puerto Rico and foreign countries). People eligible for automatic enrollment must also be fully informed as to the procedure and given an opportunity to decline the coverage.

*Effective date: July 1973.*

### 6. EFFECTIVE UTILIZATION REVIEW PROGRAMS IN MEDICAID

A one-third reduction in Federal matching payments for long-term stays in hospitals, nursing homes, intermediate care facilities, and mental institutions is authorized, if States fail to have effective pro-

grams of control over the utilization of institutional services or they fail to conduct the independent professional audits of patients as required by law. The Secretary is also authorized to compute a reasonable differential between the cost of skilled nursing facility services and intermediate care facility services provided in a State to medicaid patients.

*Effective date:* July 1973.

#### **7. COST SHARING UNDER MEDICAID**

The following changes are made with respect to premiums, copayments, and deductibles under medicaid.

1. States which cover the medically indigent are required to impose monthly premium charges. The premium is to be graduated by income in accordance with standards prescribed by the Secretary.

2. States could, at their option, require payment by the medically indigent of nominal deductibles and nominal co-payment amounts which would not have to vary by level of income.

3. With respect to cash assistance recipients, nominal deductible and co-payment requirements, while prohibited for the mandatory services required under Federal law (inpatient hospital services; outpatient hospital services; other X-ray and laboratory services; skilled nursing home services; physicians' services; screening and treatment of children; and home health services), are permitted with respect to optional medicaid services such as prescribed drugs, hearing aids, etc.

*Effective date:* January 1973.

#### **8. PROTECTION AGAINST LOSS OF MEDICAID BECAUSE OF INCREASED EARNINGS**

A family eligible for assistance to needy families and to medicaid which would otherwise lose eligibility for medicaid as a result of increased earnings from employment will be continued on medicaid for a period of 4 months from the date where medicaid eligibility would otherwise terminate.

*Effective date:* January 1974.

#### **9. COORDINATION BETWEEN MEDICARE AND FEDERAL EMPLOYEE PLANS**

Medicare will not pay a beneficiary who is also a Federal retiree or employee for services covered under his Federal employee's health insurance policy which are also covered under medicare unless he has had an option of selecting a policy *supplementing* medicare benefits. If a supplemental policy is not made available, the Federal employee plan would then have to pay first on any items of care which were covered under both the Federal employee's program and medicare.

*Effective date:* January 1975.

#### **10. MEDICARE SERVICES OUTSIDE OF THE UNITED STATES**

Payment under medicare for care in a foreign hospital of a U.S. resident is authorized where such hospital is closer to his residence or more accessible than the nearest suitable United States hospital. Such hospitals must be approved under an appropriate hospital approval program.

In addition, part B payments for necessary physicians' services furnished in conjunction with such hospitalization are authorized.

Medicare payments for emergency hospital and physician services needed by beneficiaries in transit between Alaska and the other continental States is also covered.

*Effective date:* January 1973.

#### **11. OPTOMETRISTS UNDER MEDICAID**

The new law requires States, which had previously covered optometric services under medicaid and which, in their State plans, specifically provided for coverage for eye care under "physicians' services," which an optometrist is licensed to provide, to reimburse for such care whether provided by a physician or an optometrist.

*Effective date:* October 30, 1972.

#### **12. BENEFICIARY LIABILITY UNDER MEDICARE**

The new law will relieve beneficiaries from liability in certain situations where medicare claims are disallowed and the beneficiary is without fault.

*Effective date:* Claims for items and services furnished after October 30, 1972.

#### **13. LIMITATION ON FEDERAL PAYMENTS FOR DISAPPROVED CAPITAL EXPENDITURES**

Medicare and medicaid payments will not be made with respect to certain disapproved capital expenditures (except for construction toward which preliminary expenditures of \$100,000 or more had been made in the 3-year period ending December 17, 1970) which are specifically determined to be inconsistent with State or local health facility plans.

*Effective date:* January 1973, or earlier if requested by a State.

#### **14. DEMONSTRATIONS AND REPORTS**

The Secretary is authorized to undertake studies, experiments or demonstration projects with respect to: various forms of prospective reimbursement of facilities; ambulatory surgical centers; intermediate care and homemaker services (with respect to the extended care benefit under medicare); elimination or reduction of the three-day prior hospitalization requirement for admission to a skilled nursing facility; determination of the most appropriate methods of reimbursing the services of physicians' assistants and nurse practitioners; provision of day care services to older persons eligible under medicare and medicaid; and, possible means of making the services of clinical psychologists more generally available under medicare and medicaid.

*Effective date:* October 30, 1972.

#### **15. LIMITATION ON COVERAGE OF COSTS UNDER MEDICARE**

The Secretary is authorized to establish limits on overall direct or indirect costs which will be recognized as reasonable for comparable services in comparable facilities in an area. He may also establish maximum acceptable costs in such facilities with respect to items or groups of services (for example, food costs, or standby costs). The beneficiary will be liable (except in the case of emergency care) for any amounts determined as excessive (except that he may not be charged for excessive amounts in a facility in which his admitting physician has a direct or indirect ownership interest in the facility).

*Effective date:* Accounting periods beginning after December 1972.

**16. LIMITS ON PREVAILING PHYSICIAN CHARGE LEVELS**

The law recognizes as reasonable, for medicare and medicaid reimbursement purposes only, those charges which fall within the 75th percentile of all charges for a similar service in an area. Increases in physicians' fees allowable for medicare purposes would be limited by a factor which takes into account increased costs of practice and the increase in general earnings levels in an area.

With respect to reasonable charges for medical supplies and equipment, the new law provides for recognizing only the lowest charges at which supplies and equipment of similar quality are widely and consistently available in a locality.

*Effective date:* July 1973 for physicians' services, and January 1973 for other items and services.

**17. LIMITS ON PAYMENTS TO SKILLED NURSING FACILITIES AND INTERMEDIATE CARE FACILITIES UNDER MEDICAID**

Federal financial participation in reimbursement for skilled nursing facility care and intermediate care per diem costs are not available to the extent such costs exceed 105 percent of prior year levels of payment (except for those costs attributable to any additional required services). The provision also excepts increased payment resulting from increases in the Federal minimum wage or other new Federal laws.

*Effective date:* January 1973.

**18. PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS**

Medicare is authorized to make a single combined Part A and B payment, on a capitation basis, to a "Health Maintenance Organization," which would agree to provide care to a group not more than one-half of whom are medicare beneficiaries who freely choose this arrangement. Such payments may not exceed 100 percent of present Part A and B per capita costs for a comparable group of non-HMO beneficiaries in a given geographic area, and the exact amount of the incentive payment would be dependent upon the relative efficiency of the HMO.

The Secretary could make these arrangements with existing organizations and with new organizations which eventually meet the broadly defined term "Health Maintenance Organization."

*Effective date:* July 1973.

**19. PAYMENTS FOR THE SERVICES OF TEACHING PHYSICIANS**

The services of teaching physicians will be reimbursed under medicare on a costs basis unless:

- (A) The patient is a bona fide private patient or;
- (B) The hospital has charged all patients and collected from a majority on a fee-for-service basis.

For donated services of teaching physicians, a salary cost will be imputed equal to the prorated usual costs of full-time salaried physicians. Any such payment would be made to a special fund designated by the medical staff to be used for charitable or educational purposes.

*Effective date:* July 1973.

**20. ADVANCE APPROVAL OF SKILLED NURSING FACILITY AND HOME HEALTH BENEFITS**

The Secretary is authorized to establish, by diagnosis, minimum periods during which the posthospital patient would be presumed to be eligible for skilled nursing facility and home health benefits.

*Effective date:* January 1973.

**21. TERMINATION OF PAYMENT TO SUPPLIERS OF SERVICE**

The Secretary is authorized to suspend or terminate medicare payments to a provider found to have abused the program. Further, there will be no Federal participation in medicaid payments which might be made subsequently to such a provider.

*Effective date:* Medicaid, January 1973; medicare, October 30, 1972.

**22. ELIMINATION OF REQUIREMENT THAT STATES MOVE TOWARD COMPREHENSIVE MEDICAID PROGRAM**

Section 1903(e) of prior law, which required each State to show that it was making efforts in the direction of broadening the scope of services in its medicaid program and liberalizing eligibility requirements for medical assistance, is repealed.

*Effective date:* October 30, 1972.

**23. ELIMINATION OF MEDICAID MAINTENANCE OF EFFORT**

Section 1902(d) of prior law, under which a State could not reduce its aggregate expenditures for the State share of its medicaid program from one year to the next, is repealed.

*Effective date:* October 30, 1972.

**24. DETERMINATION OF REASONABLE COST OF INPATIENT HOSPITAL SERVICES UNDER MEDICAID AND MATERNAL AND CHILD HEALTH PROGRAMS**

States are allowed, with the advance approval of the Secretary, to develop their own methods and standards for reimbursement of the reasonable costs of inpatient hospital services. Reimbursement by the States cannot exceed reasonable cost reimbursement as provided for under medicare.

*Effective date:* July 1972.

**25. CUSTOMARY CHARGES LESS THAN REASONABLE COSTS**

Reimbursement for services under medicaid and medicare cannot exceed the lesser of reasonable costs determined under medicare, or the customary charges to the general public. The provision will not apply to services furnished by public providers free of charge or at a nominal fee. In such cases reimbursement would be based on those items included in the reasonable cost determination which would result in fair compensation.

*Effective date:* Accounting periods beginning after December 1972.

**26. INSTITUTIONAL PLANNING UNDER MEDICARE**

All providers of services, as a condition of medicare participation, are required to have a written overall plan and budget reflecting an operating budget and a capital expenditures plan which would be updated at least annually.

The required annual operating budget would not have to be a detailed item budget.

*Effective date:* Fiscal years of providers beginning after March 1973.

**27. COST DETERMINATION SYSTEMS UNDER MEDICAID**

The law provides for Federal matching for the cost of designing, developing, and installing mechanized claims processing and information retrieval systems at 90 percent and 75 percent for the operation, including contract operation, of such systems.

*Effective date:* July 1971.

**28. PROHIBITION AGAINST REASSIGNMENT OF CLAIMS FOR BENEFITS**

Payment under medicare and medicaid cannot be made to anyone other than the physician or other person who provided the service, unless such person is required as a condition of his employment to turn his fees over to his employer.

*Effective date:* October 30, 1972, for medicare and January 1973 for medicaid.

**29. UTILIZATION REVIEW REQUIREMENTS UNDER MEDICAID AND MATERNAL AND CHILD HEALTH PROGRAMS**

Hospitals and skilled nursing facilities participating in medicaid are required to use the same utilization review committees and procedures now required under medicare, with certain exceptions approved by the Secretary. This requirement is in addition to any other requirements imposed by Federal or State governments.

*Effective date:* January 1973.

**30. NOTIFICATION OF UNNECESSARY HOSPITAL AND SKILLED NURSING FACILITY ADMISSIONS**

Notification to patient and physician, and a payment cut-off after 3 days, is required under medicare in those cases where unnecessary utilization is discovered during a sample review of admissions to hospitals or skilled nursing facilities.

*Effective date:* January 1973.

**31. USE OF STATE HEALTH AGENCY TO PERFORM CERTAIN FUNCTIONS UNDER MEDICAID**

The same State health agency (or other appropriate State medical agency) must certify facilities for participation under both medicare and medicaid. Federal participation in medicaid payments is contingent upon the State health agency establishing a plan for statewide review of appropriateness and quality of services rendered.

*Effective date:* January 1973.

**32. RELATIONSHIP BETWEEN MEDICAID AND COMPREHENSIVE HEALTH PROGRAMS**

States are permitted to waive Federal statewideness and comparability requirements in medicaid with approval of the Secretary if a State contracts with an organization which has agreed to provide health services in excess of the State plan to eligible recipients who reside in the area served by the organization and who elect to receive services from such organization. Payment to such organizations could not be higher on a per-capita basis than the per-capita medicaid expenditures in the same general area.

*Effective date:* October 30, 1972.

**33. PROFICIENCY TESTING**

The new law provides for proficiency testing of paramedical personnel under medicare and medicaid until December 31, 1977.

**34. PENALTY FOR FRAUDULENT ACTS AND FALSE REPORTING**

Penalties for soliciting, offering or accepting bribes or kickbacks, or for concealing events affecting a person's rights to benefits with intent to defraud, and for converting benefit payments to improper use, of up to one year's imprisonment and a \$10,000 fine or both may be imposed. Additionally, false reporting of a material fact as to conditions or operations of a health care facility is a misdemeanor and is subject to up to 6 months' imprisonment, a fine of \$2,000, or both.

*Effective date:* For acts occurring on or after October 30, 1972.

**35. PROVIDER REIMBURSEMENT REVIEW BOARD**

A Provider Reimbursement Review Board to hear cases involving an issue of \$10,000 or more is established under medicare. Groups of providers can appeal where the amounts at issue on a common matter aggregate \$50,000 or more. Any provider which believes that its fiscal intermediary has failed to make a timely cost determination on its annual cost report or timely determination on a supplemental filing can appeal to the Board where the amount involved is \$10,000 or more.

*Effective date:* Accounting periods ending on or after June 30, 1973.

**36. VALIDATION OF JOINT COMMISSION ON ACCREDITATION OF HOSPITALS SURVEYS**

The State health certification agencies, as directed by the Secretary, will survey on a selective sample basis (or where substantial allegations of noncompliance have been made) hospitals accredited by the Joint Commission on Accreditation of Hospitals. The Secretary is also authorized to promulgate health and safety standards without being restricted to JCAH standards.

*Effective date:* October 30, 1972.

**37. PAYMENT FOR DURABLE MEDICAL EQUIPMENT UNDER MEDICARE**

The Secretary is authorized to experiment with reimbursement approaches which are intended to eliminate unreasonable expenses resulting from prolonged rentals of durable medical equipment and then to implement the approaches found effective.

*Effective date:* October 30, 1972.

**38. CONFORMING STANDARDS FOR EXTENDED CARE AND SKILLED NURSING FACILITIES**

A single definition and set of standards for extended care facilities under medicare and skilled nursing homes under medicaid is established. The provision creates a single category of "skilled nursing facilities" which will be eligible to participate in both health care programs. A "skilled nursing facility" is defined as an institution meeting the prior definition of an extended care facility and which also satisfies certain other medicaid requirements.

*Effective date:* July 1973.

**39. "SKILLED CARE" DEFINITION FOR MEDICARE AND MEDICAID**

The definition of care requirements with respect to entitlement for extended care benefits under medicare and with respect to skilled nursing care under medicaid is made the same. Prior law is amended to authorize skilled care benefits for individuals in need of skilled nursing care and/or skilled rehabilitation services on a daily basis in a skilled nursing facility which it is practical to provide only on an inpatient basis. Coverage will also be continued during short-term periods (e.g., a day or two) when no skilled services are actually provided but when discharge from a skilled facility for such brief period is neither desirable nor practical.

*Effective date:* January 1973.

**40. 14-DAY TRANSFER REQUIREMENT FOR EXTENDED CARE BENEFITS**

Under prior law, medicare beneficiaries were entitled to extended care benefits only if they transferred to an extended care facility within 14 days following discharge from a hospital. Under the new law an interval of more than 14 days is authorized for patients whose conditions do not permit immediate provision of skilled services

within the 14-day limitation. An extension not to exceed 2 weeks beyond the 14 days is also authorized in those instances where an admission to a skilled nursing facility is prevented because of the non-availability of appropriate bed space in facilities ordinarily utilized by patients in a geographic area.

*Effective date:* October 30, 1972.

**41. REIMBURSEMENT RATES FOR CARE IN SKILLED NURSING FACILITIES**

States will be required to reimburse skilled nursing and intermediate care facilities on a reasonable cost-related basis under medicaid, using acceptable cost-finding techniques and methods approved and validated by the Secretary of HEW. Cost reimbursement methods which the Secretary finds to be acceptable for a State's medicaid program could be adapted, with appropriate adjustments, for purposes of medicare skilled nursing facility reimbursements in that State.

*Effective date:* July 1976.

**42. SKILLED NURSING FACILITY CERTIFICATION PROCEDURES**

Facilities which participate in both medicare and medicaid will be certified by the Secretary of HEW. The Secretary will make that determination, based principally upon the appropriate State health agency evaluation of the facilities.

*Effective date:* October 30, 1972.

**43. FEDERAL FINANCING OF NURSING HOME INSPECTIONS**

Federal reimbursement for the survey and inspection costs of skilled nursing facilities and intermediate care facilities under medicaid are 100 percent from October 1, 1972, through June 30, 1974.

**44. DISCLOSURE OF INFORMATION CONCERNING MEDICARE AGENTS AND PROVIDERS**

The Department of Health, Education, and Welfare must regularly make public the following types of evaluations and reports with respect to the medicare and medicaid programs: (1) individual contractor performance reviews and other formal evaluations of the performance of carriers, intermediaries, and State agencies including the reports of follow-up reviews; (2) comparative evaluations of the performance of contractors—including comparisons of either overall performance or of any particular contractor operation; (3) program validation survey reports—with the names of individuals deleted.

*Effective date:* Reports completed after January 1973.

**45. PROHIBITION AGAINST INSTITUTIONAL MEDICAL CARE PAYMENTS UNDER CASH WELFARE PROGRAMS**

Federal matching for that portion of any money payment to a cash public assistance recipient which is related to institutional medical or remedial care will not be made.

*Effective date:* October 30, 1972.

**46. DETERMINING ELIGIBILITY FOR MEDICAID FOR CERTAIN INDIVIDUALS**

Individuals eligible for cash public assistance in August 1972 will not lose their eligibility to medicaid benefits because of the 20-percent social security benefit increase first paid in October 1972. The provision will expire in October 1974.

Those people who do not receive cash assistance or who are eligible under a State medicaid program for the medically indigent are not affected by this provision.

#### **47. PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS**

The new law provides for the establishment of professional standards review organizations (PSRO's) consisting of substantial numbers of practicing physicians (usually 300 or more) in local areas to assume responsibility for comprehensive and on-going review of services covered under the medicare and medicaid programs. Until January 1, 1976 only such qualified physician-sponsored organizations may be designated as PSRO's. Subsequent to that date priority will be given to such organizations but where they do not choose to or do not qualify to assume such responsibilities in an area, the Secretary may designate another organization having professional medical competence as the PSRO for the area. The PSRO will be responsible for assuring that institutional services were (1) medically necessary and (2) provided in accordance with professional standards. A PSRO, at its option, and with the approval of the Secretary, may also assume responsibility for the review of non-institutional care and services provided under medicare and medicaid. PSRO's would not be involved with reasonable charge determinations. Safeguards are included designed to protect the public interest, including appeals procedures, and to prevent pro forma assumption in carrying out review responsibilities. The provision requires recognition of and use by the PSRO of utilization review committees in hospitals and medical organizations to the extent they are determined to be effective.

*Effective date:* October 30, 1972.

#### **48. PHYSICAL THERAPY SERVICES AND OTHER SERVICES UNDER MEDICARE**

(1) Physical therapy provided in the therapist's office pursuant to a physician's written plan of treatment is covered under Part B of medicare. Benefit payments in one year for services by an independent practitioner in his office or the patient's home cannot be based on more than \$100 of incurred expenses.

(2) A hospital or skilled nursing facility could provide covered outpatient physical therapy services to its inpatients, so that an inpatient could conveniently receive his part B benefits after his inpatient benefits have expired.

(3) Reimbursement for services provided by physical and other therapists in health institutions will generally be limited to a reasonable salary-related basis rather than fee-for-service basis.

*Effective date:* (1) July 1973, (2) October 30, 1972, and (3) January 1973.

#### **49. COVERAGE OF SUPPLIES RELATED TO COLOSTOMIES**

Medicare coverage of the costs of supplies directly related to the care of a colostomy is provided.

*Effective date:* October 30, 1972.

#### **50. COVERAGE PRIOR TO APPLICATION FOR MEDICAID**

All States are required to provide medicaid coverage for care and services furnished in or after the third month prior to application to those individuals who were otherwise eligible when the services were

received. Included as eligible under the three-month retroactive coverage requirement are deceased individuals whose fatal condition prevented them from applying for medicaid coverage but who would have been eligible if application had been made.

*Effective date:* July 1973.

**51. HOSPITAL ADMISSIONS FOR DENTAL SERVICES UNDER MEDICARE**

The dentist who is caring for a medicare patient is authorized to make the certification of the necessity for inpatient hospital admission for noncovered dental services without requiring a corroborating certification by a physician.

*Effective date:* January 1973.

**52. EXTENSION OF GRACE PERIOD FOR TERMINATION OF SUPPLEMENTARY MEDICAL INSURANCE COVERAGE WHERE FAILURE TO PAY PREMIUMS IS DUE TO GOOD CAUSE**

The 90-day grace period can be extended for an additional 90 days where the Secretary finds that there was good cause for failure to pay the medical Part B premium before the expiration of the initial 90-day grace period.

*Effective date:* October 30, 1972 (and premiums due 90 days before October 30, 1972).

**53. EXTENSION OF TIME FOR FILING CLAIM FOR SUPPLEMENTARY MEDICAL INSURANCE BENEFITS WHERE DELAY IS DUE TO ADMINISTRATIVE ERROR**

Where a claim under supplementary medical insurance is not filed timely due to error of the Government or one of its agents, the claim may nevertheless be honored if filed as soon as possible after the facts in the case have been established.

*Effective date:* October 30, 1972.

**54. WAIVER OF ENROLLMENT PERIOD REQUIREMENTS WHERE INDIVIDUAL'S RIGHTS WERE PREJUDICED BY ADMINISTRATIVE ERROR OR INACTION**

The Secretary is authorized to provide such equitable relief as may be necessary to correct or eliminate the effects of situations where an individual's rights were prejudiced by administrative error or inaction, including (but not limited to) the establishment of a special initial or subsequent enrollment period, with a coverage period determined on the basis thereof and with appropriate adjustments of premiums.

*Effective date:* October 30, 1972, for all cases arising since the beginning of medicare.

**55. ELIMINATION OF PROVISIONS PREVENTING ENROLLMENT IN SUPPLEMENTARY MEDICAL INSURANCE PROGRAM MORE THAN 3 YEARS AFTER FIRST OPPORTUNITY**

The prior 3-year limit with respect to both initial enrollment and reenrollment after an initial termination is removed.

*Effective date:* October 30, 1972, for all those who could not enroll.

**56. WAIVER OF RECOVERY OF INCORRECT MEDICARE PAYMENTS FROM SURVIVOR WHO IS WITHOUT FAULT**

Any individual who is liable for repayment of a medicare overpayment can qualify for waiver of recovery of the overpaid amount if he is without fault and if such recovery would defeat the purpose of title II or would be against equity and good conscience.

*Effective date:* October 30, 1972.

**57. REQUIREMENT OF MINIMUM AMOUNT OF CLAIM TO ESTABLISH ENTITLEMENT TO HEARING UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

A minimum amount of \$100 must be at issue before an enrollee in the supplementary medical insurance program can be granted a fair hearing by the carrier.

*Effective date:* October 30, 1972.

**58. COLLECTION OF SUPPLEMENTARY MEDICAL INSURANCE PREMIUMS FROM INDIVIDUALS ENTITLED TO BOTH SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFITS**

The Railroad Retirement Board shall be responsible for collection of supplementary medical insurance premiums for all enrollees who are entitled under that program.

*Effective date:* October 30, 1972.

**59. SERVICES OF OPTOMETRISTS IN FURNISHING PROSTHETIC LENSES NOT TO REQUIRE A PHYSICIAN'S ORDER**

An optometrist can attest to a beneficiary's need for prosthetic lenses under medicare.

*Effective date:* October 30, 1972.

**60. PROHIBITION AGAINST REQUIRING PROFESSIONAL SOCIAL SERVICES IN SKILLED NURSING FACILITIES UNDER MEDICARE**

The provision of medical social services will no longer be required as a condition of participation for a skilled nursing facility under medicare.

*Effective date:* October 30, 1972.

**61. REFUND OF EXCESS PREMIUMS UNDER MEDICARE**

The Secretary is authorized to dispose of excess supplementary medical insurance premiums and excess hospital insurance premiums in the same manner as unpaid medical insurance benefits are treated.

*Effective date:* October 30, 1972.

**62. WAIVER OF REQUIREMENT OF REGISTERED PROFESSIONAL NURSES IN SKILLED NURSING FACILITIES IN RURAL AREAS**

A special waiver of the R.N. nursing requirement for skilled nursing facilities in rural areas can be granted provided that a registered nurse is absent from the facility for not more than two day-shifts (if the facility employes one full-time registered nurse and the facility is making good-faith efforts to obtain another on a part-time basis).

In addition, this special waiver may be granted only if (1) the facility is caring only for patients whose physicians have indicated (in written form on order sheet and admission note) that they could go without a registered nurse's services for a 48-hour period or (2) if the facility has any patients for whom physicians have indicated a need for daily skilled nursing services, the facility has made arrangements for a registered nurse or a physician to spend such time as is necessary at the facility to provide the skilled nursing services required by patients on the uncovered day.

*Effective date:* October 30, 1972.

**63. EXEMPTION OF CHRISTIAN SCIENCE SANATORIUMS FROM CERTAIN NURSING HOME REQUIREMENTS UNDER MEDICAID**

Christian Science sanatoriums are exempt from the requirements for a licensed nursing home administrator, requirements for medical review, and other inappropriate requirements of the medicaid program.

Such sanatoriums must continue to meet all applicable safety standards.

*Effective date:* October 30, 1972.

**64. LICENSURE REQUIREMENT FOR NURSING HOME ADMINISTRATORS**

States are permitted to establish a permanent waiver from licensure requirements for those persons who served as nursing home administrators for the three-year period prior to the establishment of the State's licensing program.

*Effective date:* October 30, 1972.

**65. INCREASE IN MAXIMUM FEDERAL MEDICAID AMOUNT FOR PUERTO RICO AND THE VIRGIN ISLANDS**

The Federal ceiling on medicaid payments to Puerto Rico is increased to \$30 million. The 50 percent Federal matching rate remains unchanged. The annual medicaid amount for the Virgin Islands is increased from \$650,000 to \$1,000,000.

*Effective date:* Fiscal year 1972.

**66. MEDICAID: FREEDOM OF CHOICE IN PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM**

The requirement that Puerto Rico, the Virgin Islands and Guam implement the "freedom of choice" provision, under which medicaid recipients can choose providers or practitioners in the medicaid program, will apply on July 1, 1975, rather than July 1972 as under prior law.

*Effective date:* July 1972.

**67. INCLUSION OF AMERICAN SAMOA AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS UNDER TITLE V**

Eligibility under maternal and child health programs for Samoa and the Trust Territory of the Pacific Islands is authorized.

*Effective date:* October 30, 1972.

**68. COVERAGE OF CHIROPRACTIC SERVICES UNDER PART B OF MEDICARE**

The definition of the term "physician" in title XVIII (medicare) includes a licensed chiropractor who also meets uniform minimum standards promulgated by the Secretary.

The services furnished by chiropractors are covered under the program as "physicians' services," but only with respect to treatment of the spine by means of manual manipulation which the chiropractor is legally authorized to perform. Claims for such treatment must be verifiable with a satisfactory X-ray indicating the existence of a subluxation of the spine.

*Effective date:* July 1973.

**69. CHIROPRACTORS' SERVICES UNDER MEDICAID**

The coverage of chiropractic under medicaid is conformed with the provisions conditioning eligibility of such services included under part B of medicare except for the requirement that an X-ray show the existence of a subluxation.

*Effective date:* July 1973.

**70. SERVICES OF PODIATRIC INTERNS AND RESIDENTS UNDER PART A OF MEDICARE**

Services furnished by an intern or resident-in-training in the field of podiatry under a teaching program approved by the Council on

Podiatry Education of the American Podiatry Association are included within the definition of approved hospital teaching programs.

*Effective date:* January 1973.

**71. USE OF CONSULTANTS FOR SKILLED NURSING FACILITIES**

Those State agencies which are capable of and willing to provide specialized consultative services for medicare patients in a skilled nursing facility which requests them may do so, subject to approval of the State's arrangements by the Secretary.

*Effective date:* October 30, 1972.

**72. DIRECT LABORATORY BILLING OF PATIENTS**

With respect to diagnostic laboratory tests for which payment is to be made to a laboratory, the Secretary is authorized to negotiate a payment rate with a laboratory which would be considered the full charge for such tests, and for which reimbursement would be made at 100% of such negotiated rate. Such negotiated rate must be limited to an amount not to exceed the total payment that would have been made in the absence of such rate.

*Effective date:* October 30, 1972.

**73. CLARIFICATION OF MEANING OF "PHYSICIANS' SERVICES" UNDER MEDICAID**

A physician, under title XIX (medicaid), for purposes of the mandatory provision of physicians' services, is a duly licensed doctor of medicine or osteopathy only.

*Effective date:* October 30, 1972.

**74. LIMITATION ON ADJUSTMENT OR RECOVERY OF INCORRECT PAYMENTS UNDER THE MEDICARE PROGRAM**

The new law limits medicare's right of recovery of overpayments to a 3-year period (or as short as one year if the Secretary so decides) from the date of payment where the beneficiary acted in good faith. The law also permits the Secretary to set a time between 1 and 3 years within which claims for underpayments have to be made.

*Effective date:* October 30, 1972.

**75. SPEECH PATHOLOGY SERVICES UNDER MEDICARE**

The costs of speech pathology services, where such services are provided in clinics participating in the program as providers of covered physical therapy services, are covered under medicare.

*Effective date:* January 1973.

**76. TERMINATION OF MEDICAL ASSISTANCE ADVISORY COUNCIL**

The new law terminates the medicaid advisory council.

*Effective date:* October 30, 1972.

**77. MODIFICATION OF ROLE OF HEALTH INSURANCE BENEFITS ADVISORY COUNCIL**

The new law provides for modification of the role of the health insurance benefits advisory council so that its role would be that of offering suggestions for the consideration of the Secretary on matters of general policy in the medicare and medicaid programs.

*Effective date:* October 30, 1972.

**78. AUTHORITY OF SECRETARY TO ADMINISTER OATHS IN MEDICARE PROCEEDINGS**

The Secretary, in carrying out his responsibility for administration of the medicare program, is authorized to administer oaths and

affirmations in the course of any hearing, investigation, or other proceeding.

*Effective date:* October 30, 1972.

**79. WITHHOLDING MEDICAID PAYMENTS TO TERMINATED MEDICARE PROVIDERS**

The Secretary, upon 60-days' notice, is authorized to withhold Federal participation in medicaid payments by States with respect to institutions which have withdrawn from medicare without refunding medicare overpayments or submitting medicare cost reports.

*Effective date:* October 30, 1972.

**80. INTERMEDIATE CARE IN STATES WITHOUT MEDICAID**

The new law allows Federal matching for intermediate care in States which, on January 1, 1972, did not have a medicaid program in operation.

*Effective date:* October 30, 1972.

**81. REQUIRED INFORMATION RELATING TO EXCESS MEDICARE TAX PAYMENTS BY RAILROAD EMPLOYEES**

The new law deletes the prior requirement that railroads include the amount of hospital insurance tax withheld on W-2 forms. Employees will be notified, however, that those with dual employment may be entitled to a refund of excess hospital insurance tax paid.

*Effective date:* Remuneration paid after 1971.

**82. APPOINTMENT AND CONFIRMATION OF ADMINISTRATOR OF SOCIAL AND REHABILITATION SERVICE**

Appointments to the office of the Administrator of the Social and Rehabilitation Service will be made by the President, by and with the advice and consent of the Senate.

*Effective date:* October 30, 1972.

**83. REPEAL OF SECTION 1903(b)(1)**

The new law deletes the prior requirement that States spend at least as much for care of individuals age 65 or over in mental hospitals as in fiscal year 1965.

*Effective date:* October 30, 1972.

**84. COVERAGE UNDER MEDICAID OF INTERMEDIATE CARE FURNISHED IN MENTAL AND TUBERCULOSIS INSTITUTIONS**

Intermediate care must be covered for individuals age 65 or older in mental institutions if such individuals are also covered when in mental hospitals or skilled nursing facilities for mental care.

*Effective date:* January 1973.

**85. INDEPENDENT REVIEW OF INTERMEDIATE CARE FACILITY PATIENTS**

Independent professional review to determine proper patient placement and care of medicaid patients is made mandatory in all intermediate care facilities.

*Effective date:* January 1972.

**86. INTERMEDIATE CARE MAINTENANCE OF EFFORT IN PUBLIC INSTITUTIONS**

The designation of the base period for the maintenance of effort requirement pertaining to non-Federal expenditures with respect to patients in public institutions for the mentally retarded is the four

calendar quarters immediately preceding the quarter in which the State elected to make such services available.

*Effective date:* January 1972.

**87. DISCLOSURE OF OWNERSHIP OF INTERMEDIATE CARE FACILITIES**

Intermediate care facilities not otherwise licensed as skilled nursing homes by a State must make ownership information available to the State licensing agency.

*Effective date:* January 1973.

**88. TREATMENT IN MENTAL HOSPITALS FOR MEDICAID ELIGIBLES UNDER AGE 21**

Coverage of inpatient care (under specific conditions) in mental institutions for medicaid eligibles under age 21 is authorized.

*Effective date:* January 1973.

**89. PUBLIC DISCLOSURE OF INFORMATION CONCERNING SURVEY REPORTS OF AN INSTITUTION**

The Secretary is required to make reports of an institution's significant deficiencies or the absence thereof (such as in the areas of staffing, fire safety, and sanitation) a matter of public record readily and generally available. Such information must be available for inspection within 90 days of completion of the survey.

*Effective date:* May 1, 1973.

**90. FAMILY PLANNING SERVICES MANDATORY UNDER MEDICAID**

(1) Federal funding for the costs of family planning services under medicaid and aid to families with dependent children (AFDC) is set at the 90 percent rate.

(2) States are required to make available on a voluntary and confidential basis counseling, services and supplies, directly and/or on a contract basis with family planning organizations throughout the State, to present, former, or likely AFDC recipients who are of child-bearing age and who express a desire for such services.

(3) The Federal share of AFDC funds must be reduced by 1%, if a State in the prior year fails to inform the adults in AFDC families of the availability of family planning services or if the State fails to actually provide or arrange for such services for persons desiring to receive them who are applicants or recipients of cash assistance.

*Effective dates:* (1) January 1973, (2) October 30, 1972, and (3) fiscal year 1974.

**91. PENALTY FOR FAILURE TO PROVIDE CHILD HEALTH SCREENING SERVICES UNDER MEDICAID**

The Federal share of AFDC matching funds would be reduced by 1% if a State—

(a) fails to inform the adults in AFDC families of the availability of child health screening services;

(b) fails to actually provide or arrange for such services; or

(c) fails to arrange for or refer to appropriate corrective treatment children disclosed by such screening as suffering illness or impairment.

*Effective date:* July 1974.

**92. HOME HEALTH COINSURANCE**

The coinsurance payment under Part B of medicare for home health services is eliminated.

*Effective date:* January 1973.

**93. LONG-TERM CARE INSTITUTIONS ON INDIAN RESERVATIONS**

The Secretary, rather than the States only, may certify institutions on Indian reservations as intermediate care facilities or skilled nursing facilities.

*Effective date:* October 30, 1972.

**94. MEDICARE APPEALS**

The new law makes clear that there is no authorization for an appeal to the Secretary or for judicial review on matters solely involving amounts of benefits under part B, and that insofar as part A amounts are concerned, appeal is authorized only if the amount in controversy is \$100 or more and judicial review only if the amount in controversy is \$1,000 or more.

*Effective date:* October 30, 1972.

**95. MEDICARE: COVERAGE OF PERSONS NEEDING KIDNEY TRANSPLANTATION OR DIALYSIS**

The new law provides that fully or currently insured workers under social security and their dependents with chronic renal disease would be deemed disabled for purposes of coverage under parts A and B of medicare. Coverage would begin 3 months after a course of renal dialysis is begun. Institutional care will be covered only in institutions which meet a minimum utilization rate requirement and which provide for a medical review board to screen the appropriateness of patients for proposed treatment procedures. About 180 million people under age 65 are protected under this provision.

*Effective date:* July 1973.

### **III. SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED**

The new law replaces (except in Puerto Rico, the Virgin Islands, and Guam), the present State programs of aid to the aged, blind, and disabled, effective January 1, 1974, with a new wholly Federal program of supplemental security income (social services for the aged, blind and disabled as well as all the programs for aid to the families with dependent children will continue as State programs).

#### **NATIONAL SUPPLEMENTAL SECURITY INCOME; DISREGARD OF SOCIAL SECURITY OR OTHER INCOME**

Under the law, about 5 million aged, blind, and disabled persons with no other income will be guaranteed a monthly income of at least \$130 for an individual or \$195 for a couple. In addition the law provides that the first \$20 of social security or any other earned or unearned income (other than income which is based on need) will not cause any reduction in supplemental security income payments.

As a result, aged, blind, and disabled persons who also have monthly income from social security or other sources (which is not need-related) of at least \$20 will be assured total monthly income of at least \$150 for an individual or \$215 for a couple.

Individuals in an institution where care is paid for under medicaid will be eligible for a benefit of \$25 monthly (less countable income).

#### **EARNED INCOME DISREGARD**

In addition to a monthly disregard of \$20 of social security or other income, there will be disregarded \$65 of earned income plus one-half of any remaining earnings. This will enable those aged, blind, and disabled individuals who are able to do some work to do so and in the process give them a higher income in addition to supplemental security income.

In addition, as under prior law, any amount reasonably attributable to the earning of income would be disregarded for the blind and any income necessary for the fulfillment of a plan for achieving self-support will be disregarded for persons qualifying on the basis of blindness or disability. A savings clause assures that blind persons, who were recipients of aid to the blind in December 1973 and met the definition of blindness under the State plan in effect as of October 1972, will not receive any reduction in benefits due to these provisions.

#### **DEFINITIONS OF BLINDNESS AND DISABILITY**

Each State has been free to prescribe its own definition of blindness and disability for purposes of eligibility for aid to the blind and aid to the permanently and totally disabled.

Under the new supplemental security income program, there will be uniform definition of "disability" and "blindness."

The term "disability" is defined as "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 has lasted or can be expected to last for a continuous period of not less than 12 months." This definition is the same as that used in the social security disability insurance program. Children under 18 with disabilities of comparable severity will be eligible.

No disabled person will be eligible if he is medically determined to be a drug addict or an alcoholic unless such individual is undergoing appropriate treatment, if available. Payments for addicts or alcoholics will be made only as protective payments to third parties.

The term "blindness" is defined as central visual acuity of 20/200 or less in the better eye with the use of correcting lens. Also included in this definition is the particular sight limitation which is referred to as "tunnel vision."

A blind or disabled person who was on the rolls in December 1973 and met the State definition for blindness or disability as defined in the State plan in effect as of October 1972 will be considered blind or disabled for purposes of this program so long as he continues to be blind or disabled as defined in such State plan.

#### **OTHER FEDERAL ELIGIBILITY STANDARDS**

Eligibility for supplemental security income will be open to an aged, blind or disabled individual if his resources are less than \$1500 (or \$2250 for a couple). In determining the amount of his resources, the value of the home (including land surrounding home), household goods, personal effects, an automobile, and property needed for self support will, if found to be reasonable, be excluded. Life insurance policies will not be counted if the face value of all policies is less than \$1,500. (Current recipients under State programs with higher resource limits will retain their eligibility.)

An individual receiving supplemental security income will not be considered a member of a family receiving aid under a plan approved under title IV, nor will his income or resources be considered available to such a family (also applicable to title XVI of current law, effective January 1, 1973).

#### **STATE SUPPLEMENTATION**

States wishing to pay an aged, blind or disabled person amounts in addition to the Federal supplemental security income payment will be free to do so. The law permits States to enter into agreements for Federal administration of State supplemental benefits. Under these agreements supplemental payments will have to be made to all persons eligible for Federal supplemental security income payments except that a State can require a period of residence in the State as a condition of eligibility.

#### **INELIGIBILITY FOR FOOD STAMPS**

Individuals eligible for benefits under the supplemental security income program (or who upon application would be eligible) will not be eligible for food stamps or surplus commodities.

#### **SAVINGS CLAUSE**

The law provides no direct Federal participation in the costs of State supplemental payments. However, a savings clause is included under which the Federal Government will, if it administers the State payments, assume all of a State's costs of supplemental payments which exceed its calendar year 1972 share of the costs of aid to the aged, blind, and disabled. This savings clause will apply only to State supplementation needed to maintain the State's assistance levels in effect as of January 1972. The savings clause will, however, also cover an upward adjustment over the January 1972 levels to the extent necessary to offset the elimination of food stamp eligibility.

**MEDICAID COVERAGE**

States are now required to cover all cash assistance recipients under the medicaid program. The new law exempts from this requirement newly eligible recipients who qualify because of the new provision for a \$130 minimum benefit with a disregard of \$20 of social security or other income after 1973.

**SOCIAL SERVICES**

States are authorized to continue programs providing social services to aged, blind, and disabled persons. These services are currently provided under the welfare programs for the aged, blind, and disabled which will be replaced by the new Federal supplemental security income program. There will be 75 percent Federal matching for the services provided (90 percent for family planning), subject to the overall limitations established by the State and Local Fiscal Assistance Act.

**AMENDMENTS TO CURRENT LAW FOR AID TO AGED,  
BLIND, AND DISABLED PERSONS (EFFECTIVE UPON  
ENACTMENT AND UNTIL JANUARY 1, 1974)**

**SEPARATION OF SOCIAL SERVICES NOT REQUIRED**

Separation of social services and eligibility determination is specifically not required.

**COST FOR PROVIDING MANUALS**

At its option, the State may require a charge for reasonable cost of providing manuals and other policy issuances.

**APPEALS PROCESS**

The law provides that the decision of the local agency on the matter considered at an evidentiary hearing may be implemented immediately.

**ABSENCE FROM STATE FOR 90 DAYS**

The law provides that the State may make any person ineligible for money payments who has been absent from the State over 90 consecutive days until such person has been present in the State for 30 consecutive days in the case of an individual who has maintained his residence in the State during such period or 90 days in the case of any other individual.

**RENT PAYMENTS FOR PUBLIC HOUSING**

Permits the States, if they elect to do so, to make rent payments directly to a public housing agency on behalf of a recipient or a group or groups of recipients.

**SAFEGUARDING INFORMATION**

The new law permits the use or disclosure of information concerning applicants or recipients to public officials who require such information in connection with their official duties.

**PASSALONG OF SOCIAL SECURITY INCREASES**

Prior law requires State programs of aid to the aged, blind, and disabled to assure that the total income of recipients who also get social security is at least \$4 higher as a result of the 1969 social security benefit increase. The new law adds an additional \$4 "pass-along" related to this year's 20 percent social security increase and makes both "passalong" provisions applicable until January 1974.



## **IV. CHILD WELFARE SERVICES AND SOCIAL SERVICES**

### **GRANTS TO STATES FOR CHILD WELFARE SERVICES (INCLUDING FOSTER CARE AND ADOPTIONS)**

Annual authorization for Federal grants to the States for child welfare services is increased to \$196 million in fiscal year 1973, rising to \$266 million in 1977 and thereafter. For fiscal year 1973, this is \$150 million more than the \$46 million which has been appropriated every year since 1967. It is anticipated that a substantial part of any increased appropriation under this higher authorization will go toward meeting the cost of providing foster care which now represents the largest single item of child welfare expenditure on the county level. The law, however, does not earmark amounts specifically for foster care so that wherever possible the State and counties can use the additional funds to expand preventive child welfare services with the aim of helping families stay together and thus avoiding the need for foster care. The additional funds can also be used for adoption services, including action to increase adoptions of hard-to-place children.

### **SOCIAL SERVICES**

Includes a savings provision to the limitation on expenditures for social services contained in the State and Local Fiscal Assistance Act of 1972 so that States for the first quarter of fiscal 1973 will be reimbursed as they would have been under prior law. This savings provision is applicable only to the extent that the resultant Federal funding for this quarter for any State does not exceed \$50 million.



## V. STATISTICAL MATERIAL

**TABLE 1.—SOCIAL SECURITY TAX RATES FOR EMPLOYERS AND EMPLOYEES AND SELF-EMPLOYED UNDER PRIOR LAW AND UNDER P. L. 92-603**

[In percent]

Calendar year	OASDI		HI		Total	
	Prior law	New schedule	Prior law	New schedule	Prior law	New schedule
<b>Employer-employee, each</b>						
1972.....	4.60	4.60	0.60	0.60	5.20	5.20
1973-77....	4.60	4.85	0.90	1.00	5.50	5.85
1978-80....	4.50	4.80	1.00	1.25	5.50	6.05
1981-85....	4.50	4.80	1.00	1.35	5.50	6.15
1986-92....	4.50	4.80	1.10	1.45	5.60	6.25
1993-97....	4.50	4.80	1.20	1.45	5.70	6.25
1998-2010..	4.50	4.80	1.20	1.45	5.70	6.25
2011+ .....	5.35	5.85	1.20	1.45	6.55	7.30
<b>Self-employed</b>						
1972.....	6.90	6.90	0.60	0.60	7.50	7.50
1973-77....	6.90	7.00	0.90	1.00	7.80	8.00
1978-80....	6.70	7.00	1.00	1.25	7.70	8.25
1981-85....	6.70	7.00	1.00	1.35	7.70	8.35
1986-92....	6.70	7.00	1.10	1.45	7.80	8.45
1993-97....	6.70	7.00	1.20	1.45	7.90	8.45
1998-2010..	6.70	7.00	1.20	1.45	7.90	8.45
2011+ .....	7.00	7.00	1.20	1.45	8.20	8.45

NOTE.—Under both prior law and the new schedule, the contribution and benefit base would be \$10,800 in 1973 and \$12,000 in 1974, with automatic adjustment thereafter.

**TABLE 2.—ALLOCATION TO DISABILITY INSURANCE TRUST FUND**

	Percent of wages		Percent of self-employment income	
	Prior law	New schedule	Prior law	New schedule
1973-77.....	1.00	1.10	0.750	0.795
1978-2010.....	1.10	1.15	.825	.840
2011+.....	1.40	1.50	.915	.895

**TABLE 3.—OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE AND THE DISABILITY INSURANCE TRUST FUNDS, COMBINED, CALENDAR YEARS 1965-77**

[In millions]

Calendar year	Transactions during period										Net increase in fund
	Income					Disbursements					
	Total	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of—		Interest on investments	Total	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses	Transfers to railroad retirement account	
			Noncontributory credits for military service	Payments to noninsured persons aged 72 and over							
1965.....	\$17,857	\$17,205			\$651	\$19,187	\$18,311	\$418	\$459	—\$1,331	
1966.....	23,381	22,585	\$94		702	20,913	20,048	\$3	393	469	2,467
1967.....	26,413	25,424	94		896	22,471	21,406	11	515	539	3,942
1968.....	28,493	27,034	188	\$226	1,045	26,015	24,936	17	603	458	2,479
1969.....	33,346	31,546	94	364	1,342	27,892	26,751	16	612	513	5,453

1970.....	36,993	34,737	94	371	1,791	33,108	31,863	20	635	589	3,886
1971.....	40,908	38,343	187	351	2,027	38,542	37,171	26	719	626	2,366
Estimated future experi- ence:											
1972....	46,163	43,399	189	337	2,238	43,236	41,607	36	844	749	2,927
1973....	54,730	51,927	191	301	2,311	53,650	51,885	59	877	829	1,080
1974....	61,045	58,048	192	322	2,483	56,710	54,733	77	907	993	4,335
1975....	66,005	62,726	212	297	2,770	62,031	59,950	85	951	1,045	3,974
1976....	69,734	66,107	333	261	3,033	65,132	63,002	92	991	1,047	4,602
1977....	75,387	71,591	338	229	3,229	71,537	69,335	99	1,038	1,065	3,850

NOTE: Under the automatic increase provisions, the following changes are assumed to occur on January 1 of the stated year:

Year	General benefit increase (percent)	Contribution and benefit base	Annual exempt amount under the retirement test
1975.....	5.1	\$12,600	\$2,280
1977.....	5.5	14,100	2,520

TABLE 4.—OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, CALENDAR YEARS  
1965-77

[In millions]

Calendar year	Transactions during period										
	Income					Disbursements					
	Total	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of—		Interest on investments	Total	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses	Transfers to railroad retirement account	Net increase in fund
			Noncontributory credits for military service	Payments to noninsured persons aged 72 and over							
1965.....	\$16,610	\$16,017			\$593	\$17,501	\$16,737	\$328	\$436	-\$890	
1966.....	21,302	20,580	\$78		644	18,967	18,267	( <sup>1</sup> ) 256	444	2,335	
1967.....	24,034	23,138	78		818	20,382	19,468	( <sup>1</sup> ) 406	508	3,652	
1968.....	25,040	23,719	156	\$226	939	23,557	22,642	\$1 476	438	1,483	
1969.....	29,554	27,947	78	364	1,165	25,176	24,209	1 474	491	4,378	

1970.....	32,220	30,256	78	371	1,515	29,848	28,796	2	471	579	2,371
1971.....	35,877	33,723	137	351	1,667	34,542	33,413	2	514	613	1,335
Estimated future experi- ence:											
1972....	40,503	38,210	138	337	1,818	38,465	37,115	2	623	725	2,038
1973....	48,326	46,018	139	301	1,868	47,485	46,036	3	641	805	841
1974....	53,942	51,465	140	322	2,015	50,063	48,439	4	659	961	3,879
1975....	58,328	55,612	146	297	2,273	54,737	53,027	5	690	1,015	3,591
1976....	61,616	58,610	231	261	2,514	57,444	55,702	5	717	1,020	4,172
1977....	66,636	63,472	233	229	2,702	63,089	61,297	6	750	1,036	3,547

<sup>1</sup> Less than \$500,000.

NOTE: Under the automatic increase provisions, the following changes are assumed to occur on January 1 of the stated year:

Year	General benefit increase (percent)	Contribution and benefit base	Annual exempt amount under the retirement test
1975.....	5.1	\$12,600	\$2,280
1977.....	5.5	14,100	2,520

TABLE 5.—OPERATIONS OF THE DISABILITY INSURANCE TRUST FUND, CALENDAR YEARS 1965-77

[In millions]

Calendar year	Transactions during period									
	Income				Disbursements					
	Total	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of noncontributory credits for military service	Interest on investments	Total	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses	Transfers to railroad retirement account	Net increase in fund
1965.....	\$1,247	\$1,188	.....	\$59	\$1,687	\$1,573	.....	\$90	\$24	-\$440
1966.....	2,079	2,006	\$16	58	1,947	1,781	\$3	137	25	133
1967.....	2,379	2,286	16	78	2,089	1,939	11	109	31	290
1968.....	3,454	3,316	32	106	2,458	2,294	16	127	20	996
1969.....	3,792	3,599	16	177	2,716	2,542	15	138	21	1,075

1970.....	4,774	4,481	16	277	3,259	3,067	18	164	10	1,514
1971.....	5,031	4,620	50	361	4,000	3,758	24	205	13	1,031
Estimated future experience:										
1972...	5,660	5,189	51	420	4,771	4,492	34	221	24	889
1973...	6,404	5,909	52	443	6,165	5,849	56	236	24	239
1974...	7,103	6,583	52	468	6,647	6,294	73	248	32	456
1975...	7,677	7,114	66	497	7,294	6,923	80	261	30	383
1976...	8,118	7,497	102	519	7,688	7,300	87	274	27	430
1977...	8,751	8,119	105	527	8,448	8,038	93	288	29	303

NOTE: Under the automatic increase provisions, the following changes are assumed to occur on January 1 of the stated year:

Year	General benefit increase (percent)	Contribution and benefit base	Annual exempt amount un- der the retirement test
1975.....	5.1	\$12,600	\$2,280
1977.....	5.5	14,100	2,520

TABLE 6.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND, UNDER PUBLIC LAW 92-603, CALENDAR YEARS 1972-77

[In millions]

	1972	1973	1974	1975	1976	1977
<b>Income:</b>						
Contributions.....	\$5,576	\$10,347	\$11,816	\$12,770	\$13,460	\$14,586
Reimbursement for uninsured persons.....	468	556	582	585	585	576
Reimbursement for military service wage credits.....	48	48	48	48	48	48
Transfers from railroad retirement account.....	65	96	125	132	135	135
Interest on investments.....	147	213	371	513	625	702
<b>Total income.....</b>	<b>6,304</b>	<b>11,260</b>	<b>12,942</b>	<b>14,048</b>	<b>14,853</b>	<b>16,047</b>
<b>Disbursements:</b>						
Benefit payments.....	6,615	8,222	10,084	11,468	12,986	14,603
Administrative expenses.....	165	203	248	287	325	365
<b>Total disbursements.....</b>	<b>6,780</b>	<b>8,425</b>	<b>10,332</b>	<b>11,755</b>	<b>13,311</b>	<b>14,968</b>
<b>Fund at end of year.....</b>	<b>2,558</b>	<b>5,393</b>	<b>8,003</b>	<b>10,296</b>	<b>11,838</b>	<b>12,917</b>

TABLE 7.—ESTIMATED OPERATIONS OF THE SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND,  
P.L. 92-603, CALENDAR YEARS 1972-77

[In millions]

	1972	1973	1974	1975	1976	1977
<b>Income:</b>						
Premiums.....	\$1,392	\$1,561	\$1,725	\$1,788	\$1,852	\$1,915
General revenue.....	1,406	1,619	2,155	2,569	3,023	3,519
Interest.....	31	42	55	67	80	94
Total income.....	2,829	3,222	3,935	4,424	4,955	5,528
<b>Disbursements:</b>						
Benefits.....	2,340	2,629	3,267	3,715	4,153	4,629
Administrative costs.....	330	369	456	502	564	636
Total disbursements.....	2,670	2,998	3,723	4,217	4,717	5,265
Fund at end of year.....	609	833	1,045	1,252	1,490	1,753

TABLE 8.—INCREASE IN EXPENDITURES UNDER SOCIAL SECURITY AMENDMENTS OF 1972, CALENDAR YEAR 1974

[In billions]

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<b>Trust funds:</b>	
Social security cash benefits.....	\$2.3
Hospital insurance.....	1.6
Supplementary medical insurance.....	.1
	<hr/>
Total.....	4.0
	<hr/>
<b>General revenues:</b>	
Supplemental security income.....	1.9
Food stamp cash-out.....	-.3
Child welfare services.....	.2
Medicaid.....	-.8
Supplementary medical insurance.....	.4
	<hr/>
Total.....	1.4
	<hr/>
Grand total.....	5.4

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TABLE 9.—SOCIAL SECURITY PROGRAMS: FIRST FULL-YEAR  
COST OF P.L. 92-603  
[Amounts in millions]

Provision	Additional benefit payments in calendar year 1974
Total.....	\$4,372
<b>Social security cash benefit program:</b>	
Earnings in year of attainment of age 72.....	14
Retirement test at \$2,100.....	842
Special minimum at \$170 for 30 years.....	20
Credit for delayed retirement prospectively.....	27
Liberalized disability provision for blind.....	38
Reduction in disability waiting period to 5 months.....	128
Increased benefits for widows and widowers....	1,109
Eliminate support requirement for divorced wives.....	23
Student child benefits payable after 22 to end of semester.....	19
Age 62 computation point for men.....	14
Liberalized workmen's compensation offset....	22
Children disabled at ages 18 to 22.....	17
Increased allowance for vocational rehabilita- tion expenses.....	28
Military wage credit.....	46
Subtotal, cash benefits.....	2,347
<b>Hospital insurance program:</b>	
Coverage of the disabled.....	1,412
Liberalized definition of skilled nursing facility care.....	110
Waiver of beneficiary liability for disallowed claims.....	35
Coverage of chronic kidney disease patients.....	75
Subtotal, hospital insurance.....	1,632
<b>Supplementary medical insurance program (general revenues):</b>	
Coverage of the disabled.....	365
Increase in part B deductible.....	-58
Coverage of chiropractors' services.....	17
Coverage of speech pathologist services.....	9
Coverage of chronic kidney disease patients....	52
Eliminate coinsurance on home health services.	8
Subtotal, supplementary medical insurance program.....	393

Source: Department of Health, Education, and Welfare.

TABLE 10.—CHANGES IN ESTIMATED MEDICAID COSTS (+)  
AND SAVINGS (—) UNDER P.L. 92-603

[In millions of dollars]

	Calendar year 1974
Coverage of the disabled under Medicare.....	-70
Increase in Medicare pt. B deductible from \$50 to \$60.....	+8
Reduction in Medicaid matching if States fail to per- form required utilization review.....	-162
Imposition of premium, copayment and deductible requirements on Medicaid recipients.....	-89
Families with earnings under Medicaid:	
Eligibility extended 4 months.....	+33
Limitation on nursing home and intermediate care facility reimbursement to 105 percent of last year's payment.....	-22
Elimination of requirement that States move toward comprehensive Medicaid program by 1977.....	(1)
Elimination of requirement that States maintain their year to year fiscal efforts in Medicaid.....	-640
Payments to States under Medicaid for installation and operation of claims processing and informa- tion retrieval systems.....	+10
Increased Medicaid matching for Puerto Rico and the Virgin Islands.....	+10
More specific requirements as to eligibility for skilled nursing level of care.....	-14
100 percent reimbursement for the cost of certifying skilled nursing homes under Medicaid.....	+10
Expansion of Medicaid coverage to include inpatient care for mentally ill children.....	+120
90 percent Federal funding of family planning services.....	+36
Coverage of persons needing renal dialysis or trans- plantation under Medicare.....	-20
Preserving Medicaid eligibility for social security beneficiaries.....	
Total estimated reduction in Medicaid costs under P.L. 92-603.....	-790

<sup>1</sup> The prior law estimates take no account of the effect of the requirement that States move toward comprehensive medicaid programs by 1977; therefore, no savings are attributed to the repeal of this requirement.

Source: Department of Health, Education, and Welfare.

TABLE 11.—CALENDAR YEAR 1974 FEDERAL COSTS OF SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED, AND CHILD WELFARE SERVICES

[Dollars in billions]

	Gross costs	Prior law	Amount of increase
<b>Aged, blind, and disabled:</b>			
Benefit payments.....	\$3.5	\$2.1	\$1.4
Savings clause for State supplementation.....	.3		.3
Food programs.....		.3	-.3
Administrative costs.....	.4	.2	.2
Subtotal, aged, blind, and disabled.....	4.2	2.6	1.6
Child welfare services.....	.2	( <sup>1</sup> )	.2
Total.....	4.4	2.6	1.8

<sup>1</sup> Prior law cost is \$46,000,000.

Source: Department of Health, Education, and Welfare.

TABLE 12.—ESTIMATED AMOUNT OF COMBINED TOTAL BENEFIT PAYMENTS UNDER THE OASDI AND MEDICARE PROGRAMS AND, SEPARATELY, TOTAL BENEFIT PAYMENTS UNDER THE MEDICARE PROGRAM, CALENDAR YEAR 1974, BY STATE

[In millions]

Beneficiary's State of residence	Total benefit payments in calendar year 1974 under the OASDI and medicare programs			Benefit payments in calendar year 1974 under the medicare program				
	Total benefit payments under the amended programs	Additional benefit payments resulting from the amendments	Benefits that would have been paid under the programs as in effect before the amendments	Total benefit payments under the amended program	Additional benefit payments resulting from the amendments			Benefits that would have been paid under the program as in effect before the amendments
					Net total <sup>1</sup>	Payments for disabled persons	Net payments resulting from other changes	
Total <sup>2</sup> .....	\$68,161	\$4,362	\$63,799	\$13,351	\$2,015	\$1,795	\$220	\$11,336
Alabama.....	1,001	68	933	173	36	33	3	137
Alaska.....	28	1	26	5	1	1	( <sup>3</sup> )	4
Arizona.....	577	36	542	107	18	17	2	89
Arkansas.....	668	41	628	115	22	20	2	93
California.....	6,618	460	6,158	1,581	256	232	24	1,325
Colorado.....	613	36	576	134	18	16	2	116
Connecticut.....	1,039	63	975	211	27	23	4	184
Delaware.....	160	10	150	29	5	4	( <sup>3</sup> )	24
District of Columbia.....	199	14	185	50	8	7	1	42
Florida.....	3,091	169	2,921	620	84	75	9	536
Georgia.....	1,124	76	1,048	192	42	39	3	149
Hawaii.....	162	9	153	29	5	4	( <sup>3</sup> )	25
Idaho.....	230	14	217	40	6	5	1	34
Illinois.....	3,695	230	3,465	735	95	82	13	640

Indiana	1,699	103	1,596	287	41	36	5	247
Iowa	1,065	63	1,002	200	22	19	4	177
Kansas	797	49	748	157	17	15	3	139
Kentucky	1,016	64	953	175	33	30	3	142
Louisiana	931	65	867	168	35	32	3	133
Maine	372	23	349	68	10	9	1	58
Maryland	989	64	925	185	28	25	3	157
Massachusetts	2,134	139	1,995	491	59	51	9	432
Michigan	2,959	192	2,768	547	88	79	9	459
Minnesota	1,289	72	1,217	282	30	25	5	251
Mississippi	619	41	578	116	24	22	2	92
Missouri	1,726	105	1,621	342	48	42	6	294
Montana	235	15	219	43	7	6	1	37
Nebraska	528	30	498	102	11	9	2	91
Nevada	122	8	114	27	5	4	(3)	22
New Hampshire	263	14	249	43	5	5	1	38
New Jersey	2,493	161	2,332	475	65	58	7	410
New Mexico	244	16	229	43	8	8	1	35
New York	7,132	501	6,631	1,608	220	193	27	1,388
North Carolina	1,350	92	1,258	235	50	46	4	185
North Dakota	209	14	195	47	6	5	1	41
Ohio	3,387	212	3,175	604	88	78	11	516
Oklahoma	900	59	840	190	30	27	3	160
Oregon	792	46	746	139	21	19	2	118
Pennsylvania	4,333	281	4,052	754	112	100	12	642
Puerto Rico	409	21	387	49	13	12	1	37
Rhode Island	368	25	343	84	12	11	1	72
South Carolina	645	46	600	104	26	24	2	78
South Dakota	236	14	222	45	5	5	1	39
Tennessee	1,135	73	1,062	194	36	33	3	158
Texas	3,042	192	2,850	641	96	86	10	545
Utah	254	14	240	37	5	4	1	32
Vermont	162	11	151	36	5	5	1	31

See footnotes at end of table.

**TABLE 12.—ESTIMATED AMOUNT OF COMBINED TOTAL BENEFIT PAYMENTS UNDER THE OASDI AND MEDICARE PROGRAMS AND, SEPARATELY, TOTAL BENEFIT PAYMENTS UNDER THE MEDICARE PROGRAM, CALENDAR YEAR 1974, BY STATE—Continued**

[In millions]

Beneficiary's State of residence	Total benefit payments in calendar year 1974 under the OASDI and medicare programs			Benefit payments in calendar year 1974 under the medicare program				
	Total benefit payments under the amended programs	Additional benefit payments resulting from the amendments	Benefits that would have been paid under the programs as in effect before the amendments	Total benefit payments under the amended program	Additional benefit payments resulting from the amendments		Net payments resulting from other changes	Benefits that would have been paid under the program as in effect before the amendments
					Net total <sup>1</sup>	Payments for disabled persons		
Virgin Islands, Guam, and American Samoa...	\$9	( <sup>3</sup> )	\$9	\$1	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	\$1
Virginia.....	1,161	\$79	1,081	192	\$37	\$34	\$3	155
Washington.....	1,113	66	1,047	190	26	23	3	164
West Virginia.....	695	49	646	101	24	22	2	77
Wisconsin.....	1,610	95	1,515	308	39	34	5	269
Wyoming.....	98	6	92	17	2	2	( <sup>3</sup> )	14

46

<sup>1</sup> Estimates in this column represent payments on behalf of disabled persons under age 65 plus an additional amount totaling \$220 million resulting from the net effect of other changes in the medicare program, i.e., \$220 million in additional payments due to changes in the hospital insurance plan and no net additional payments resulting from changes in the supplementary medical insurance plan (see footnote 2 of table 14).

<sup>2</sup> Totals include OASDI benefits to beneficiaries residing abroad. No medicare payments are included for beneficiaries residing abroad, because medicare payments for such beneficiaries are payable only under conditions that are expected to occur rarely.

<sup>3</sup> Less than \$500,000.

NOTE.—Totals do not necessarily equal the sum of rounded components.

TABLE 13.—ESTIMATED NUMBER OF PERSONS WITH HOSPITAL INSURANCE PROTECTION ON JULY 1, 1973, AND ESTIMATED AMOUNT OF HOSPITAL INSURANCE BENEFIT PAYMENTS, CALENDAR YEAR 1974, BY STATE

[Numbers in thousands; amounts in millions]

Insured person's State of residence	Number of persons with hospital insurance protection on July 1, 1973			Benefit payments under the hospital insurance plan in calendar year 1974				
	Total	Disabled persons under age 65 who gain hospital insurance protection immediately, as a result of the amendments <sup>1</sup>	Persons aged 65 and over with hospital insurance protection under the program as in effect before the amendments	Total benefit payments under the amended program	Additional benefit payments resulting from the amendments			Benefits that would have been paid under the program as in effect before the amendments
					Total additional benefit payments	Payments for disabled persons <sup>1</sup>	Payments resulting from other changes	
Total.....	22,800	1,700	21,100	\$10,084	\$1,598	\$1,378	\$220	\$8,486
Alabama.....	381	40	341	131	28	25	3	103
Alaska.....	8	1	7	3	1	1	( <sup>3</sup> )	3
Arizona.....	174	15	159	75	14	12	2	62
Arkansas.....	274	26	247	85	17	15	2	68
California.....	2,029	163	1,866	1,111	191	167	24	920
Colorado.....	210	13	197	101	14	12	2	87
Connecticut.....	321	19	303	168	22	19	4	145
Delaware.....	51	4	47	23	4	3	( <sup>3</sup> )	19
Dist. of Columbia..	75	6	69	39	6	6	1	33
Florida.....	995	65	930	426	62	53	9	364
Georgia.....	429	50	380	141	32	30	3	109
Hawaii.....	51	4	46	22	3	3	( <sup>3</sup> )	18

See footnotes at end of table.

**TABLE 13.—ESTIMATED NUMBER OF PERSONS WITH HOSPITAL INSURANCE PROTECTION ON JULY 1, 1973, AND ESTIMATED AMOUNT OF HOSPITAL INSURANCE BENEFIT PAYMENTS, CALENDAR YEAR 1974, BY STATE—Continued**

[Numbers in thousands; amounts in millions]

Insured person's State of residence	Number of persons with hospital insurance protection on July 1, 1973			Benefit payments under the hospital insurance plan in calendar year 1974				
	Total	Disabled persons under age 65 who gain hospital insurance protection immediately, as a result of the amendments <sup>1</sup>	Persons aged 65 and over with hospital insurance protection under the program as in effect before the amendments	Total benefit payments under the amended program	Additional benefit payments resulting from the amendments			Benefits that would have been paid under the program as in effect before the amendments
					Total additional benefit payments	Payments for disabled persons <sup>1</sup>	Payments resulting from other changes	
Idaho.....	78	6	72	\$30	\$5	\$4	\$1	\$25
Illinois.....	1,223	72	1,151	596	81	67	13	515
Indiana.....	556	37	519	233	34	29	5	199
Iowa.....	391	19	372	156	19	15	4	138
Kansas.....	293	14	279	123	14	12	3	108
Kentucky.....	391	37	354	138	27	24	3	111
Louisiana.....	354	37	317	132	28	25	3	104
Maine.....	135	9	126	56	8	7	1	47
Maryland.....	327	24	303	148	23	20	3	124
Massachusetts.....	704	39	666	382	49	40	9	333
Michigan.....	878	69	809	426	72	63	9	354
Minnesota.....	455	22	434	224	26	21	5	198
Mississippi.....	260	27	233	87	19	17	2	68
Missouri.....	627	42	586	267	39	34	6	228
Montana.....	79	6	73	34	5	5	1	29

Nebraska	202	9	192	79	9	7	2	70
Nevada	35	3	32	20	4	3	( <sup>3</sup> )	17
New Hampshire	90	5	85	34	4	4	1	29
New Jersey	778	51	727	335	49	42	7	286
New Mexico	83	8	75	32	6	6	1	25
New York	2,219	143	2,076	1,212	175	149	27	1,037
North Carolina	488	54	434	182	40	36	4	142
North Dakota	75	4	71	38	5	4	1	33
Ohio	1,122	77	1,044	482	73	63	11	408
Oklahoma	336	26	310	141	24	21	3	118
Oregon	255	18	237	107	17	14	2	90
Pennsylvania	1,437	102	1,334	561	88	75	12	473
Puerto Rico	210	29	180	36	10	9	1	26
Rhode Island	118	8	110	65	10	9	1	55
South Carolina	231	31	201	80	20	19	2	60
South Dakota	90	5	85	37	5	4	1	32
Tennessee	445	42	403	149	29	26	3	120
Texas	1,109	81	1,027	456	73	63	10	383
Utah	86	6	80	27	4	3	1	23
Vermont	56	4	52	29	4	4	1	25
Virgin Islands, Guam, and American Samoa	4	( <sup>2</sup> )	4	1	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	1
Virginia	419	41	378	148	30	27	3	118
Washington	361	23	337	140	20	17	3	119
West Virginia	237	30	208	80	20	18	2	61
Wisconsin	532	31	501	244	33	27	5	211
Wyoming	34	2	32	13	2	2	( <sup>3</sup> )	11

49

<sup>1</sup> Under the amendments, hospital insurance protection is provided beginning July 1, 1973, for certain disabled persons who are under age 65. This protection would not have been available to these disabled persons under the program as in effect prior to the amendments.

<sup>2</sup> Less than 500.

<sup>3</sup> Less than \$500,000.

NOTE.—Totals do not necessarily equal the sum of rounded components.

TABLE 14.—ESTIMATED NUMBER OF PERSONS WITH SUPPLEMENTARY MEDICAL INSURANCE PROTECTION ON JULY 1, 1973, AND ESTIMATED AMOUNT OF SUPPLEMENTARY MEDICAL INSURANCE BENEFIT PAYMENTS, CALENDAR YEAR 1974, BY STATE

[Numbers in thousands; amounts in millions]

Insured person's State of residence	Number of persons with supplementary medical insurance protection on July 1, 1973			Benefit payments under the supplementary medical insurance plan in calendar year 1974		
	Total	Disabled persons under age 65 who become eligible for supplementary medical insurance protection immediately, as a result of the amendments <sup>1</sup>	Persons aged 65 and over with supplementary medical insurance protection under the program as in effect before the amendments	Total benefit payments under the amended program	Additional benefit payments, for disabled persons under age 65, resulting from the amendments <sup>1 2</sup>	Benefits that would have been paid under the program as in effect before the amendments
Total.....	22,400	1,700	20,700	\$3,267	\$417	\$2,850
Alabama.....	376	40	336	42	8	35
Alaska.....	6	1	6	1	( <sup>4</sup> )	1
Arizona.....	171	15	156	32	5	27
Arkansas.....	269	26	242	31	5	26
California.....	2,016	163	1,853	470	65	405
Colorado.....	208	13	195	33	4	30
Connecticut.....	320	19	301	44	4	39
Delaware.....	50	4	46	6	1	5
District of Columbia.....	73	6	68	11	2	10
Florida.....	986	65	921	194	22	172
Georgia.....	423	50	374	50	10	40
Hawaii.....	50	4	46	7	1	6

Idaho.....	76	6	71	10	1	8
Illinois.....	1,207	72	1,134	139	15	125
Indiana.....	544	37	507	54	6	48
Iowa.....	387	19	368	44	4	40
Kansas.....	289	14	274	34	3	31
Kentucky.....	388	37	351	37	6	31
Louisiana.....	334	37	297	36	7	29
Maine.....	134	9	125	13	2	11
Maryland.....	316	24	293	38	5	33
Massachusetts.....	700	39	661	110	11	99
Michigan.....	867	69	799	121	16	104
Minnesota.....	452	22	430	58	5	53
Mississippi.....	252	27	225	29	5	24
Missouri.....	618	42	576	75	9	66
Montana.....	78	6	72	9	1	8
Nebraska.....	199	9	189	23	2	21
Nevada.....	35	3	32	7	1	6
New Hampshire.....	88	5	83	10	1	9
New Jersey.....	773	51	722	141	16	124
New Mexico.....	79	8	71	11	2	9
New York.....	2,185	143	2,042	396	45	351
North Carolina.....	479	54	425	54	10	44
North Dakota.....	74	4	70	9	1	8
Ohio.....	1,102	77	1,025	122	15	107
Oklahoma.....	333	26	307	48	7	42
Oregon.....	249	18	230	32	4	28
Pennsylvania.....	1,409	102	1,307	193	24	169
Puerto Rico.....	130	29	101	13	3	10
Rhode Island.....	117	8	108	19	2	17
South Carolina.....	225	31	195	24	5	19
South Dakota.....	89	5	84	8	1	7
Tennessee.....	439	42	397	45	7	38
Texas.....	1,102	81	1,021	185	24	162
Utah.....	84	6	78	10	1	9
Vermont.....	55	4	51	7	1	6

See footnotes at end of table.

TABLE 14.—ESTIMATED NUMBER OF PERSONS WITH SUPPLEMENTARY MEDICAL INSURANCE PROTECTION ON JULY 1, 1973, AND ESTIMATED AMOUNT OF SUPPLEMENTARY MEDICAL INSURANCE BENEFIT PAYMENTS, CALENDAR YEAR 1974, BY STATE—Continued

[Numbers in thousands; amounts in millions]

Insured person's State of residence	Number of persons with supplementary medical insurance protection on July 1, 1973			Benefit payments under the supplementary medical insurance plan in calendar year 1974		
	Total	Disabled persons under age 65 who become eligible for supplementary medical insurance protection immediately, as a result of the amendments <sup>1</sup>	Persons aged 65 and over with supplementary medical insurance protection under the program as in effect before the amendments	Total benefit payments under the amended program	Additional benefit payments, for disabled persons under age 65, resulting from the amendments <sup>1 2</sup>	Benefits that would have been paid under the program as in effect before the amendments
Virgin Islands, Guam, and American Samoa.....	3	( <sup>3</sup> )	3	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Virginia.....	409	41	367	\$44	\$8	\$37
Washington.....	357	23	333	51	6	45
West Virginia.....	234	30	204	20	4	16
Wisconsin.....	528	31	496	64	7	58
Wyoming.....	34	2	32	4	( <sup>4</sup> )	3

52

<sup>1</sup> Under the amendments, supplementary medical insurance protection is available beginning July 1, 1973, for certain disabled persons who are under age 65. This protection would not have been available to these disabled persons under this program as in effect prior to the amendments.

<sup>2</sup> A reduction in benefit payments, totaling \$115 million, that results from the increase in the supplementary medical insurance deductible from \$50 to \$60, beginning January 1, 1973, is offset by additional benefit payments totaling an equal amount—\$115 million—that results from all other changes, except for the extension of protection to disabled persons under age 65.

<sup>3</sup> Less than 500.

<sup>4</sup> Less than \$500,000.

NOTE.—Totals do not necessarily equal the sum of rounded components.

TABLE 15.—ESTIMATED NUMBER OF BENEFICIARIES ON JAN. 1, 1973, ESTIMATED NUMBER OF PERSONS AFFECTED BY SELECTED PROVISIONS, AND ESTIMATED AMOUNT OF BENEFIT PAYMENTS, CALENDAR YEAR 1974, BY STATE

[Numbers in thousands; amounts in millions]

Beneficiary's State of residence	Number of beneficiaries affected by selected provisions			OASDI benefit payments in calendar year 1974 <sup>1</sup>		
	Number of persons receiving monthly benefits, Jan. 1, 1973	Increased benefits for widows and widowers <sup>2</sup>	Retirement test changes <sup>3</sup>	Total benefit payments under the amended program	Additional benefit payments resulting from the amendments	Benefits that would have been paid under the program as in effect before the amendments
Total <sup>4</sup> .....	28,400	3,800	1,660	\$54,810	\$2,347	\$52,463
Alabama.....	510	57	20	829	33	796
Alaska.....	14	1	1	24	1	23
Arizona.....	242	25	12	470	17	453
Arkansas.....	356	34	11	553	19	535
California.....	2,484	305	145	5,039	204	4,835
Colorado.....	253	31	13	479	18	460
Connecticut.....	375	58	26	828	37	791
Delaware.....	65	9	4	131	6	126
Dist. of Columbia.....	83	9	6	149	6	142
Florida.....	1,266	146	57	2,470	85	2,386
Georgia.....	574	59	20	933	34	899
Hawaii.....	73	6	3	133	4	129

See footnotes at end of table.

TABLE 15.—ESTIMATED NUMBER OF BENEFICIARIES ON JAN. 1, 1973, ESTIMATED NUMBER OF PERSONS AFFECTED BY SELECTED PROVISIONS, AND ESTIMATED AMOUNT OF BENEFIT PAYMENTS, CALENDAR YEAR 1974, BY STATE—Continued

[Numbers in thousands; amounts in millions]

Beneficiary's State of residence	Number of beneficiaries affected by selected provisions			OASDI benefit payments in calendar year 1974 <sup>1</sup>		
	Number of persons receiving monthly benefits, Jan. 1, 1973	Increased benefits for widows and widowers <sup>2</sup>	Retirement test changes <sup>3</sup>	Total benefit payments under the amended program	Additional benefit payments resulting from the amendments	Benefits that would have been paid under the program as in effect before the amendments
Idaho.....	101	12	7	\$191	\$8	\$183
Illinois.....	1,423	216	96	2,960	135	2,825
Indiana.....	694	103	43	1,412	62	1,349
Iowa.....	448	65	32	865	41	824
Kansas.....	334	47	27	640	31	609
Kentucky.....	507	58	17	842	31	810
Louisiana.....	469	55	16	764	30	734
Maine.....	163	21	11	304	13	291
Maryland.....	408	60	24	804	36	768
Massachusetts.....	785	119	66	1,643	79	1,563
Michigan.....	1,141	175	60	2,413	104	2,309
Minnesota.....	533	70	33	1,007	41	966
Mississippi.....	352	29	11	504	17	486
Missouri.....	736	97	41	1,384	57	1,327
Montana.....	100	12	7	192	9	183
Nebraska.....	228	30	16	426	19	407
Nevada.....	47	5	3	95	4	92

New Hampshire.....	108	14	7	219	9	211
New Jersey.....	929	150	68	2,018	96	1,922
New Mexico.....	122	11	5	201	7	194
New York.....	2,559	379	232	5,525	280	5,244
North Carolina.....	678	72	29	1,115	42	1,073
North Dakota.....	92	11	8	162	8	154
Ohio.....	1,361	221	73	2,783	124	2,660
Oklahoma.....	399	49	21	710	29	681
Oregon.....	322	38	20	653	25	628
Pennsylvania.....	1,714	298	111	3,579	169	3,410
Puerto Rico.....	354	10	5	359	9	351
Rhode Island.....	138	20	10	284	13	271
South Carolina.....	335	33	12	541	20	521
South Dakota.....	108	14	7	191	8	183
Tennessee.....	576	62	25	941	37	904
Texas.....	1,390	168	69	2,400	95	2,305
Utah.....	110	14	7	217	9	208
Vermont.....	66	9	4	126	6	120
Virgin Islands, Guam, and American Samoa.....	6	( <sup>6</sup> )	( <sup>6</sup> )	8	( <sup>6</sup> )	8
Virginia.....	553	68	29	969	42	927
Washington.....	449	58	32	923	40	882
West Virginia.....	326	47	11	594	25	569
Wisconsin.....	647	92	41	1,302	56	1,246
Wyoming.....	42	5	3	81	3	78

55

<sup>1</sup> Includes payments for vocational rehabilitation services.

<sup>2</sup> Represents persons who will receive larger benefits for January 1973.

<sup>3</sup> Represents persons who will receive either additional benefits, or some benefits (where they would have received none under prior law), for months in the first full year.

<sup>4</sup> Numbers of persons residing abroad, and amounts of benefit payments to them, are included in totals.

<sup>5</sup> Less than 500.

<sup>6</sup> Less than \$500,000.

NOTE.—Totals do not necessarily equal the sum of rounded components.

**TABLE 16.—DOLLAR AMOUNT OF EMPLOYEE SOCIAL SECURITY CONTRIBUTIONS FOR CALENDAR YEARS 1973 AND 1974 FOR SELECTED LEVELS OF ANNUAL EARNINGS**

	Contribution rate (percent)	Maximum covered earnings (\$10,800 for 1973; \$12,000 for 1974)	Median earnings (male) (\$7,433 for 1973; \$7,804 for 1974)	Minimum wage earner \$3,328 earnings
<b>1973:</b>				
Prior law .....	5.5	\$594.00	\$408.82	\$183.04
New schedule .....	5.85	631.80	434.83	194.69
<b>1974:</b>				
Prior law .....	5.5	660.00	429.22	183.04
New schedule .....	5.85	702.00	456.53	194.69

93d Congress }  
1st Session }

COMMITTEE PRINT

COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES

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ACTUARIAL COST ESTIMATES FOR THE OLD-AGE,  
SURVIVORS, DISABILITY, HOSPITAL, AND SUPPLE-  
MENTARY MEDICAL INSURANCE SYSTEMS AS  
MODIFIED BY PUBLIC LAW 92-603



MARCH 2, 1973

Prepared for the use of the Committee on Ways and Means by the  
Office of the Actuary, Social Security Administration

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# CONTENTS

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	Page
I. Introduction.....	1
II. Summary of Actuarial Status and Changes in Methodology.....	1
III. Basic Actuarial Principles and Considerations.....	2
IV. Actuarial Cost Estimates for the OASDI System.....	6
V. Actuarial Cost Estimates for the Hospital Insurance Program.....	15
VI. Actuarial Cost Estimates for the Supplementary Medical Insurance Program.....	18
Appendixes:	
A. Basic Assumptions for Cost Estimates for Old-Age, Survivors, and Disability Insurance System.....	20
B. Principal Assumptions and Methodology for Actuarial Cost Estimates for the Hospital Insurance System.....	23
C. Actuarial Balance of Old-Age, Survivors, and Disability Insurance Program in Past Years.....	34

# ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, DISABILITY, HOSPITAL, AND SUPPLEMENTARY MEDICAL INSURANCE SYSTEMS AS MODIFIED BY PUBLIC LAW 92-603

## I. INTRODUCTION

This report presents the short-range and long-range cost estimates for the old-age and survivors insurance program, the disability insurance program, the hospital insurance program, and the supplementary medical insurance program--as each was modified by the social security provisions of Public Law 92-603. The cost estimates presented here are those used by the Senate Committee on Finance in consideration of H.R. 1, the House-Senate Conference Committee in resolving differences between the House and Senate versions of the bill, and by both houses of Congress in final passage of the bill. This document has been prepared for the use of the Committee on Ways and Means by the Office of the Actuary, Social Security Administration.

## II. SUMMARY OF ACTUARIAL STATUS AND CHANGES IN METHODOLOGY

### *1. Old-Age, Survivors, and Disability Insurance Program*

The long-range cost estimates for the old-age, survivors, and disability insurance system, as modified by the amendments, as well as for its two portions (OASI and DI) considered individually, show that future income and outgo are in close balance. These estimates follow the methods and financing policies adopted in July 1972 when Public Law 92-336 was enacted.

Two important changes were then incorporated into the financing of the program. One is related to the actuarial methodology used to evaluate the long-range cost of the OASDI system. The second deals with the financing policy to be followed in the future. Both of these changes were recommended by the 1971 Advisory Council on Social Security; and both were endorsed by the Board of Trustees of the Federal Old-Age, Survivors, and Disability Insurance Trust Funds.

The most important change involved in the new actuarial methodology lies in the adoption of dynamic assumptions as to benefits, taxable earnings, and the taxable earnings base in contrast to the static assumptions that were employed prior to 1972.

The new methodology is such that if all of the actuarial and economic assumptions should be exactly realized, the financing would provide sufficient income so that in the future the benefit table could be increased as fast as the Consumers Price Index (CPI), as provided under the automatic provisions in the law. Benefit increases that may be enacted in the future beyond those automatically provided for

would require additional financing. The contribution tax schedules in the law were designed to finance all the costs arising from the provision in the law as it was amended.

In recognition of the sensitivity of the estimates to various demographic and economic factors, a margin for contingencies has been introduced into the long-range cost estimate for OASDI, and is included within the tax schedule approved under P.L. 92-603.

The important change in the financing policy is that in the present amendments, as well as for those in P.L. 92-336, the concept of "current-cost" financing was used in determining the tax schedule. Under this concept the contribution rates are determined so that the OASDI Trust Funds would grow toward a goal of 100 percent of the following year's outgo. However, some latitude is needed in the size of the funds, since it is not always possible to have a single rate for a period of years that would both build the funds close to the desired goal, and then maintain them at that relative size. In the financing of the present amendments, the Congress adopted a tax rate schedule that is projected, according to the long-range estimates, to keep the ratio of trust fund to the following year's outgo above 80 percent for the first five years and to increase slowly towards 100 percent, reaching that level about the year 1998.

#### *2. Hospital Insurance Program*

The long-range cost estimates for the hospital insurance program, as modified by the amendments, show that over the 25-year period used to evaluate the program, future income and outgo are in close balance.

The methodology used to determine actuarial balance closely parallels that used for the OASDI program. However, since dynamic assumptions were already being used in the past to estimate benefits, taxable earnings, and earnings bases under the HI Program, the new actuarial methodology used for the HI estimates is very similar to that used in estimates for previous legislation.

The financing policy to be followed in the future for HI parallels that for the OASDI Program. Current-cost financing, with a goal of a trust fund balance of one year's outgo, is also an objective of the financing of the hospital insurance system.

#### *3. Supplementary Medical Insurance Program*

The Supplementary Medical Insurance Program will continue to be financed on a short-range basis by premiums and general revenue appropriations which are together adequate to finance the incurred cost of the program. No basic changes in the actuarial methodology used to estimate the cost of the Supplementary Medical Insurance Program have been introduced in this report.

### **III. BASIC ACTUARIAL PRINCIPLES AND CONSIDERATIONS**

#### *Self-Supporting Nature of System*

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system and of the hospital insurance system when amendments to the program have been made. In connection with the 1950 Amendments, the Congress stated the belief that the program should be completely self-supporting from the contributions of covered individuals and employers. Accordingly, that

legislation repealed a provision, which was never used, permitting appropriations necessary to finance benefits under the system from general revenues of the Treasury. This policy has been continued in subsequent amendments, except with respect to non-insured individuals and wage credits for military service, and was made applicable to the hospital insurance system when it became effective. The Congress has very strongly believed that the tax schedule in the law should make these systems self-supporting and actuarially sound as nearly as can be foreseen.

The Supplementary Medical Insurance System is also self-supporting, but in a somewhat different sense. When the Supplementary Medical Insurance System was originally enacted, it was provided that the Secretary of Health, Education, and Welfare promulgate a standard monthly premium rate, to be paid by enrollees age 65 and older, such that income to the Supplementary Medical Insurance Trust Fund from premiums be equal to one-half of the benefit payments and administrative expenses estimated to be incurred during the period for which the premium is promulgated. The premium rate was to include such margin for contingencies as the Secretary deemed appropriate, and was to be rounded to the nearest \$0.10. It was also provided that transfers be made from the general accounts of the Treasury to the Supplementary Medical Insurance Trust Fund in amounts equal to the premiums collected from enrollees. The system was therefore self-supporting, with about one-half of the income to the trust fund arising from premiums paid by enrollees, and the other half from general federal revenues specifically required by law.

With the passage of the Social Security Amendments of 1972, the nature of the financing has been changed in two important respects:

(a) The standard monthly premium rate for any fiscal year was limited to the rate for the previous fiscal year, increased by a percentage not to exceed any general benefit increase in the old-age, survivors, and disability insurance system during the previous fiscal year. Whenever such limitation applies, the law requires general revenue financing on a basis estimated in advance to be sufficient to make up the difference between the estimated benefits and administrative expenses to be incurred and the premiums to be collected. As a practical matter, unless the law is changed, premiums for all years after fiscal 1974 will be determined by the limitation.<sup>1</sup>

(b) The Supplementary Medical Insurance Program was extended to new groups of enrollees<sup>2</sup> who are required to pay the same premiums as that promulgated for enrollees age 65 and older. The law provides that transfers from general revenues with respect to these enrollees are to be made on a basis estimated to be sufficient to make up the difference between the benefits and administrative expenses incurred with respect to these new enrollees and the premiums collected from them.

The Supplementary Medical Insurance System, after the 1972 Amendments, continues to be self-supporting. As in the past, the income to the trust fund is a combination of premiums paid by enrollees

<sup>1</sup> The rate of growth of the actuarial rate is expected to be faster than the rate of general benefit increases under the automatic provisions of the current law.

<sup>2</sup> Disabled beneficiaries who have been receiving cash benefits for two years or more and insured persons who have been on dialysis for three months or received a kidney transplant.

and general revenue financing, the amount of which is actuarially determined and specifically required by law. However, there is now greater reliance on general revenue financing, and less reliance on premiums from enrollees, than under previous law; and the proportion of the cost of the system paid by enrollee premiums is no longer fixed. With the passage of time, the premium paid by the enrollee will, in all likelihood, be divorced from the actual experience under the Supplementary Medical Insurance program.

## *2. Actuarial Soundness of the System*

The concept of actuarial soundness as it applies to the old-age, survivors, disability, and hospital insurance system differs considerably from this concept as it applies to private insurance or private pension plans, although there are certain points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it 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 and, moreover, is frequently not the case for well-administered private pension plans which may not, as of any given time, have enough assets to cover all the liability for prior service benefits.

It can reasonably be presumed that, under Government auspices, such a social insurance system will continue indefinitely into the future. The test of financial soundness then, is not a question of whether there are 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 over the long-range period considered in the actuarial valuation. Thus, the concept of "unfunded accrued liability" does not apply to a social insurance system as it does to 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 during the period considered in the valuation. The additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

The old-age, survivors, disability and hospital insurance programs are actuarially sound if they are in actuarial balance. This will be the case if the estimated future income from contributions and from interest earnings on the accumulated contingency trust funds will, over the long-range period considered in the valuation, support all the system's expenditures. Obviously, future experience may be expected to vary from any actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (and actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the cost estimates, results in the system being in balance or substantially close thereto.

The concept of actuarial soundness, as it applies to the Supplementary Medical Insurance System is closely related to the concept as it

applies to private group insurance. Private group insurance, like the Supplementary Medical Insurance System, is essentially yearly renewable term insurance; and in testing its actuarial soundness, it is not appropriate to look beyond the period for which the premium rate and the level of general revenue financing have been established.

The primary test of actuarial soundness relates to the adequacy of the income for fiscal years not yet completed, but for which the premium rate and the level of general revenue financing have been established. The income for such years should be sufficient to meet the benefits incurred and associated administrative expenses for the period. The law requires the Secretary of Health, Education, and Welfare to establish the income on this basis.

A second test of actuarial soundness is whether the trust fund asset at the end of the period for which income levels have been established, will be as large as the liabilities—particularly those for services (and associated administrative expenses) performed but not yet reimbursed. This test will be met if the primary test of actuarial soundness has been met for all prior periods; but it may not be met, even though the financing is currently adequate and the primary test is therefore met, if in the past the income was generally inadequate to meet incurred benefits and administrative expenses. It is considered desirable that this second test be met, because of the possibility that the financing of the Supplementary Medical Insurance Program might some time be changed, in which event, any deficit would become a burden upon the new financing. However, the crucial test on the size of the trust fund is that it is never in serious danger of becoming exhausted.

### *3. Interrelationship With Railroad Retirement System*

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provided for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service and also for all survivor cases.

Financial interchange provisions were established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that, over the long range, the net effect of these provisions will be a small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

Similar provisions were established for the hospital insurance and supplementary medical insurance programs. However, the Railroad Retirement System essentially acts as an intermediary for benefit payments, and in addition, transfers to the HI Trust Fund the appropriate HI employer-employee contributions once a year and deducts SMI premiums each month from Railroad Retirement benefits for transfer to the SMI trust fund.

#### IV. ACTUARIAL COST ESTIMATES FOR THE OASDI SYSTEM

##### *1. Effect of Amendments on the Actuarial Balance of the OASDI System*

From an actuarial cost standpoint, the major features of the amendments are as follows:

1. The widow (or widower) benefits payable to those who become entitled at age 65 or later were increased to 100 percent of the husband's (or wife's) PIA. Those that become entitled before age 65 would have their 100 percent of PIA benefits reduced for early retirement. In those cases in which the deceased spouse had retired before age 65 the widow (or widower) benefits will be limited to the benefits that the spouse would be receiving. However, the widow (or widower) benefits cannot be lower than what was payable under the previous law.

2. The exempt amount in the annual earnings test was increased to \$2,100 with \$1 deducted from benefits for every \$2 in earnings above the exempt amount. In addition, only earnings before the month of attainment of age 72 will be included in the earnings test, and the exempt amount will be subject to automatic adjustments.

3. Benefits to workers who retire after age 65 will be increased by  $\frac{1}{12}$  of 1 percent for each month between ages 65 and 72, that they fail to receive a benefit. A worker who, for example, starts to receive benefits at age 72 would be entitled to a 7 percent increase.

4. Benefits for men who reach age 62 in the future would be based on average monthly wages computed up to age 62. This change will be accomplished in three steps: men reaching age 62 in 1973 would have their benefits computed over a period one year shorter than under previous law; those reaching age 62 in 1974 would have benefits computed over a period two years shorter; and those reaching age 62 in 1975 or later would have benefits computed over a period three years shorter. From 1975 on there will be no distinction in this respect between male and female workers. Similar changes will apply in regard to the insured status requirement.

5. A special minimum monthly benefit of \$8.50 was provided for each year of coverage after the first ten years and up to a maximum special benefit of \$170 for 30 or more years of coverage.

6. The 6-month waiting period for disability benefits was reduced to 5 months.

7. The contribution schedule was revised in the manner shown in Table 1 for the Old-Age, Survivors, and Disability Insurance System. Table 2 shows the distribution of the OASDI contribution rate between OASI and DI.

TABLE 1.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER PUBLIC LAW 92-603, AS COMPARED WITH THOSE UNDER PREVIOUS LAW (PUBLIC LAW 92-336)

[In percent]

Calendar years	Employer and employee rate, each		Self-employed rate	
	Public law 92-336	Public law 92-603	Public law 92-336	Public law 92-603
1972.....	4.60	4.60	6.9	6.9
1973-77.....	4.60	4.85	6.9	7.0
1978-2010.....	4.50	4.80	6.7	7.0
2011 and after.....	5.35	5.85	7.0	7.0

TABLE 2.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER PUBLIC LAW 92-603, SUBDIVIDED BY TRUST FUND

[In percent]

Calendar years	Employer and employee rate, each			Self-employed rate		
	Old-age and survivors insurance	Disability insurance	Total	Old-age and survivors insurance	Disability insurance	Total
1972.....	4.050	0.550	4.60	6.075	0.825	6.9
1973-77.....	4.300	.550	4.85	6.205	.795	7.0
1978-2010.....	4.225	.575	4.80	6.160	.840	7.0
2011 and after.....	5.100	.750	5.85	6.105	.895	7.0

Table 3 traces through the changes in the actuarial balance of the system from its situation under previous law, P.L. 92-336, to that under the present amendments, by type of change involved.

TABLE 3.—CHANGES IN ACTUARIAL BALANCE OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM EXPRESSED IN TERMS OF ESTIMATED AVERAGE COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, LONG-RANGE DYNAMIC COST ESTIMATES, PREVIOUS LAW (PUBLIC LAW 92-336) AND PRESENT AMENDMENTS (PUBLIC LAW 92-603)

[In percent]

Item	Old-age and survivors insurance	Disability insurance	Total
Actuarial balance under Public Law 92-336.....	+0.09	-0.02	+0.07
\$2,100 retirement test.....	-.21	(1)	-.21
\$170 special minimum PIA.....	-.06	(1)	-.06
Delayed retirement increment (prospective).....	-.07	(2)	-.07
5-month disability waiting period.....	(?)	-.03	-.03
100 percent PIA widow's benefit at age 65.....	-.24	(2)	-.24
Age-62 point for men (prospective).....	-.22	(1)	-.22
Miscellaneous changes <sup>3</sup> .....	-0.1	-.02	-.03
Revised contribution schedule <sup>4</sup> .....	+ .71	+ .08	+ .79
Total effect of changes in Public Law 92-603.....	-.10	+ .03	-.07
Actuarial balance under Public Law 92-603.....	-.01	+ .01	.00

<sup>1</sup> Less than 0.005.

<sup>2</sup> Not applicable to this program.

<sup>3</sup> Includes the following: workmen's compensation offset based on 80 percent of highest earnings; child's benefits to children disabled at ages 18 to 21; disabled-child 7 years reentitlement; broaden definition of adopted child; student's benefits to end of semester of attainment of age 22; child's benefit on grandparent's account if supported by him and is a full orphan or living parents are disabled; elimination of support requirement for divorced wife's and widow's benefits; reduced widower's benefits at age 60, and liberalization of insured status requirements for disability benefits with respect to blind persons.

<sup>4</sup> See tables 1 and 2.

These long-range estimates are based on the assumption that average earnings will increase in the future at an annual rate of 5 percent, and that the CPI will increase at  $2\frac{3}{4}$  percent per year. In addition, a safety margin of  $\frac{3}{8}$  of one percent is added for every year after 1973 and before 2011.

It is estimated that the changes made by P.L. 92-603 will maintain the sound actuarial position of the old-age, survivors, and disability insurance program, since the system is in exact actuarial balance.

Under the tax schedule adopted by the Congress, the old-age, survivors, and disability insurance trust funds will grow by about \$1-\$5 billion per year during the next 5 years, but they will remain near 80 percent of the following year's outgo through 1977; thereafter, the funds are projected to grow slowly towards 100 percent of the following year's outgo.

## *2. Income and Outgo in Near Future for the OASDI system*

### *(a) OASI income and outgo in near future*

Table 4 shows the progress of the old-age and survivors insurance trust fund under previous law in the past and under Public Law 92-603 in the future. The trust fund increases in all future years. In 1973, the trust fund increases by about \$800 million, which is much less than the increases that occur in the next few years. The higher increases after 1973 are due to the fact that the taxable earnings base is increased to \$12,000 in 1974 and kept up-to-date with earnings thereafter.

TABLE 4.—OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, CALENDAR YEARS 1965-77

(In millions of dollars)

Calendar year	Transactions during period										Fund at end of period	
	Income					Disbursements						
	Total	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of—		Interest on investments	Total	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses	Transfers to railroad retirement account		Net increase in fund
			Noncontributory credits for military service	Payments to noninsured person aged 72 and over								
1965	16,610	16,017			593	17,501	16,737		328	436	-890	18,235
1966	21,302	20,580	78		644	18,967	18,267	(1)	256	444	2,335	20,570
1967	24,034	23,138	78		818	20,382	19,468	(1)	406	508	3,652	24,222
1968	25,040	23,719	156	226	939	23,557	22,642	1	476	438	1,483	25,704
1969	29,554	27,947	78	364	1,165	25,176	24,209	1	474	491	4,378	30,082
1970	32,220	30,256	78	371	1,515	29,848	28,796	2	471	579	2,371	32,454
1971	35,877	33,723	137	351	1,667	34,542	33,413	2	514	613	1,335	33,789
Estimated future experience:												
1972	40,503	38,210	138	337	1,818	38,465	37,115	2	623	725	2,038	35,827
1973	48,326	46,018	139	301	1,868	47,485	46,036	3	641	805	841	36,668
1974	53,942	51,465	140	322	2,015	50,063	48,439	4	659	961	3,879	40,547
1975	58,328	55,612	146	297	2,273	54,737	53,027	5	690	1,015	3,591	44,138
1976	61,616	58,610	231	261	2,514	57,444	55,702	5	717	1,020	4,172	48,310
1977	66,636	63,472	233	229	2,702	63,089	61,297	6	750	1,036	3,547	51,857

<sup>1</sup> Less than \$500,000.

Note: Under the automatic increase provisions, the following changes are assumed to occur on Jan. 1 of the stated year:

Year	General benefit increase (percent)	Contribution and benefit base	Annual exempt amount under the retirement test
1975	5.1	\$12,600	\$2,280
1977	5.5	14,100	2,520

60

*(b) DI income and outgo in near future*

Table 5 shows the progress of the disability insurance trust fund under previous law in the past and under Public Law 92-603 in the future. The trust fund increases slowly in all future years as compared to faster increases in the recent past. This is due to the net effect of the increases in the taxable earnings base and the increase in benefits under both of the 1972 amendments.

TABLE 5.--OPERATIONS OF THE DISABILITY INSURANCE TRUST FUND, CALENDAR YEARS 1965-77

[In millions of dollars]

Calendar year	Transactions during period									Net increase in fund	Fund at end of period
	Income				Disbursements						
	Total	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of noncontributory credits for military service	Interest on investments	Total	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses	Transfers to railroad retirement account		
1965	1,247	1,188		59	1,687	1,573		90	24	-440	1,606
1966	2,079	2,006	16	58	1,947	1,781	3	137	25	133	1,739
1967	2,379	2,286	16	78	2,089	1,939	11	109	31	290	2,029
1968	3,454	3,316	32	106	2,458	2,294	16	127	20	996	3,025
1969	3,792	3,599	16	177	2,716	2,542	15	138	21	1,075	4,100
1970	4,774	4,481	16	277	3,259	3,067	18	164	10	1,514	5,614
1971	5,031	4,620	50	361	4,000	3,758	24	205	13	1,031	6,645
Estimated future experience:											
1972	5,660	5,189	51	420	4,771	4,492	34	221	24	889	7,534
1973	6,404	5,909	52	443	6,165	5,849	56	236	24	239	7,773
1974	7,103	6,583	52	468	6,647	6,294	73	248	32	456	8,229
1975	7,677	7,114	66	497	7,294	6,923	80	261	30	383	8,612
1976	8,118	7,497	102	519	7,688	7,300	87	274	27	430	9,042
1977	8,751	8,119	105	527	8,448	8,038	93	288	29	303	9,345

Note: Under the automatic increase provisions, the following changes are assumed to occur on Jan. 1 of the stated year:

Year	General benefit increase (percent)	Contribution and benefit base	Annual exempt amount under the retirement test
1975	5.1	\$12,600	\$2,280
1977	5.5	14,300	2,520

*(c) Combined OASDI income and outgo in near future*

Table 6 shows the progress of the combined old-age, survivors, and disability insurance trust funds under the previous law in the past and under Public Law 92-603 in the future. The combined trust funds increase substantially after 1973. However, as a proportion of the following year's outgo, the combined trust funds will remain relatively stable during this period varying within the range of 78-81 percent.

TABLE 6.—OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE AND THE DISABILITY INSURANCE TRUST FUNDS, COMBINED, CALENDAR YEARS 1965-77  
[In millions of dollars]

Calendar year	Transactions during period										Fund at end of period	
	Income					Disbursements						
	Total	Contributions less refunds	Reimbursements from general fund of Treasury for costs of—		Interest on investments	Total	Benefit payments	Payments for vocational rehabilitation services	Adminis-trative expenses	Transfers to railroad retirement account		Net increase in fund
			Noncontribu-tory credits for military service	Payments to noninsured person aged 72 and over								
1965.....	17,857	17,205			65	19,187	18,311		418	459	-1,331	19,841
1966.....	23,381	22,585	94		702	20,913	20,048		393	469	2,467	22,308
1967.....	26,413	25,424	94		896	22,471	21,406		515	539	3,942	26,250
1968.....	28,493	27,034	188	226	1,045	26,015	24,936		603	458	2,479	28,729
1969.....	33,346	31,546	94	364	1,342	27,892	26,751		612	513	5,453	34,182
1970.....	36,993	34,737	94	371	1,791	33,108	31,863		635	589	3,886	38,068
1971.....	40,903	38,343	187	351	2,027	38,542	37,171		719	626	2,366	40,434
Estimated future experience:												
1972.....	46,163	43,399	189	337	2,238	43,236	41,607	36	844	749	2,927	43,361
1973.....	54,730	51,927	191	301	2,311	53,650	51,885	59	877	829	1,080	44,441
1974.....	61,045	58,048	192	322	2,483	56,710	54,733	77	907	993	4,335	48,776
1975.....	66,005	62,726	212	297	2,770	62,031	59,950	85	951	1,045	3,974	52,750
1976.....	69,734	66,107	333	261	3,033	65,132	63,002	92	991	1,047	4,602	57,352
1977.....	75,387	71,591	338	229	3,229	71,537	69,335	99	1,038	1,065	3,850	61,202

Note: Under the automatic increase provisions, the following changes are assumed to occur of Jan. 1 of the stated year:

Year	General benefit increase (percent)	Contribution and benefit base	Annual exempt amount under the retirement test
1975.....	5.1	\$12,600	\$2,280
1977.....	5.5	14,100	2,520

*(d) Increases in OASDI benefit disbursements in 1973-76*

The increases in the total benefit disbursements of the old-age, survivors, and disability insurance system in calendar years 1973-76, as a result of the changes in Public Law 92-603 are shown in Table 7.

TABLE 7.—*Estimated additional OASDI benefit payments in calendar years 1973-76 under the provisions of Public Law 92-603*

[In millions]		<i>Additional benefits</i>
Calendar year:		
1973	-----	\$1, 824
1974	-----	2, 319
1975	-----	2, 553
1976	-----	2, 729

*3. Long-Range OASDI Cost Projections**(a) Long-range projection of OASDI "current-cost"*

Table 8 shows the current-cost of the old-age and survivors insurance program and of the disability insurance program under the system as changed by Public Law 92-603, as a percentage of taxable payroll. Table 8 also shows the average-cost of the two programs, including the effect of the 1972 fund ratios being other than 100 percent of the following year's outgo.

TABLE 8.—ESTIMATED CURRENT-COST<sup>1</sup> OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF TAXABLE PAYROLL<sup>2</sup>, UNDER PUBLIC LAW 92-603, LONG-RANGE DYNAMIC COST ESTIMATE<sup>3</sup>, FOR SELECTED YEARS, 1980-2045

Calendar year	Old age and survivors insurance	Disability insurance	Total
1980	8.14	1.15	9.29
1985	8.20	1.16	9.36
1990	8.56	1.15	9.71
1995	8.26	1.15	9.41
2000	8.00	1.20	9.20
2005	7.95	1.31	9.26
2010	8.50	1.41	9.91
2015	9.31	1.44	10.75
2020	10.15	1.43	11.58
2025	10.74	1.39	12.13
2030	10.86	1.39	12.25
2035	10.75	1.43	12.18
2040	10.78	1.45	12.23
2045	10.94	1.45	12.39
Average cost <sup>4</sup>	9.32	1.31	10.63

<sup>1</sup> Represents the cost as percent of taxable payroll of all expenditures in the year, including amounts needed to maintain the funds at about the following year's expenditures.

<sup>2</sup> Payroll is adjusted to take into account the lower contribution rate on self-employment income, on tips, and on multiple employer excess wages as compared with the combined employer-employee rate.

<sup>3</sup> Under the dynamic assumptions, the average taxable earnings and the taxable earnings base are assumed to increase at a rate of 5 percent per year, while the benefit table is subject to annual increases of 2¾ percent according to increases in CPI. In addition, a margin of ¾ of 1 percent is added for every year after 1973 and before the year 2011.

<sup>4</sup> Represents the arithmetic average of the current-cost for the 74-year period 1973-2046 adjusted for the effect of the fund ratio at the end of 1972.

The above projection is based on the assumption that no future changes in the system will be enacted. This means that, according to the automatic provisions, the benefit table would be adjusted periodically to reflect increases in the CPI (assumed at 2¾ percent per year) and that the taxable earnings base would be adjusted simultaneously to reflect increases in earnings (assumed at 5 percent per year). In addition, a margin of ¾ of 1 percent per year for years after 1973 and before 2011 has been included in these projections.

According to this projection, the "current-cost" of the Old-Age, Survivors, and Disability Insurance Program will be almost flat for about the next three decades. There would be a tendency for the cost to increase after that period. However, it can be seen that with respect to the Disability Insurance Program, the "current-cost" increases slowly up to the year 2010 and remains almost level thereafter.

(b) *Average costs of benefit payments, by type*

The long-range average-cost of the old-age and survivors insurance benefit payments (excluding the cost of the railroad retirement financial interchange, administrative expenses, and the effect of the size of the existing trust fund) under Public Law 92-603 is 9.07 percent of taxable payroll. The corresponding figure for the disability benefits is 1.25 percent.

Table 9 presents the long-range average-cost as percent of taxable payroll for the old-age, survivors, and disability insurance system as it is after enactment of Public Law 92-603 separately for each of the various types of benefits.

TABLE 9.—ESTIMATED AVERAGE-COST BY TYPE OF BENEFIT PAYMENT, ADMINISTRATIVE EXPENSES, RAILROAD RETIREMENT FINANCIAL INTERCHANGE, AND THE EFFECT OF THE SIZE OF THE EXISTING TRUST FUND UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM UNDER PUBLIC LAW 92-603, AS PERCENTAGE OF TAXABLE PAYROLL, LONG-RANGE DYNAMIC COST ESTIMATE

[In percent]

Item	Old-age and survivors insurance	Disability insurance
Primary benefits.....	6.30	1.63
Wife's and husband's benefits.....	.48	.05
Widow's and widower's benefits.....	1.34	(1)
Parent's benefits.....	.01	(1)
Child's benefits.....	.75	.17
Mother's benefits.....	.13	(1)
Lump-sum death payment.....	.06	(1)
<b>Total.....</b>	<b>9.07</b>	<b>1.25</b>
Administrative expense.....	.16	.06
Railroad retirement financial interchange.....	.06	0
Size of existing trust fund.....	.03	0
<b>Net total average-cost.....</b>	<b>9.32</b>	<b>1.31</b>

<sup>1</sup> This type of benefit is not payable under this program.

## V. ACTUARIAL COST ESTIMATES FOR THE HOSPITAL INSURANCE PROGRAM

### *1. Effect of the Amendments on the Actuarial Balance of the Hospital Insurance Program*

From a financial standpoint, the important provisions of P.L. 92-603 are the following:

1. The HI program is extended to disabled beneficiaries under age 65 who have been eligible for disability insurance benefits for 24 months (coverage begins in the 30th month following disablement).

2. The HI program is extended to cover insured persons under age 65 who are receiving treatment for chronic kidney disease by dialysis or transplant—beginning three months after the first dialysis and continuing until termination of dialysis or until a year after a successful transplant.

3. The definition of covered care in extended care facilities now includes rehabilitative services provided on a daily basis to patients who do not require continuing nursing care.

4. There is now authority to waive beneficiary liability for disallowed claims if the beneficiary is judged not to be responsible for having incurred the expense.

5. The contribution schedule is revised as shown in Table 10.

TABLE 10.—CONTRIBUTION RATES FOR HOSPITAL INSURANCE UNDER PUBLIC LAW 92-603, AS COMPARED WITH THOSE UNDER PREVIOUS LAW (PUBLIC LAW 92-336)

[In percent]

Calendar year	Employer, employee, and self-employed rate, each	
	Public Law 92-336	Public Law 92-603
1972.....	0.60	0.60
1973-77.....	.90	1.00
1978-80.....	1.00	1.25
1981-85.....	1.00	1.35
1986-92.....	1.10	1.45
1993-97.....	1.20	1.45

There are other important provisions of P.L. 92-603 which in the long run may have important effects on the costs of the system. Among these are provisions for the establishment of Professional Standards Review Organizations and at-risk contracts with Health Maintenance Organizations and several provisions permitting reduced payment for unnecessarily expensive services. These provisions could have a significant impact on the cost of the program, depending on how they are administered.

Table 11 traces the changes in the actuarial balance of the HI system from the situation under previous law, P.L. 92-336, to that after the amendments.

TABLE 11.—Changes in actuarial balance of the hospital insurance system, as percent of taxable payroll, by type of change in Public Law 92-603

Item:	Percent
Actuarial balance before Public Law 92-603.....	+0.01
Coverage of disabled beneficiaries.....	-.43
Chronic kidney disease.....	-.06
Liberalized level of care in ECF's.....	-.02
Waiver of beneficiary liability.....	-.01
Revised contribution schedule.....	+ .53
Total effect of changes in P.L. 92-603.....	+ .01
Actuarial balance under P.L. 92-603.....	+ .02

The hospital insurance system, as modified by the amendments in P.L. 92-603, has an actuarial balance of +.02 percent of taxable payroll. The small size of this balance indicates that future income and future outgo are in close balance and that the system is actuarially sound in accordance with the assumptions used. A description of these assumptions is included in Appendix B.

## 2. Short-Range Estimates of the Income and Outgo of the Hospital Insurance Program

Estimates of the cash income and outgo of the hospital insurance trust fund and the resulting balances in the trust fund in 1972-77 are shown in Table 12. The ratio of year end fund to projected disbursements for the following year is projected to rise from 30% at the end of 1972 to 77% at the end of 1977.

TABLE 12.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PUBLIC LAW 92-603, CALENDAR YEARS 1972-77

[In millions of dollars]

	1972	1973	1974	1975	1976	1977
<b>Income:</b>						
Contributions.....	5,576	10,347	11,816	12,770	13,460	14,586
Reimbursement for uninsured persons.....	468	556	582	585	585	576
Reimbursement for military service wage credits.....	48	48	48	48	48	48
Transfers from railroad retirement account.....	65	96	125	132	135	135
Interest on investments.....	147	213	371	513	625	702
<b>Total income.....</b>	<b>6,304</b>	<b>11,260</b>	<b>12,942</b>	<b>14,048</b>	<b>14,853</b>	<b>16,047</b>
<b>Disbursements:</b>						
Benefit payments.....	6,615	8,222	10,084	11,468	12,986	14,603
Administrative expenses.....	165	203	248	287	325	365
<b>Total disbursements.....</b>	<b>6,780</b>	<b>8,425</b>	<b>10,332</b>	<b>11,755</b>	<b>13,311</b>	<b>14,968</b>
Fund at end of year.....	2,558	5,393	8,003	10,296	11,838	12,917

The increases in the total benefit disbursements of the hospital insurance system in calendar years 1973-1977, as a result of changes in P.L. 92-603, are shown in Table 13.

Table 13.—Estimated additional hospital insurance expenditures in 1973-77 resulting from Public Law 92-603

[In millions]

Calendar year:	Additional expenditures
1973 .....	\$773
1974 .....	1,634
1975 .....	1,904
1976 .....	2,210
1977 .....	2,546

## 3. Long-Range Cost Estimates for the Hospital Insurance Program

The HI contribution rates in P.L. 92-603 were set to be a close fit to the projected "current-cost" of the program. The "current-cost" in any year is the sum of (1) the ratio of the sum of benefit costs and administrative expenses incurred in any year for insured persons to the effective taxable payroll, and (2) an allowance for maintaining the trust fund at the level of 100% of the following year's expenditures. The current-costs in the early years were set slightly higher in order to allow the trust fund to grow toward the level of 100% of the following year's expenditures. The current-costs for the next 25 years of the hospital insurance program before and after the passage of the amendments in P.L. 92-603 are shown in Table 14.

TABLE 14.—ESTIMATED CURRENT COST<sup>1</sup> OF THE HOSPITAL INSURANCE SYSTEM, AS A PERCENT OF TAXABLE PAYROLL,<sup>2</sup> BEFORE AND AFTER PUBLIC LAW 92-603, FOR SELECTED YEARS, 1973-95

Calendar year	Before amendments	After amendments
1973.....	1.54	1.74
1974.....	1.61	1.99
1975.....	1.71	2.12
1980.....	2.01	2.50
1985.....	2.12	2.65
1990.....	2.28	2.86
1995.....	2.37	2.99
25 years average cost.....	2.09	2.61

<sup>1</sup> The rates shown in this table include (a) the cost incurred in benefits and administrative expenses for insured persons, (b) the amounts required to maintain the fund at 100 percent of the following year's total expenditures, and (c) for the first few years an amount to build the fund to a level of 100 percent of the following year's total expenditures.

<sup>2</sup> Payroll is adjusted to take into account the lower contribution rate on self-employment income, on tips, and on multiple-employer excess wages as compared with the combined employer-employee rate.

The adequacy of the financing of the HI Program is assessed according to the "actuarial balance" between the average tax rate and the average-cost over the 25-year period. The actuarial balances before and after the amendments are shown in Table 15.

TABLE 15.—ACTUARIAL BALANCE OF HOSPITAL INSURANCE SYSTEM, AS PERCENT OF TAXABLE PAYROLL, BEFORE AND AFTER PUBLIC LAW 92-603

Item	Before amendments	After amendments
Average tax rate.....	2.10	2.63
Average-cost.....	2.09	2.61
Actuarial balance.....	+ .01	+ .02

The true adequacy of the financing will depend upon whether the assumptions used in preparing the estimates (shown in Appendix B), both as to income and as to outgo, turn out to be close to the actual future experience. The estimates of outgo depend particularly on the assumed rates of increase in the cost of hospital services. Public influence toward reducing the rate of increase in hospital expenditures is assumed in the cost estimates. The amendments include a number of provisions permitting administrative actions which can be used to reduce the cost of the program. The cost estimates will prove to be low should there be a continuation of the rate of inflation in the cost of hospital services that has been experienced in the past and if restraints on cost increases are not implemented which are more effective than those existing at the present time.

## VI. ACTUARIAL COST ESTIMATES FOR THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

### 1. Effect of the Amendments on the SMI Program

From an actuarial cost standpoint, the important provisions of P.L. 92-603 were the following:

1. The SMI program is extended to disabled beneficiaries under age 65 who have been eligible for DI benefits for 24 months (coverage begins in the 30th month following disablement).

2. The SMI program is extended to insured persons under age 65 who are receiving treatment for chronic kidney disease by dialysis or transplant—beginning three months after the first dialysis and continuing until termination of dialysis or until a year after a successful transplant.

3. Payment will be made for the services of chiropractors, for treatment by manual manipulation of the spine to correct a subluxation demonstrated by x-ray.

4. Payment will be made for the services of speech therapists under a plan established by and periodically reviewed by a physician.

5. Coinsurance is eliminated for Home Health Care.

6. The deductible is increased to \$60.

7. The financing is changed as indicated earlier in section III of this report.

## 2. Summary of Income and Disbursements

The estimates of income and disbursements of the supplemental medical insurance trust fund are summarized in Table 16. Table 17 indicates the additional benefit payments, for calendar years 1973–1977, resulting from the enactment of P.L. 92–603.

TABLE 16.—ESTIMATED OPERATIONS OF THE SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND, UNDER PUBLIC LAW 92-603, CALENDAR YEARS 1972-77

	[In millions of dollars]					
	1972	1973	1974	1975	1976	1977
<b>Income:</b>						
Premiums <sup>1</sup> .....	1,392	1,561	1,725	1,788	1,852	1,915
General revenue.....	1,406	1,619	2,155	2,569	3,023	3,519
Interest.....	31	42	55	67	80	94
<b>Total income.....</b>	<b>2,829</b>	<b>3,222</b>	<b>3,935</b>	<b>4,424</b>	<b>4,955</b>	<b>5,528</b>
<b>Disbursements:</b>						
Benefits.....	2,340	2,629	3,267	3,715	4,153	4,629
Administrative costs.....	330	369	456	502	564	636
<b>Total disbursements.....</b>	<b>2,670</b>	<b>2,998</b>	<b>3,723</b>	<b>4,217</b>	<b>4,717</b>	<b>5,265</b>
Fund at end of year.....	609	833	1,045	1,252	1,490	1,753

<sup>1</sup> The premium rate after fiscal year 1974 is assumed to increase at the rate at which OASDI benefits are assumed to increase in tables 4, 5, and 6.

TABLE 17.—Estimated additional supplementary medical insurance expenditures in 1973–77 resulting from Public Law 92–603

[In millions]		<i>Additional expenditures</i>
Calendar year:		
1973 .....		\$72
1974 .....		476
1975 .....		606
1976 .....		707
1977 .....		817

## APPENDIX A

### BASIC ASSUMPTIONS FOR COST ESTIMATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

#### *1. General Basis for Long-Range Cost Estimates*

The long-range estimates for the old-age, survivors, and disability insurance program presented in this report are based on the assumption that average earnings in covered employment will increase in the future at an annual rate of 5 percent. Similarly, the assumption has been made that the CPI will increase at an annual rate of  $2\frac{3}{4}$  percent. These two assumptions yield an implied increase in real earnings of  $2\frac{1}{4}$  percent per year, which is close to the actual average experience of the last 20 years (estimated at about 2.2 percent per year based on annual averages for the period 1951-71), although it must be observed that recent experience would indicate a lower average value (about 1.9 percent in the last 10 years and 1.4 percent in the last 5 years based on annual averages). In order to protect the financing of the system against possible future fluctuations in this factor, as well as in all the other factors used in the cost estimate, a safety margin of  $\frac{3}{8}$  of one percent has been added for every year after 1973 and up to the year 2010. It will be noted that the addition of this margin has approximately the same effect as an assumption that for the period 1974-2010, average real earnings will increase at only  $1\frac{7}{8}$  percent per year.

It should be observed that the assumptions of constant annual increases in earnings and in the CPI were not adopted because it was felt that these increases would remain constant in the future. These assumptions are intended to represent average increases over the long-range future, with the increases being higher in some years and lower in others.

These long-range cost projections are based on assumptions that are intended to represent close to full employment (average unemployment is assumed at 4 percent of the labor force). The aggregate amount of earnings taxable in 1973 under the scheduled base of \$10,800 is estimated at about \$557 billion. Similarly it is estimated that \$618 billion of earnings will be taxable in 1974 under the scheduled \$12,000 earnings base. The latter amount is projected to increase in the future as the covered population grows and as the average taxable earnings increase due to adjustments in the earnings base as well as to increases in average earnings in covered employment.

The long-range cost estimate presented in this report was prepared for a 75-year period. This longer period of valuation is appropriate because of the projected increase in the aged population. The reason for this is that the number of births in the 1930's was very low as compared with both prior and subsequent experience. As a result, there will be a dip in the relative proportion of the aged to earners from

1995 to about 2015, which would tend to result in low benefit costs for the old-age, survivors, and disability insurance system during that period. For this reason, a period extending beyond the year 2015 would be needed to show the effect in the OASDI costs of a changing aged population.

### *2. Measurement of Costs in Relation to Taxable Payroll*

In general, long-range costs in this report are shown as a percentage of taxable payroll. This is the best measure of the long-range cost of the program. Dollar figures taken alone could be misleading. It should be recognized that cost projections based on dynamic assumptions involve the use into the distant future of geometric growth in economic factors, which would tend to make the resulting dollar figures difficult to interpret when viewed from today's economic situation.

### *3. General Basis for Short-Range Cost Estimates*

The short-range cost estimates (shown for the individual years 1972-77) assume that employment and earnings will increase each year. A gradual rise in the earnings level in the future (averaging about 5.4 percent per year) is assumed. This is somewhat below that which has occurred in the past few years (estimated at about 5.9 percent for the last 3 years and about 6.0 percent for the last 5 years based on annual averages). Covered employment is assumed to increase by about 2.4 million workers per year during the period. The CPI is assumed to increase at about 2.8 percent per year. This is somewhat below the level that occurred in the past few years (estimated at about 5.2 percent for the last 3 years and about 4.5 percent for the last 5 years, based on annual averages).

### *4. Average-Cost Concept*

In the past an important measure of long-range cost has been the level-equivalent contribution rate required to support the system for 75 years (including not only meeting the benefit costs, the administrative expenses, and other expenditures, but also the maintenance of a contingency fund which at the end of the period amounts to one year's disbursements), based on discounting at interest. If such a level rate was used to finance the system, relatively large accumulations in the trust funds would result, and in consequence, there would eventually be a sizable income from interest. Even though such a method of financing has not been followed in the past, this concept has been used as a convenient measure of long-range costs.

The concept of level-costs, which has been used for long-range cost estimates based on the level-earnings assumption can also be used with the new dynamic cost estimates. However, such a concept can be simplified by an approximation in the case of dynamic assumptions. It can be shown that if the discount interest rate employed in the level-cost is not too different from the rate of growth of the taxable payroll, the level-cost concept could be accurately approximated by the simple arithmetic averaging of the annual costs as percent of payroll. It is believed that this simplified average-cost concept is easier to understand and that it does not depart significantly from the level-cost values that have been used in the past. As an example, it was estimated that for the OASDI system, as amended under P.L. 92-336, the average-cost computed over the valuation period was 9.77 percent of tax-

able payroll, which is comparable to the level-cost of 9.79 percent of taxable payroll. On the same basis the average future tax rate was 9.84 percent of taxable payroll while the level-equivalent tax rate was 9.87 percent of taxable payroll. The actuarial balance was +0.07 percent of taxable payroll under the average-cost concept as compared to +0.08 percent of taxable payroll under the level-cost concept. This example illustrates the effect of the change from the "level-cost" concept to the "average-cost" concept. All the calculations in the example were based on dynamic assumptions.

## APPENDIX B

### PRINCIPAL ASSUMPTIONS AND METHODOLOGY FOR ACTUARIAL COST ESTIMATES FOR THE HOSPITAL INSURANCE SYSTEM (AS MODIFIED IN P.L. 92-603)

The basic methodology and assumptions used in the estimates for the Hospital Insurance Program are described in this appendix.

#### *1. Methodology*

The adequacy of financing for the Hospital Insurance Program for the next 25 years is expressed as an actuarial balance. The actuarial balance is calculated as the difference between the average of the tax rates specified in current law and the average current cost for the 25-year period. The current-cost for any year is the ratio to the effective taxable payroll for that year of the cost of benefits and administration for insured persons plus the amount required to maintain the trust fund balance at a level equivalent to 100 percent of the following year's total outgo. In projecting the taxable payroll, it is assumed that the taxable wage base is adjusted periodically to keep pace with rising earnings.

The actuarial balance of the HI system was estimated at minus 0.61 percent of taxable payroll before the amendments in P.L. 92-336, indicating that the program was seriously under-financed. This deficiency was completely eliminated by the increases in tax rates and in the taxable earnings base included in Public Law 92-336, resulting in an estimated actuarial balance of +0.01 percent of taxable payroll. After passage of P.L. 92-603, the balance is +.02 percent of taxable payroll.

#### *2. Principal Problems in Forecasting Cost for Hospital Insurance System*

The principal problems involved in forecasting the future costs of the hospital insurance program are (1) establishing the present cost of the services provided by type of service, to serve as a base for projecting into the future, and (2) forecasting the increase in cost of hospital services (which account for approximately 95 percent of the cost of the program).

To evaluate the adequacy of a tax schedule to support the hospital insurance program, it is necessary to relate the increases in the costs of institutional care to the increases in covered earnings which will support those costs. Hospital insurance increases in cost which are due to increases in covered population are fairly stable and predictable. The cost of services provided per capita, however, have varied substantially from year to year.

#### *3. Principal Assumptions Used in Forecasting Future Costs of Hospital Insurance System*

##### *(a) Trend in hospital costs and the impact of the Economic Stabilization Program*

The increase in the cost per capita of hospital services paid by the HI program may be analyzed into the following components:

1. The number of days of confinement in a hospital per capita: the level of use of inpatient care by the covered population.

2. Factor prices: the increase in unit costs that would result if every function were performed in precisely the same way by the same people and only the salaries of the people employed or the cost of the equipment and other supplies used changed.

3. Increases due to changes in the services provided per patient day and the method of their provision consisting of:

(a) Changes in the method of providing services. These include changes that affect unit costs for providing the same services. This component consists of two different types of influences:

(i) Improvements to a given service, normally increasing the unit cost.

(ii) The effects of more efficient techniques or use of labor-saving equipment, which normally decrease the unit cost.

(b) Incorporation of new services not previously provided (normally new, technically advanced services).

(c) Number and composition by relative expense of services furnished per day of care.

It has been possible to isolate some of these elements and identify their role in previous hospital cost increases. The increases due to changes in services provided (per patient day) and the method of their provision, however, must be combined to use available data, and separated into (i) a portion due to hiring more employees per day of care provided and (ii) a residual due to all other causes. A large portion of the historical increases must thus be studied only as a residual element. Table B1 shows the historical values of the principal components of the increases together with the forecasts underlying the increases in hospital costs per capita used in the estimates.

TABLE B1.—COMPONENTS OF INCREASE OVER PREVIOUS YEAR IN COST OF HOSPITAL SERVICES PER CAPITA FOR THE AGED  
[In percent]

Calendar Year	Component of Increase due to—			Total increase <sup>1</sup>
	Patient days per capita <sup>1</sup>	Factor prices <sup>2</sup>	Change in services and how provided <sup>3</sup>	
Historical data:				
1956-65.....		3.5	3.2	
1966.....		1.5	6.7	
1967.....	2.4	6.7	7.6	17.6
1968.....	7.3	7.6	7.2	23.4
1969.....	1.5	7.8	5.5	15.4
1970.....	-2.0	8.4	4.5	10.9
Projection:				
1971.....	-1.5	7.1	4.6	10.3
1972.....	1.0	5.7	4.5	11.6
1973.....	.5	5.7	4.4	11.1
1974.....	.5	5.7	4.3	11.1
1975.....	.5	5.6	4.2	10.6
1980.....	0	4.6	2.8	7.5
1983 and later.....	0	4.1	1.8	6.0

<sup>1</sup> Historical data from health insurance program.

<sup>2</sup> See table B2.

<sup>3</sup> See table B3.

Hospital use, as measured by the number of inpatient days per capita, depends on many factors such as medical practice, administrative policies of health insurers, and chance fluctuations in morbidity.

The past three decades have witnessed a long term increasing trend in the number of days of hospital care used per capita. In 1970 and 1971, however, use of hospital facilities decreased for the aged population, due to a shorter average length of stay. By contrast, the admission rate per capita continued to increase. In view of this two year downturn, the estimates of future increases in days per capita have been substantially decreased from those used in previous estimates, assuming an increase of only  $\frac{1}{2}$  percent per year through 1977 and no increase thereafter. An additional increase of  $\frac{1}{2}$  percent is assumed to provide an allowance for the expected value of additional hospital stays due to influenza epidemics, none of which occurred in the base year. Table B1 shows the actual experience under the hospital insurance program for 1967-1970 and the assumptions used to project hospital costs for subsequent years.

Hospital factor prices can be divided into those for personnel and those for non-personnel expenditures. Approximately 60 percent of hospital costs are for personnel. For several years preceding the beginning of the hospital insurance program, average hospital wages and salaries (as reported by the American Hospital Association) increased at a rate of about one percent per year more than the rate of increase in earnings in OASDI covered employment. Since the beginning of the hospital insurance program, this differential has been about 3 percent per year.

The Pay Board has restricted wage increases to the range 5 percent to 6 percent per year, but has exempted very low paid workers from this standard and has approved many settlements at a higher rate. More important, the Price Board has ruled that the cost established by the Social Security Administration for reimbursement purposes are prices and that such reimbursements can not recognize any increase in wages and salaries higher than  $5\frac{1}{2}$  percent per year (although with unlimited provision for exceptions through rulings). Part of the increase in average wages has been due to a change in composition of the work force so as to include relatively more higher paid personnel; this part of the increase is not restricted by the wage guidelines. The cost estimates assume that the immediate impact of these controls will be to reduce the average increase in hospital wages to  $7\frac{1}{2}$  percent per year during 1972-74, still higher than the  $5\frac{1}{2}$  percent assumed for all workers. Eventually, this difference should disappear entirely as hospital workers' wages become comparable to those for similar workers in other industries and the proportion of highly trained personnel grows very large; this has been assumed to occur by 1983.

Increases in the prices of the goods and services hospitals purchase are treated as a function of increases in the Consumer Price Index for all items. There is some question as to whether this index is appropriate since hospitals purchase a large volume of services. No index of hospital non-personnel factor prices is available, however. The price increases that may be recognized for reimbursement under the Price Commission guidelines are limited to  $2\frac{1}{2}$  percent per year. Part of the increase is due to the mix of goods and services purchased, which is not subject to this limit. Table B2 summarizes the historical data used and the comparable forecasts in estimating the increase in factor prices.

TABLE B2.—PRICE INCREASES OVER PREVIOUS YEAR FOR FACTORS USED BY HOSPITALS

[In percent]

Calendar year	Increase over previous year			
	Average earnings in covered employment <sup>1</sup>	Average wages of hospital employees <sup>2</sup>	CPI all items	Average factor prices
<b>Historical data:</b>				
1956-65.....	3.6	4.7	1.6	3.5
1966.....	4.4	.6	2.9	1.5
1967.....	6.3	9.3	2.9	6.7
1968.....	7.0	9.9	4.2	7.6
1969.....	6.0	9.4	5.4	7.8
1970.....	4.8	10.1	5.9	8.4
<b>Projection:</b>				
1971.....	5.7	9.0	4.3	7.1
1972.....	5.5	7.5	3.0	5.7
1973.....	5.5	7.5	3.0	5.7
1974.....	5.5	7.5	3.0	5.7
1975.....	5.4	7.4	3.0	5.6
1980.....	5.0	5.8	2.9	4.6
1983 and later.....	5.0	5.0	2.8	4.1

<sup>1</sup> Average earnings subject to OASDHI taxes in first quarter.<sup>2</sup> Historical data from American Hospital Association.

Since the beginning of the hospital insurance program, the number of hospital workers per adjusted 100 census count in non-federal short-term general hospitals has been increasing about 3 percent per year (as reported by the American Hospital Association). Statistics adjusted for changes in outpatient care are not available prior to 1966, but some indicators suggest a level of about 2 percent per year.

A residual item is required to balance the historical increases in hospital costs, which allows for the effect of changes in the services provided and method of provision not accounted for by an increase in the number of personnel (this item is stated so as to apply only to nonpersonnel costs). Before 1966, this residual averaged about 5 percent per year. After a surge in the early years of the hospital insurance program, 16½ percent in 1967 and 14 percent in 1968, the residual has declined to a level of around 7 percent in 1969-1970.

Hospital cost increases due to changes in the services provided and method of provision are partially restricted by the Price Commission guidelines<sup>1</sup> which were promulgated December 31, 1971, which specify that aggregate expenses for new technology such as new equipment and new services directly related to health care, to the extent they are not charged directly to persons benefiting directly from that equipment or those services, which exceed 1.7 percent of total annual expenses cannot be recognized for reimbursement purposes. This limitation thus applies jointly to items (3) (a) and (3) (b), but not to (3) (c)—assuming hospital managements will charge users for any new services offered, including services that in the absence of controls would have been included in the room and board charge. To use the data base available, a judgment is thus required as to the portion of the total increase due to changes in the services provided and method of provision that is due to new services; the rest of this component is restricted to 1.7 percent per year. There are, however, many items whose attribution in cost accounting is not clearly designated. With con-

<sup>1</sup> Subsection 300.18 of Title 6, Chapter III.

straints on other costs, there is pressure on hospital managements to adopt policies which allocate more of the cost of overhead items to new services than might otherwise have been the case. The historical data related to increases in cost due to changes in the services, analyzed by personnel and non-personnel subcomponents, are shown in Table B3, together with the projection for the future (which assumes that the price commission regulations will be strictly enforced).

TABLE B3.—INCREASES OVER PREVIOUS YEAR IN HOSPITAL COSTS PER PATIENT DAY DUE TO CHANGES IN SERVICES AND METHOD OF PROVISION<sup>1</sup>

[In percent]

Year calendar	Increase over previous year due to—		
	Employees per patient day <sup>2</sup>	Nonemployee increases <sup>3</sup>	Changes in services and method of provision <sup>1</sup>
Historical data:			
1956-65.....	2.0	5.0	3.2
1966.....	5.8	8.2	6.7
1967.....	1.7	16.5	7.6
1968.....	2.5	14.0	7.1
1969.....	4.0	8.0	5.6
1970.....	3.1	6.6	4.5
Projection:			
1971.....	3.0	7.0	4.6
1972.....	2.9	6.9	4.5
1973.....	2.8	6.8	4.4
1974.....	2.7	6.7	4.3
1975.....	2.6	6.6	4.2
1980.....	2.0	4.0	2.8
1983 and later.....	1.0	3.0	1.8

<sup>1</sup> See text for explanation.

<sup>2</sup> Historical data are from American Hospital Association. These increases apply only to that part of hospital expenses due to personnel, which are approximately 60 percent of hospital costs.

<sup>3</sup> Actually a residual; i.e., the increase in hospital costs not explained by increases in days of inpatient care per capita, factor cost increases, or the number of employees per patient day. Expressed so as to apply to nonpersonnel costs.

It is assumed that the current rate of increase in the number of personnel per adjusted census of around 3 percent per year will continue for a few years and then gradually decrease to a level of about one percent per year, a level lower than obtained before the hospital insurance program. The one percent per year is assumed to persist over the full period for which estimates are prepared.

The restriction on increases due to changes in the services and method of provision is estimated to reduce moderately the non-labor portion of this component of the increase in the immediate future. It is assumed that ultimately this rate will drop to 3 percent per year, a level substantially lower than that which prevailed during the decade before the hospital insurance program began.

Table B1 shows the increases in hospital costs resulting from compounding the forecasts for each of the three principal components into which such increases were analyzed. It can be noted that the long run increases are assumed to be higher than the long run increases in earnings, and hence in income, so that the current cost of the program rises indefinitely. Such increases assume a willingness on the part of the public to spend part of the increases in real income resulting from the differences between earnings and consumer prices on higher quality hospital care, at a rate of one percent per year. As emphasized throughout this report, this rate is below the historical average and far below

the rate experienced since the beginning of the hospital insurance program. It, thus, presumes a significant amount of public pressure to reduce the increases in hospital costs as the cost of these services bite deeper into disposable income, either directly through payment of higher charges or indirectly in the form of higher insurance premiums and taxes to support government programs.

(b). *Assumptions as to increases in the cost per capita of extended care facility benefits*

Utilization of extended care facilities dropped very sharply in 1970 and moderately in the first quarter of 1971 as a result of strict enforcement of regulations separating convalescent from custodial care. Adjusted for the trend to increasing use of these facilities, the current level of use is a little over half of that which occurred during the early years of the program. However, it is believed that increases in use are to be anticipated over the next several years, as providers and patients become more familiar with the level of care provided under the law (as modified by the Amendments).

Increases in the average cost per day in extended care facilities under the program are caused principally by (i) the higher cost of the nurses and other skilled labor required and (ii) the addition to covered facilities of new, better equipped, and more expensive facilities. Nurses have been in particularly short supply since the beginning of the hospital insurance program, and consequently, their wages have been increasing far more rapidly than earnings in general. This trend may be expected to continue for the foreseeable future due to (i) the continued rapid increase in demand for nursing services and (ii) the opening of a wide variety of occupations to women, forcing employers of nurses to be more competitive in wages and working conditions.

The average cost per day of extended care facility services covered by the program increased by approximately 10 percent in 1970 over 1969. It is assumed that a similar level of cost increases will prevail for a few years and then gradually decrease so as to merge with the annual rate of increase in general wages by 1982. The resulting increases in the cost per capita of extended care facility services are shown in Table B4.

TABLE B4.—INCREASE OVER PREVIOUS YEAR IN COST PER CAPITA BY TYPE OF SERVICE ASSUMED FOR PROJECTING COST OF THE HOSPITAL INSURANCE PROGRAM

[In percent]

Calendar year	Increase over previous year		
	Hospitals	Extended care facilities	Home health agencies
1971.....	10.3	0	19.5
1972.....	11.6	15	19.5
1973.....	11.1	22	19.0
1974.....	11.1	21	18.0
1975.....	10.6	19	18.0
1976.....	10.5	16	15.0
1977.....	9.5	12	11.0
1978.....	8.5	11	10.0
1979.....	8.0	9	8.0
1980.....	7.5	7	7.0
1981.....	7.0	6	6.0
1982.....	6.5	5	5.0
1983 and later.....	6.0	5	5.0

The long run assumption that increases in the cost per day of care in extended care facilities will be equal to the increases in the average earnings after 1981 requires increases in productivity to offset the higher than average increases in earnings anticipated for nurses and any tendency to upgrade the quality of services. As in the case of hospitals, public pressure will be required to contain these costs.

(c) *Assumptions as to home health service benefits*

Data on utilization of home health services are very slow in reaching the Social Security Administration. Early in the program, increases in utilization were very large, running around 30 percent per year; but it now appears that the rate of increase may be substantially lower, perhaps 10 percent per year. The assumptions used in the cost estimates are shown in Table 4.

(d) *Administrative expenses*

Total administrative expenses are assumed to be 2½ percent of benefits through 1977. After that, the projection assumes that the per capita expenses increase at 4 percent each year—that is, one percent less than the projected increase in all wages in covered employment.

(e) *Interest rate*

It has been assumed that trust fund investments will earn an average of 6 percent interest per annum. The actual rate earned on the hospital insurance trust fund during fiscal 1972 was 6.5 percent.

(f) *Population*

The population projections used in this report are based on those in *Actuarial Study Number 62*, Social Security Administration.

4. *Effect of Amendments in Public Law 92-603*

(a) *Cost estimates for the disabled and persons suffering from chronic kidney disease*

No reliable data were available on which to base estimates of the cost of covered services furnished to the disabled or to patients with chronic kidney disease. Some information was available from a survey of the disabled conducted in 1966 by the Social Security Administration and from several surveys of kidney patients that have appeared in the literature concerning the financing of medical care. Cost estimates were prepared for the disabled under the general assumption that the level of bias in the survey of the disabled would be about the same as found in similar surveys of the aged conducted in 1957 and 1963, and the estimates should be within 10% to 15% of the actual cost that will result. Due to less reliable data, estimates of the cost of covering patients with kidney disease may be off by somewhat larger percentages.

Although the errors possible in these estimates are large relative to the cost for these groups, the possible error in estimating the overall program costs are relatively small. Consequently, only relatively small changes in the overall financing will be needed to adjust for even the largest of the potential errors possible.

The cost of care for kidney patients will be substantially influenced by the regulations and administrative policy under which coverage is implemented. The cost estimates assume that the program will pay for only the most cost-effective pattern of services for patients for whom dialysis or transplants are clearly appropriate treatment to prolong useful life or reduce pain. Specifically, it is assumed that:

1. The requirement in the kidney provision for a minimum utilization rate for payment and the authority elsewhere in H.R. 1 to limit payment if services are unnecessarily expensive, constructed despite adverse recommendation of a planning authority, or not used to capacity—will be used to limit payment to the most cost-effective treatment centers and providers.

2. The requirement for a medical review board to screen the appropriateness of patients for the proposed treatment procedures and the level of care requirements—will be used to restrict payment to the most cost-effective mode of treatment considering the patient's condition and to patients for whom treatment provides a significant improvement in medical condition.

It is also assumed that the waiting period for coverage of patients undergoing dialysis or transplantation is exactly 90 days after the first treatment.<sup>2</sup> Any departure from this pattern would greatly increase the cost, especially if the provisions are used to finance the creation of a number of partially used treatment centers or to pay the deficits of inefficient programs.

*(b) Liberalization of level of care requirements in extended care facilities*

Three sets of requirements must be met for care provided in an extended care facility to be covered under the program: (1) the facility must meet the requirements for an extended care facility, (2) the care provided must meet certain requirements, and (3) the patient's condition must meet certain requirements. The Amendments change the care requirements to include rehabilitative services as well as skilled nursing services and the criteria concerning the patient's condition to include patients who require skilled rehabilitative services on a daily basis as well as those who require skilled nursing care on a daily basis. An additional restriction is added for both types of patient: that they require such care that as a practical matter can only be provided to inpatients in hospitals or extended care facilities. The cost of these changes will be largely determined by the regulations promulgated to implement this provision and the administrative policies followed.

The cost estimates assume that these will result in payment for patients with conditions requiring and receiving a level of active rehabilitative care similar to that now required for nursing services. This should increase the care provided by 20% in the first few years and by gradually increasing amounts in later years.

*5. Regulations and Administrative Policy Assumed in the Estimates*

Cost estimates for medical programs require forecasting not only the numbers of persons eligible for benefits (e.g. surviving, retiring, judged disabled according to specific criteria, etc.) and the use and cost of different types of medical services—but also the effect of decisions as to appropriate medical treatment, as affected by regulations and administrative policy which determine what care is paid for through the program. Predictions of policies and administrative decisions which substantially affect expenditures are necessary for estimates to be made. To the extent that policies other than those on which the estimates are based are followed, the cost estimates will have been

<sup>2</sup> There appears to be some ambiguity in the drafting of this provision. The intent of the Conference was clearly for a full 90-day waiting period.

made for a different program. Consequently, a number of specific assumptions concerning the policies followed must be recognized explicitly as conditions under which alone the cost estimates will be valid. This is particularly true of the Amendments in P.L. 92-603. Some of the most important assumptions as to the policies that will be followed in implementing the Amendments and in future administration of the program have been discussed. Others are outlined below.

(a) *Hospital cost increases*

Public control is assumed of the factors leading to increases in the cost of hospital and other institutional care far in excess of the increase in average earnings. It is assumed that within 15 years the increase in overall costs will be restricted to 1% in excess of the increases in average earnings. Outside pressure on hospitals will be necessary for this limit to be met.

Important examples of such outside pressure on hospital costs that have occurred recently are the health regulations promulgated under the Economic Stabilization Act,<sup>3</sup> the elimination of Hill-Burton funds from the President's budget, and many cost control policies ordered by the Office of Management and Budget. Although the health regulations of the Price Commission have not yet been implemented for cost related reimbursements to hospitals (except indirectly by the Social Security Administration<sup>4</sup>), the potential implementation of these controls together with other governmental pressures are believed to have already induced a lower rate of increase in the cost of hospital care.

The amendments contain a number of specific provisions which authorize administrative action to reduce the rate of increase in the cost of hospital care. Included are provisions intended to reduce payments to certain providers of services who have abused the program or who furnish services which are determined to be unduly expensive or unnecessary for efficient delivery of health services, the requirement of reasonable institutional planning, limitations on reimbursement for unnecessary capital expenditures, the limitation of reimbursement to charges when these are less than reasonable cost, and authorizing the establishment of professional standards review organizations to be in charge of determinations of the quality and appropriateness of care. The cost estimates assume that these provisions are implemented gradually over several years as part of the public effort to restrain the increase in cost of institutional care generally assumed in the estimates.

(b) *Health Maintenance Organizations*

The Amendments permit the organization of Health Maintenance Organizations (HMO's), which must take the full responsibility for the provision (or contracting) of all services covered by HI and SMI,<sup>5</sup> and permit payments to such HMO's to exceed the "reasonable cost" of covered services by amounts paid as incentives to HMO's. An HMO which satisfies specific criteria may, if the Secretary agrees, operate on an at-risk basis which will retroactively measure its own per capita cost against a benchmark cost with savings, if any, shared by the HMO

<sup>3</sup> Subsection 300.18 of Title 6, Chapter III.

<sup>4</sup> The Social Security Administration has limited increases in reimbursement per day of care and (per outpatient service) to 9% per year, unless approved by the Internal Revenue Service. The IRS has processed only a few applications for exceptions, so that it can not be determined whether or not the money will eventually be paid.

<sup>5</sup> A significant proportion of services currently provided to members of prepayment group practice plans are provided outside of these plans.

and the Government but losses absorbed entirely by the HMO. The benchmark will be the experience of Medicare outside the HMO put on an actuarial equivalent basis by adjusting for the distribution of the HMO Medicare membership by age, sex, geographic location, institutional status, and other actuarially relevant underwriting characteristics.

The Amendments are based on the assumption that benefit payments are currently too high because of unnecessary services and that the savings will be genuine—much of it from reduced inpatient hospitalization. To the extent this is true the Government will have a reduced total outlay even though the incentive payment is in addition to “reasonable costs” for those who transfer to HMO’s in the future. The Government outlay is also decreased where savings are produced by an HMO not giving services which were formerly given and which are still needed; but regulations and procedures are meant to prevent this from occurring.

On the other hand, to the extent that the savings are spurious because the HMO somehow “selects” for membership persons with better health than those in the benchmark population, the outlay of the Government is unnecessarily increased. How much of the savings are genuine and how much spurious can never be definitely determined, but it is clearly to the advantage of each HMO which discovers that without changing its pattern of practice it can anticipate considerable savings with little chance of loss to try and obtain an at-risk contract.

The cost estimates have assumed that spurious savings (plus the new, additional incentive payments to existing group practice plans not so rewarded in the past) will not be larger than the net genuine savings to the Government on those who transfer to HMO’s in the future. This assumption will be valid only if the Secretary of HEW, through strict regulations and administrative procedures accepts an HMO for an “at-risk” contract and only if its policies are such as to obtain a true cross-section of the medicare beneficiaries in the area in which it operates.

It is also assumed that HMO’s which do not elect (or are denied) an at-risk contract are reimbursed for institutional services according to the same reimbursement principles that have been previously applied to all institutional services whether or not under a prepayment group practice plan.

(c) *Professional standard review organizations*

The Amendments provide for the establishment of professional standards review organizations (PSRO's), which will be in charge of the review of the quality and appropriateness of all institutional care. Establishment of such PSRO's by physicians is voluntary before 1976 and; if challenged, must be approved by a majority of physicians voting within the applicable area (which is designated by the Secretary).

Any reduction (or increase) in institutional care resulting from the operation of PSRO's depends on the physicians who comprise these organizations. Although no valid data base exists from which to estimate the effect of PSRO's on program payments, under favorable circumstances—e.g. in which physicians had a financial interest in reducing the overall cost of medical care (especially when due to competition from a group practice plan) and where the use of services appears to have been above the national average—there has been as much as a 10% to 15% decrease in the use of institutional services. Whether or not the formation of these organizations in other circumstances will lead to substantial reductions remains to be seen. In the short run, administrative expenses will be increased without any offsetting reduction in benefit payments.

(d) *Definitions of covered extended care services*

The Amendments authorize payment for institutional services for which a claim has been retroactively denied, if the patient and the provider are judged not to have known or could not reasonably be expected to have known that payment for such services would be denied. Since payment depends largely on the judgment of the administrators, the cost of this provision will be determined by the regulations and administration. Cost estimates assume that no payment will be made if either the patient or the provider has received effective notice—i.e. no payment will be made to any patient for a second instance of a denied claim or to a provider for a second instance of a claim denied under the same circumstances, or where general notice has been made to all providers.

## APPENDIX C

### ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM IN PAST YEARS

#### *1. Status After Enactment of 1950 Act*

In connection with the 1950 Act, the Congress stated the belief that the program should be completely self-supporting from the contributions of covered workers and employers. That legislation repealed the provision, which was never used, permitting appropriations from general revenues of the Treasury. In that Act substantial changes were incorporated in the program: the benefit formula was completely redesigned, the eligibility conditions and the work clause were liberalized, the survivors benefits were modified, and coverage was extended to employed farm, domestic, and non-farm self-employed workers. The contribution tax schedule was also substantially revised to finance these changes, as well as to cover the actuarial deficit that had been estimated under the previous Act. After the enactment of these changes the program was found to be in substantial actuarial balance.

#### *2. Status After Enactment of 1952 Act*

The actuarial balance under the 1952 Act was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 Act was enacted, as shown in Table A. This was the case, because the estimates for the 1952 Act took into consideration the rise in earnings levels in the three years preceding the enactment of that

TABLE A.—ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM AS PERCENT OF TAXABLE PAYROLL<sup>1</sup> UNDER VARIOUS ACTS FOR VARIOUS ESTIMATES, LONG-RANGE COST ESTIMATES BASIS

[In percent]

Legislation	Date of estimate	Cost of program <sup>2</sup>	Financing <sup>3</sup>	Actuarial balance <sup>4</sup>
<b>OLD-AGE AND SURVIVORS INSURANCE<sup>4</sup></b>				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	-.57
1958 act.....	1958	8.27	8.02	-.25
1958 act.....	1960	8.38	8.18	-.20
1960 act.....	1960	8.42	8.18	-.24
1961 act.....	1961	8.79	8.55	-.24
1961 act.....	1963	8.69	8.52	-.17
1961 act (perpetuity basis).....	1964	8.72	8.62	-.10
1961 act (75-year basis).....	1964	8.46	8.60	+ .14
1965 act.....	1965	8.82	8.72	-.10
1965 act.....	1966	7.91	8.80	+ .89
1967 act.....	1967	8.77	8.78	+ .01
1967 act.....	1968	8.34	8.90	+ .56
1967 act.....	1969	7.76	8.93	+1.17
1969 act.....	1969	8.86	8.78	-.08
1969 act.....	1970	8.55	8.84	+ .29
1971 act.....	1971	9.13	9.07	-.06
1971 act (level-earnings).....	1972	8.98	9.11	+ .13
1971 act (dynamic) <sup>5</sup> .....	1972	7.81	9.19	+1.38
Public Law 92-336 (dynamic).....	1972	8.51	8.60	+ .09
Public Law 92-603 (dynamic).....	1972	9.32	9.31	-.01

Footnotes at end of table.

TABLE A.—ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM AS PERCENT OF TAXABLE PAYROLL <sup>1</sup> UNDER VARIOUS ACTS FOR VARIOUS ESTIMATES, LONG-RANGE COST ESTIMATES BASIS—Continued

[In percent]

Legislation	Date of estimate	Cost of program <sup>2</sup>	Financing <sup>3</sup>	Actuarial balance <sup>4</sup>
<b>DISABILITY INSURANCE <sup>5</sup></b>				
1956 act.....	1956	.42	.49	+ .07
1956 act.....	1958	.35	.50	+ .15
1958 act.....	1958	.49	.50	+ .01
1958 act.....	1960	.35	.50	+ .15
1960 act.....	1960	.56	.50	-.06
1961 act.....	1961	.56	.50	-.06
1961 act.....	1963	.64	.50	-.14
1961 act (perpetuity basis).....	1964	.64	.50	-.14
1961 act (75-year basis).....	1964	.63	.50	-.13
1965 act.....	1965	.67	.70	+ .03
1965 act.....	1966	.85	.70	-.15
1967 act.....	1967	.95	.95	.00
1967 act.....	1968	.98	.95	-.03
1967 act.....	1969	.96	.95	-.01
1969 act.....	1969	1.10	1.10	0
1969 act.....	1970	1.05	1.10	+ .05
<b>OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE <sup>5</sup></b>				
1935 act.....	1935	5.36	5.36	0
1939 act.....	1939	5.22	5.30	+ .08
1939 act (as amended in the 1940's) <sup>7</sup> .....	1950	4.45	3.98	-.47
1950 act.....	1950	6.20	6.10	-.10
1950 act.....	1952	5.49	5.90	+ .41
1952 act.....	1952	6.00	5.90	-.10
1952 act.....	1954	6.62	6.05	-.57
1954 act.....	1954	7.50	7.12	-.38
1954 act.....	1956	7.45	7.29	-.16
1956 act.....	1956	7.85	7.72	-.13
1956 act.....	1958	8.25	7.83	-.42
1958 act.....	1958	8.76	8.52	-.24
1958 act.....	1960	8.73	8.68	-.05
1960 act.....	1960	8.98	8.68	-.30
1961 act.....	1961	9.35	9.05	-.30
1961 act.....	1963	9.33	9.02	-.31
1961 act (perpetuity basis).....	1964	9.36	9.12	-.24
1961 act (75-year basis).....	1964	9.09	9.10	+ .01
1965 act.....	1965	9.49	9.42	-.07
1965 act.....	1966	8.76	9.50	+ .74
1967 act.....	1967	9.72	9.73	+ .01
1967 act.....	1968	9.32	9.85	+ .53
1967 act.....	1969	8.72	9.88	+1.16
1969 act.....	1969	9.96	9.88	-.08
1969 act.....	1970	9.60	9.94	+ .34
1971 act.....	1971	10.27	10.17	-.10
1971 act (level-earnings).....	1972	10.16	10.21	+ .05
1971 act (dynamic) <sup>6</sup> .....	1972	8.96	10.29	+1.33
Public Law 92-336 (dynamic).....	1972	9.77	9.84	+ .07
Public Law 92-603 (dynamic).....	1972	10.63	10.63	0
<b>DISABILITY INSURANCE <sup>5</sup></b>				
1971 act.....	1971	1.14	1.10	-.04
1971 act (level-earnings).....	1972	1.18	1.10	-.08
1971 act (dynamic) <sup>6</sup> .....	1972	1.15	1.10	-.05
Public Law 92-336 (dynamic).....	1972	1.26	1.24	-.02
Public Law 92-603 (dynamic).....	1972	1.31	1.32	+ .01

<sup>1</sup> Includes adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate. Estimates prepared before 1964 are on a perpetuity basis, while those prepared after 1964 are on a 75-year basis. The estimates prepared in 1964 are on both bases. Estimates prepared before 1972 are based on level-earnings assumptions.

<sup>2</sup> Including adjustments (a) to reflect the effect of the existing trust fund, (b) for administrative expense costs, and (c) for the net cost of the financial interchange with the railroad retirement system. For level-earnings basis it represents the level-cost while for dynamic estimates it represents the average-cost.

<sup>3</sup> For level-earnings basis it represents the level-equivalent tax rate while for the dynamic estimates it represents the average rate.

<sup>4</sup> A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing according to the particular estimate.

<sup>5</sup> The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

<sup>6</sup> Based on dynamic provisions similar to those in Public Law 92-336 wherein the first automatic adjustment becomes effective in 1975. The earnings, CPI and margin increases are assumed as for Public Law 92-336—that is, 5, 2½, and ¾ percent, respectively.

<sup>7</sup> The major changes being in the revision of the contribution schedule; as of the beginning of 1950, the ultimate combined employer-employee rate scheduled was only 4 percent.

Act. This factor virtually offset the increased cost due to the benefit liberalizations made. New cost estimates made two years after the enactment of the 1952 Act indicated that the level-cost (i.e., the average long-range cost, based on discounting at interest, relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

### *3. Status After Enactment of 1954 Act*

Under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then current estimates had indicated in regard to the financing of the 1952 act.

### *4. Status After Enactment of 1956 Act*

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were very considerable numbers of retirements from among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or in other words, that the average retirement age had dropped significantly. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

### *5. Status After Enactment of 1958 Act*

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations made. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds.” This was accomplished by introducing an immediate increase (in 1959) in the combined employer-employee contribution rate, amounting to 0.5 percent, and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability insurance program contained certain modified assumptions that recognized the emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit

liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

*6. Status after enactment of 1960 Act*

At the beginning of 1960, the cost estimates for the old-age, survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption had previously been based on the 1956 level, and this was changed to reflect the 1959 level. Also, data first became available on the detailed operations of the disability provisions for 1956, which was the first full year of operation that did not involve picking up "backlog" cases. It was found that the number of persons who met the insured status conditions to be eligible for these benefits had been significantly overestimated. It was also found that the disability incidence experience for eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made in regard to the disability insurance portion of the program. As a result, the changes made by the 1960 amendments could, according to the revised estimates, be made without modifying the financing provisions.

*7. Status after enactment of 1961 Act*

The changes made by the 1961 amendments involved an increased cost that was fully met by the changes in the financing provisions (namely, an increase in the combined employer-employee contribution rate of 0.25 percent, a corresponding change in the rate for the self-employed, and an advance in the year when the ultimate rates would be effective—from 1969 to 1968). As a result, the actuarial balance of the program remained unchanged.

Subsequent to 1961, the cost estimates were further reexamined in the light of developing experience. The earnings assumption was changed to reflect the 1963 level, and the interest-rate assumption used was modified upward to reflect recent experience. At the same time, the retirement rate assumptions were increased somewhat to reflect the experience in respect to this factor. The further developing disability experience indicated that costs for this portion of the program were significantly higher than previously estimated (because benefits were not being terminated by death or recovery as rapidly as had been originally assumed). Accordingly, the actuarial balance of the disability insurance program was shown to be in an unsatisfactory position, and this had been recognized by the Board of Trustees, who recommended that the allocation to this trust fund should be increased (while, at the same time, correspondingly decreasing the allocation to the old-age and survivors insurance trust fund, which under the law in effect at that time was estimated to be in satisfactory actuarial balance even after such a reallocation).

*8. Status after enactment of 1965 Act*

The changes made by the 1965 amendments involved an increased cost that was closely met by the changes in their financing provisions (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). The actuarial balance of the program remained virtually unchanged.

In 1966, the cost estimates for the old-age, survivors, and disability insurance system were completely revised, based on the availability of new data since the last complete revision was made in 1963. The new estimates showed significantly lower costs for the old-age and survivors insurance portion of the system, but higher costs for the disability insurance portion. The factors leading to lower costs were as follows: (1) 1966 earnings level, instead of 1963 ones; (2) an interest rate of  $3\frac{3}{4}$  percent for the intermediate-cost estimates, instead of  $3\frac{1}{2}$  percent; (3) an assumption of greater future participation of women in the labor force (resulting in reduction in cost of the program because of the "antiduplication of benefits" provision as between women's primary benefits and wife's or widow's benefits); (4) an assumption of less improvement in future mortality than had previously been assumed; and (5) an assumption that, despite a significant decline in future fertility rates, such decline would not occur as rapidly as had been assumed previously.

The cost of the disability insurance system was estimated to be significantly higher, as a result of increasing the disability prevalence rates. This change was necessary to reflect the substantially larger number of disability beneficiaries coming on the roll with respect to disabilities occurring in 1964 and after, which experience had not been available in 1965 when the cost estimates for the legislation of that year were considered.

For more details on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 63* of the Social Security Administration, Department of Health, Education, and Welfare, January 1967.

#### 9. Status After Enactment of 1967 Act

The changes made by the 1967 amendment involved an increased cost that was fully met by the actuarial surplus then existent and by the changes in the financing provisions that were adopted (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). As a result the system was almost exactly in actuarial balance (namely, a small actuarial surplus of 0.01 percent of taxable payroll).

In 1968, the cost estimates for the old-age, survivors, and disability insurance system were completely revised. The new estimates showed significant lower costs for the old-age and survivors insurance portion of the system, but slightly higher costs for the disability insurance portion. The factors leading to lower cost were as follows: (1) 1968 earnings level, instead of 1966; (2) an interest rate of  $4\frac{1}{4}$  percent for the intermediate-cost estimate, instead of  $3\frac{3}{4}$  percent; and (3) an assumption of greater future participation of women in the labor force.

In 1969, the cost estimates were completely revised. The new estimates indicated that the system was substantially overfinanced. The actuarial surplus was found to be 1.16 percent of taxable payroll. All of this surplus occurred in the old-age and survivors insurance portion, which had a surplus of 1.17 percent of taxable payroll. The disability insurance portion was found to have improved financially to the point where it was almost in exact actuarial balance (namely, a small deficit of 0.01 percent of taxable payroll). The factors that result in lower estimates were as follows: (1) 1969 earnings level, instead of

1968 level; (2) an interest rate of  $4\frac{3}{4}$  percent for the intermediate-cost estimate, instead of  $4\frac{1}{4}$  percent; and (3) an assumption of higher labor force participation rates for women.

For more detail on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 69* of the Social Security Administration, Department of Health, Education, and Welfare, September 1969.

#### *10. Status After Enactment of 1969 Act*

The 1969 amendments increased benefits by 15 percent and the minimum benefit to \$64 per month. These changes fully exhausted the previous actuarial surplus and the system was then in close actuarial balance. A reallocation of contribution to the disability insurance portion was necessary to place that program in close actuarial balance.

In 1970, the cost estimates for the old-age, survivors, and disability insurance system were completely revised. The new estimates showed significantly lower cost for both the old-age and survivors insurance portion and the disability insurance portion. The lower costs resulted from: (1) 1970 earnings level, instead of 1969 level; (2) an interest rate of  $5\frac{1}{4}$  percent, instead of  $4\frac{3}{4}$  percent; and (3) higher labor-force participation rates for women.

#### *11. Status After Enactment of 1971 Act*

The 1971 amendments increased benefits by 10 percent and made the increase applicable to future beneficiaries as well as to the then present beneficiaries. The taxable earnings base was increased to \$9,000 and the ultimate contribution rate was increased to 10.3 percent on a combined employer-employee basis. After these changes the system was in close actuarial balance; there was a small actuarial deficit equivalent to 0.10 percent of taxable payroll.

The Old-Age, Survivors, and Disability Insurance cost estimates were revised in January 1972. The new estimates indicated that the system was still in close actuarial balance but that it then had a small actuarial surplus of 0.05 percent of taxable payroll. This was the net result of changing to (1) 1971 earnings level, instead of 1970 level; (2) higher retirement and disability rate; (3) updated factors in other respects.

#### *12. Status After Enactment of Public Law 92-336 in July 1972*

The amendments in P.L. 92-336 increased benefits by 20 percent and made the increase applicable to future beneficiaries as well as present beneficiaries. The taxable earnings base was increased to \$10,800 in 1973, and to \$12,000 in 1974. Both the benefits and the taxable earnings base were made subject to periodic automatic adjustments after 1974.

In accordance with the recommendations of the 1971 Advisory Council on Social Security, the actuarial methodology was modified to incorporate assumptions of increasing average earnings and benefits. This modification in methodology changed the long-range financial status of the system from one of a basic closeness in actuarial balance to another of a significant actuarial surplus. This surplus was used to finance the 20 percent increase in benefits that was enacted.

After these amendments, the system had a small actuarial surplus of +0.07 percent of taxable payroll.



# *Commissioner's Bulletin*

SOCIAL SECURITY ADMINISTRATION

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## IMPLEMENTING THE 1972 AMENDMENTS

To All Employees

I would like to discuss with you the progress we are making in implementing the 1972 amendments. The job ahead is formidable.

The changes resulting from the enactment of the 1972 amendments in the social security cash benefit and Medicare programs--even without considering the new supplemental security income program--will have a major impact upon operations. January 1, 1973, was the effective date for a number of the new Medicare provisions and for such major cash benefit provisions as the increase in benefits to 3.8 million widows and widowers and the liberalized retirement test, which will make 1.7 million persons eligible for additional benefits. July 1, 1973, is the effective date for major Medicare changes such as the extension of Medicare coverage to 1.7 million social security disability beneficiaries and, under prescribed conditions, to people who suffer from chronic kidney disease.

In addition, the new law will require SSA to double the volume of social security numbers issued in fiscal years 1973 and 1974. SSA will also now have to determine age, identity, and citizenship or alien status of individuals as they are enumerated, and plans for implementing these procedures are being made. We must enumerate those individuals who haven't been assigned a social security number, but are, or will be, eligible for benefits under the Supplemental Security Income Program (SSI). Auxiliary social security beneficiaries--those drawing benefits through the eligibility of a spouse, deceased relative, etc.--must also be enumerated. We are working with the State Department and the Immigration and Naturalization Service of the Justice Department on policies for enumerating non-U. S. citizens before they immigrate to the United States.

But our greatest task--one in many ways at least as challenging as the launching of Medicare in 1965--is putting into operation the Supplemental Security Income Program for the needy aged, blind, and disabled. In January 1974, SSA must make monthly payments to 3.3 million persons who until that time will have been on State and local public assistance rolls in more than 1,100 jurisdictions. In that month we will also pay SSI to an additional estimated 3 million persons who will be made newly eligible under the Federal provisions. We are moving ahead on many fronts to get ready to put this program into effect, and I would like to briefly describe what we're doing.

One of these important tasks is to convert the 3.3 million recipients of aid to the aged, blind, and disabled from State to Federal rolls. SSA is now conducting initial conversion studies in several States to help identify problems that may arise, and to start the first data gathering from the State and local rolls. These pilots are being conducted in Florida, Missouri, Ohio, Nevada, Wisconsin, and Los Angeles County, California, and are expected to be completed in early February.

As the conversion of State assistance program recipients to Federal rolls progresses, a computerized Supplemental Security Record (SSR) similar to the Master Beneficiary Record of those receiving social security benefits will be created. The SSR will contain information on all of those receiving SSI payments and will serve as an up-to-date source of information for the district and branch offices. They will be able to query the SSR and to update the information it contains by using GSA's Advanced Records System (ARS). Those district offices with high workloads will be provided with an independent parallel telecommunications system (described later) to supplement ARS. Eventually, all district and branch offices will be equipped with more sophisticated keying equipment.

There are about 8.6 million social security beneficiaries receiving less than \$149 a month who need to be told about the new program so they can decide if they should apply. We estimate that about 3 million of these beneficiaries will be eligible for SSI. In an effort to reach them, SSA is now testing a pilot SSI leads program. The pilot sample tests an informational pamphlet and a questionnaire to be sent to 1,500 SSA beneficiaries randomly selected by BDP. If a person in response to the questionnaire indicates that he is interested in applying, we will send him a short-form

application for SSI benefits. From the study, we hope to find that a high proportion of the eligible individuals can correctly decide, based on the information provided, whether they should apply for payments, and that they can properly complete the short-form application without assistance. The short-form application has been developed specially for use by people already on social security to supplement information that is now in our records.

Our rolls have been screened to identify those beneficiaries who will reach age 65 before February 1, 1974, or will be in disability status, and who are entitled to a social security benefit of less than \$149 a month and not drawing public assistance, Railroad Retirement Benefits, Workmen's Compensation, or Black Lung benefits. This will constitute the universe of cases to be contacted this spring and summer.

In a move to facilitate the clearance of SSI system proposals and to bring out at an early point issues affecting the development of the SSI system, an SSI System Planning and Development Work Group was formed last November. The group includes representatives from all components involved in implementing SSI. It has been meeting regularly to review systems planning and development status and to resolve or recommend solutions to problems involved in implementing the systems needed to administer the SSI program. Some of the systems policy decisions that have resulted include:

- giving the district office the capability to handle most manual processes including the processing of computer exceptions.
- keeping claims documents in the district office until the expiration of the appeals period and then sending them on to the payment center or BDI for retention.
- using a new claims processing system similar to the one being developed for use in RSI claims (CAPS) which involves 100 percent input of basic data, automatic central EDP processing, correction of errors by the district office, etc.

We are also putting into effect the cash benefit increases provided by the amendments. The mass electronic data processing of the widows' insurance benefit conversion raising the amounts payable to certain widows from 82 1/2 percent of the primary amount to 100 percent took place in December. This was reflected in the February 3 check. Cases that needed to be manually processed were handled by the payment centers in December. Nearly 4 million widows' benefit accounts were converted.

The special minimum primary insurance amount (providing a special minimum benefit equal to \$8.50 times a worker's years of coverage under social security over 10 years, up to a maximum of 30 years) will be implemented through the Automatic Earnings Reappraisal Operations (the system that is used to refigure benefit rates to include additional earnings after entitlement). These increases--retroactive to January and affecting about 150,000 people--will be processed at the end of February for the April 3 check.

The delayed retirement credit operation, which increases retirement benefits by 1 percent for each 12 months in which the worker between age 65 and 72 did not receive benefits because of earnings from work, is planned for the end of April, with the first increase, retroactive to January, paid in the June 3 check. About 1 million accounts will be processed.

The immense new continuing workloads resulting from the 1972 amendments mean that, in addition to internal manpower utilization review aimed at increasing our productivity, we will need to recruit a larger staff to do our job. The Office of Management and Budget has authorized SSA to hire nearly 12,000 new permanent employees by June 30, 1973. And we will be able to increase our staff by another 6,000 employees by June 1974. Most of these people will be employed in the field. While we were unable to hire new employees during the freeze on all Federal hiring and promotions in effect during December and January (except where a firm commitment had earlier been made), the recruitment process is accelerating now that the freeze on recruitment has been lifted. Largely as a result of the new SSI program and the greatly expanded field responsibility it will entail, many opportunities for promotion will open up in SSA. We are also making plans to bring selected employees of State and local public assistance agencies to SSA in line with authority granted by the Civil Service Commission.

Another essential aspect of implementing a new program is training. SSI training has to be brought to a large number of SSA employees all over the country in a very short period of time. To accomplish this, we are developing a single course composed of modules that can be used to train several different position types (quality assurance, SSI and BDOO regional office staffs, service and claims representatives, etc.). Each component will simply select the modules needed to train its people. The package is in the last stages of development, and should be ready for testing in the near future.

Manual issuances on the cash benefits and Medicare provisions form the foundation for technical training for employees who process claims. This training includes instructors' lesson plans, job aids, and an

amendment workbook with computation problems. A 1972 Amendment Summary serves as a general orientation document. In addition, several chart booklets are being prepared as reference material for employees in administrative as well as technical work.

We will need to acquire a large amount of additional space throughout the country over the next few months to implement the 1972 amendments successfully. To meet the space emergency, SSA, the HEW Facilities Engineering and Construction Agency (FECA), and GSA have agreed upon basic changes in existing procedures to expedite the many transactions which must occur. In an important move, 55 SSA employees were detailed to act as GSA agents. They received 2 weeks of intensive training in procurement and are now handling practically all aspects of the space acquisition process. Currently, 348 SSA space actions are in process. We will need to complete about a thousand space actions, most of them by July 1973. Weekly reports from GSA indicate that the space acquisition program is going very well.

In the field, we expect to have over 300 new branch offices in operation by July, and are planning to expand or relocate 400 to 500 of our existing district offices. We are expanding our Wilkes-Barre keying capability to the maximum, and also considering locations west of the Mississippi River for additional keying facilities. By late 1973 we hope to establish about 100 BHA offices across the country. Our new space needs at headquarters include 261,000 square feet added to the existing Dickinson Building (which SSA occupied on January 7 under a long-term lease), and the new 150,000 square foot West Building--scheduled for completion in May 1973--located adjacent to the Arthur J. Altmeyer Building (formerly the Administration Building).

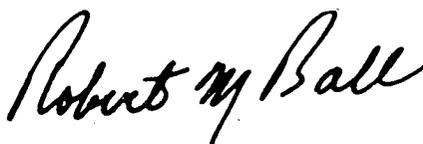
The 1972 amendments placed major new demands on SSA's systems for data communications between district and branch offices and the central office. All telecommunications traffic between these offices and the central computer complex in Baltimore is now sent over the ARS teleprocessing system maintained by GSA. Since additional SSA telecommunications traffic will overload GSA's system, we plan to achieve the additional capacity we need by removing about 450 high-volume district offices from the ARS and building a new communications network to connect them to the central computer complex. The new teleprocessing systems will be able to handle over 13 million characters per day, with

flexibility to accommodate up to 28 million characters per day, and will have the capacity to permit the addition of 400 to 500 new field stations. For certain basic information related to claims, the district office will be able to query the computer and receive a response in no more than 30 seconds.

Our public information role in regard to the 1972 amendments is also large. A leaflet prepared by our Office of Public Affairs entitled "What You Need to Know Now" accompanied the January 3 social security checks. It advised beneficiaries that information will be sent later to those who may be eligible for the SSI program. Among other publications, OPA has also prepared a special press packet on the changes in cash benefits and Medicare; a series of general purpose and special pamphlets for distribution through national, regional, and local outlets; and a packet of materials for private employers (including payroll stuffers for the first paychecks in 1973--when the contribution rates went up).

I know SSA will succeed in this next important stage of social security development. But it will mean a lot of work over the next year or two and a spirit of dedication and self-sacrifice on the part of the whole staff. It will also require full cooperation among all SSA components.

In the future, as you look back on this hectic, sometimes frustrating period, I am sure you will have a sense of deep satisfaction growing out of the knowledge of what your efforts have meant to the American people. I have great confidence in your capacity to carry on to new heights of achievement. My very best to each of you and my personal thanks for the great job you are doing.



Robert M. Ball  
Commissioner

# Social Security Amendments of 1972: Summary and Legislative History

by ROBERT M. BALL\*

PRESIDENT NIXON'S SIGNATURE on H.R. 1, the Social Security Amendments of 1972, brought to a close 3 years of consideration of and deliberations on proposals to improve the social security program. What the President called "landmark legislation" became Public Law 92-603 on October 30, 1972. Among its most significant and far-reaching provisions are:

—Higher benefits for most people eligible for benefits as aged widows and widowers

—For men reaching age 62 in the future, repeal of the provisions under which a man the same age and with the same earnings as a woman generally got a lower benefit than the woman worker and under which men needed more social security credits to qualify for retirement benefits than women did (the change will be accomplished over a 3-year period beginning with 1973)

—Changes in the retirement test to assure that the more a beneficiary works and earns, the more spendable income (social security benefits plus earnings after taxes) he will have, and to raise from \$1,680 to \$2,100 the annual exempt amount of earnings with future automatic adjustment to keep pace with increases in earnings levels

—A special minimum benefit for those who have worked in covered employment for many years, but at low earnings

—Higher benefits for workers who do not get social security retirement benefits before age 65 but continue to work past that age

—Improvements in disability insurance protection (including a reduction in the waiting period for benefits and extension of childhood disability benefits to persons disabled between ages 18 and 22) as well as improved protection for a worker's dependents and survivors

—Extension of Medicare protection to disability insurance beneficiaries who have been on the social security disability benefit rolls for at least 2 years

—Extension of Medicare protection to persons under age 65 (those getting monthly social security benefits, those not getting benefits who have worked in covered employment long enough to be insured, and the wives or husbands and children of such persons) if they need hemodialysis treatment for chronic kidney disease or require a kidney transplant

—Changes in the Medicare program to improve its operating effectiveness.

\* At the time of writing, Commissioner of Social Security.

The amendments also created a new Federal supplemental security income program, effective January 1974, for the needy aged, blind, and disabled. Administered by the Social Security Administration but financed out of general revenues of the Federal Government, this program will replace the present Federal-State programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled. Federal payments under this program will assure minimum income levels; States may supplement the Federal payments to maintain existing payment levels where these are higher.

Other major social security legislation was enacted in July 1972. Those amendments (1) provided a 20-percent across-the-board increase in social security benefits effective for September 1972; (2) included provisions for keeping social security benefit amounts up to date automatically in the future as the cost of living rises; and (3) increased from \$9,000 in 1972 to \$10,800 in 1973 and to \$12,000 in 1974 the maximum amount of a worker's annual earnings that may be counted in figuring his and his family's social security benefits (and on which he pays social security contributions) and provided in addition for keeping the amount up to date automatically in the future as average wages rise; and a revised contribution rate schedule, which included increases in the hospital insurance rates to restore the financial soundness of that part of the program.

A detailed summary of all major provisions enacted in 1972 is given later in this article.

## Background and Legislative History

### ACTION IN 1969

On September 25, 1969, the President sent to the Congress his recommendations for social security legislation. They included:

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U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE • Social Security Administration

DHEW Publication No. (SSA), 73-11700

- (1) A 10-percent across-the-board increase in social security cash benefits;
- (2) automatic adjustment of social security benefits to future increases in the cost of living;
- (3) an increase in the annual exempt amount of earnings under the retirement test from \$1,680 to \$1,800, with a corresponding increase in the monthly measure of retirement, and a provision for \$1-for-\$2 withholding of benefits for all earnings in excess of \$1,800 (instead of withholding \$1 for each \$2 earned above \$1,680 through \$2,880 and for each \$1 of earnings above \$2,880), and a provision for automatic adjustment of the test to future earnings levels;
- (4) an increase in the social security contribution and benefit base from \$7,800 to \$9,000 for 1972 and 1973, with provision for subsequent automatic increases to take account of future increases in earnings levels;
- (5) an increase from 82½ percent to 100 percent of the spouse's benefit for a widow or widower who begins receiving benefits at age 65 or later, with the benefit amount graded down to 82½ percent for a widow or widower who takes benefits at age 62;
- (6) noncontributory earnings credits (in addition to credit for contributory coverage of basic pay) of \$100 a month for military service from January 1957 through December 1967, similar to the credits previously provided for service after 1967;
- (7) extension of childhood disability benefits to people who become disabled after age 18 and prior to age 22;
- (8) determination of benefit amounts and insured status for men on the same basis as that for women in the existing law—that is, over a period equal to the number of years up to age 62 rather than up to age 65; and
- (9) changes in the contribution rate schedules for both cash benefits and for hospital insurance.

On September 30, 1969, the minority leader of the House of Representatives, Gerald R. Ford, introduced H.R. 14080, a bill containing the President's recommendations for social security legislation. The bill was referred to the Committee on Ways and Means of the House of Representatives for consideration.

On October 15, the Ways and Means Committee began public hearings on H.R. 14080 and H.R. 14173, which contained President Nixon's proposals for reforming the Federal-State programs of public assistance. Secretary of Health, Education, and Welfare Robert H. Finch appeared as the Administration's first witness. In his testimony, Secretary Finch announced that the Administration was forwarding to the Committee that day for its consideration (along with the Medicare provisions of H.R. 14080) a proposed bill, the "Health Cost Effectiveness Amendments

of 1969," containing several provisions intended to strengthen administrative controls over program payments, coordinating health facility reimbursement with community planning efforts, and experimenting with alternative methods of reimbursement that it was hoped would be considered for inclusion in the social security bill. The public hearings continued until November 13 and the Committee went into executive sessions on November 19.

*15-percent benefit increase enacted.*—Early in December it became clear that the Senate would attach several amendments to the Social Security Act to a tax bill that seemed certain of enactment. The Committee on Ways and Means unanimously ordered reported to the House a bill, H.R. 15095, which had been introduced on December 4 by Committee Chairman Wilbur D. Mills and the ranking minority member of the Committee, Representative John D. Byrnes. As reported, the bill provided for a 15-percent increase in social security benefits, effective for January 1970, removing the \$105 limitation on wife's and husband's insurance benefits which had been enacted by the previous Congress, and increasing the allocation of contribution income to the disability insurance trust fund. Because the old-age, survivors, and disability insurance (OASDI) program had a substantial favorable actuarial balance (1.16 percent of taxable payroll), the benefit increases that were provided did not necessitate increases in either the contribution rates or the contribution and benefit base. The House passed the bill on December 15, 1969, by a vote of 398 to 0.

In the meantime H.R. 13270, the proposed Tax Reform Act of 1969, was being debated and amended on the floor of the Senate. The amendments that related to the social security program were to provide:

- (1) A 15-percent across-the-board general increase in social security benefits effective for January 1970;
- (2) a minimum benefit of \$100;
- (3) an increase in the contribution and benefit base to \$12,000 beginning in 1973;
- (4) elimination of the \$105 limitation on wife's and husband's benefits;
- (5) actuarially reduced benefits payable at age 60 for workers, wives, husbands, widowers, and parents;

(6) a disregard of social security benefit increases for January and February 1970 in determining eligibility for, and amount of, public assistance; and

(7) a guarantee that all those receiving both aid to the aged, blind, or disabled and social security benefits would receive a net increase in income of at least \$7.50 for months after March 1970.

The Tax Reform Act, with these amendments, was passed by the Senate by a vote of 69 to 22. It was sent to a House-Senate conference committee on December 11 to settle the differences between the two versions of the bill. The conferees agreed upon:

(1) A 15-percent across-the-board general increase in social security benefits effective for January 1970;

(2) elimination of the \$105 limitation on wife's and husband's benefits;

(3) an increase in the allocation of contribution income to the disability insurance trust fund;

(4) a disregard of social security benefit increases for January and February 1970 in determining eligibility for, and amount of, public assistance; and

(5) a guarantee that all people receiving aid to the aged, blind, or disabled and also social security benefits for any month after March 1970 and before July 1970 would receive a net increase in income of at least \$4 or, if less, the actual amount of the increase in their social security benefits.

The report of the conference committee was agreed to by both the House and the Senate on December 22. On December 30, the President signed the Tax Reform Act of 1969 into law. It became Public Law 91-172.

## **ACTION IN 1970**

In January the Ways and Means Committee resumed consideration of the President's proposals. On May 11, a new bill H.R. 17550, reflecting the Committee's decisions, was introduced in the House by Chairman Mills and Representative Byrnes.

The major social security proposals made by the President were included in H.R. 17550 with several significant exceptions. In September 1969, the President had recommended a 10-percent increase in cash benefits effective for March 1970 and automatic adjustment of benefits in the future. The Congress had subsequently enacted a 15-percent increase in benefits effective for January 1970, and the Committee's bill provided

for an additional 5-percent increase in benefits to be effective for January 1971. The bill did not include the President's proposal for automatic adjustments of benefits (and of the contribution and benefit base), though these proposals were later included in the bill before it was passed by the House.

Under the Committee bill, the annual amount of earnings to be exempted under the retirement test would have been increased from \$1,680 to \$2,000, with \$1 in benefits withheld for each \$2 of earnings between \$2,000 and \$3,200 and for each \$1 of earnings above \$3,200. The President had recommended an annual exempt amount of \$1,800, with \$1 in benefits to be withheld for each \$2 of *all* annual earnings above \$1,800 and automatic adjustment of the exempt amount to keep pace with increases in earnings levels.

The contribution rates approved by the Committee were in accord with those recommended by the President but differed in detail from his. The Committee also provided for significant changes in the financing of the hospital insurance program, intended to restore it to a state of acceptable actuarial balance.

H.R. 17550 included further changes in the cash benefits program, in addition to those recommended by the President. Among these were provisions for the payment of reduced benefits to dependent widowers at age 60, elimination of the support requirement as a condition for benefits for divorced wives and widows, continuing child's benefits beyond age 22 for certain full-time students, changes in the disability insured status requirements for the blind, and a change in the workmen's compensation offset for disability beneficiaries.

The provisions in the Committee bill dealing with the Medicare and Medicaid programs reflected, for the most part, changes recommended by the Department. In testimony before the Senate Finance Committee in February, concerning that Committee's Staff Report on Medicare and Medicaid, Under Secretary John G. Veneman recommended a change in the method of reimbursing institutional providers under Medicare and the introduction of additional limitations on the recognition of physicians' fee increases. These recommendations were embodied in the Committee on Ways and Means version of H.R. 17550, under which (1) the Secretary was

directed to develop large-scale experiments and demonstration projects to test various methods of making payments to providers of services on a prospective, rather than retroactive, cost basis and (2) recognition of increases in physician fee levels were to be related to indexes reflecting changes in costs of practice for physicians and in earnings levels.

As part of the Administration's proposals to stimulate the development of health maintenance organizations, announced by Secretary Finch in March 1970, an HMO option for Medicare beneficiaries was added to the bill. Under the option, Medicare beneficiaries could choose to receive their covered services only through an HMO. The organization would be paid on a capitation basis instead of being reimbursed for individual physician visits or hospital stays. The Committee's bill also included a number of other changes designed to improve the operating effectiveness of the Medicare program (as well as changes to improve the operations of the Medicaid and maternal and child health programs).

On May 21, the House passed H.R. 17550 by a vote of 344 to 32, after recommitment to the Committee for amendments to provide for the automatic adjustment of benefits, the contribution and benefit base, and the retirement test exempt amount. These provisions had been included in the Administration's proposals for improving the program but were not included in the bill reported out by the Ways and Means Committee. In adding the provision for automatic adjustment of the retirement test, the House also extended the \$1-for-\$2 deduction provision so that it would apply to all earnings above the \$2,000 annual exempt amount.

Following House passage, the bill was sent to the Senate for consideration and was referred to the Senate Committee on Finance, which began public hearings on June 17. During the summer of 1970, the Committee continued to hold hearings on H.R. 17550 and it also held hearings on H.R. 16311, the proposed Family Assistance Act of 1970, which had superseded H.R. 14173. In September the Committee began consideration of the two bills in executive sessions.

These sessions lasted from September 29 to December 9, when the Committee completed its deliberations and reported a revised version of H.R. 17550 to the Senate. Many of the provisions

of the House-passed bill were approved by the Committee on Finance, but a number of changes were made and new provisions were added. In the cash benefits area, the major modifications included:

- (1) A 10-percent increase in social security benefits instead of the 5-percent increase in the House-passed bill;
- (2) a \$100 regular minimum benefit rather than the \$67.20 minimum resulting from the 5-percent increase in the House-passed bill;
- (3) a limitation on the increase in widow's and widower's benefits so that benefits would not exceed the amount the deceased spouse would be receiving if he were still alive (as could have occurred under the House-passed provision);
- (4) automatic increases in contribution rates and in the contribution and benefit base, with the stipulation (not included in the House bill) that automatic increases would only go into effect in the absence of Congressional action changing social security benefit levels, contribution rates, or the contribution and benefit base. Also, half of the cost of each automatic benefit increase would be financed by an increase in the contribution rates and the other half by an increase in the contribution and benefit base. (Under the House bill rising wages with automatic adjustment of the contribution and benefit base would have provided adequate financing, without increases in the contribution rates.);
- (5) basing benefits for men on earnings up to age 62, rather than on earnings up to age 65, only for those coming on the rolls in the future, to be accomplished over a 3-year transition period (instead of immediately, as in the House-passed provision and for those already on the rolls as well as future beneficiaries);
- (6) in place of the House-passed provision which eliminated the recency-of-work requirement for disability insurance benefits to the blind, a much more far-reaching provision, under which insurance benefits were provided for a blind person with 6 quarters of coverage earned at any time, regardless of his ability to work;
- (7) extension of the House-passed provision improving childhood disability benefits, by providing that a person who was entitled to childhood disability benefits could become reentitled if he becomes disabled within 7 years after his prior entitlement was terminated;
- (8) reduction of the waiting period for disability benefits from 6 months to 4 months (not included in the House-passed bill); and
- (9) a revised contribution rate schedule for cash benefits.

The Committee deleted provisions under which (1) election to receive actuarially reduced benefits in one category would not be applicable to certain benefits in other categories; (2) the support

requirements for benefits for divorced women would be eliminated; and (3) the ceiling on income from combined workmen's compensation and social security disability benefits would be raised from 80 percent to 100 percent of the worker's average earnings.

Medicare provisions that were added by the Committee included:

(1) Establishment of a peer review system through the use of organizations representing a substantial number of practicing physicians in local areas to be called Professional Standards Review Organizations (PSRO's) (these organizations would assume responsibility for comprehensive and ongoing review of services provided under Medicare and Medicaid);

(2) establishment of an Office of Inspector General for Health Administration within the Department of Health, Education, and Welfare having the responsibility to review and audit Medicare and other health programs on a continuing and comprehensive basis and the authority to suspend any regulation, practice, or procedure employed in the administration of such programs if he determines that the suspension will promote efficiency and economy of administration or that the regulation, practice, or procedure involved is contrary to or does not carry out the objectives and purposes of applicable provisions of law;

(3) provisions for conforming requirements for participation under Medicare and Medicaid of extended care facilities and skilled nursing homes;

(4) broadening of penalty provisions relating to the making of a false statement of representation of a material fact in any application for Medicare payments to include the soliciting, offering, or acceptance of kickbacks or bribes by providers of health care services;

(5) establishment of a Provider Reimbursement Appeals Board to resolve disputes between providers and fiscal intermediaries concerning the amount of reasonable cost reimbursement;

(6) coverage of services involving the manipulation of the spine by licensed chiropractors under Medicare if the chiropractor meets certain minimum standards established by the Secretary;

(7) requirement that the Secretary of HEW make reports of a provider's significant deficiencies (such as staffing, fire, safety, and sanitation) a matter of public record readily available at social security offices if, after a reasonable lapse of time (not to exceed 90 days), such deficiencies are not corrected;

(8) requirement that the Secretary of HEW develop and employ proficiency examinations to determine whether health care personnel, not otherwise meeting specific formal criteria included in Medicare regulations, have sufficient professional competence to be considered qualified personnel for Medicare purposes; and

(9) a revised contribution schedule for hospital insurance.

In addition, the Finance Committee added a provision which would have established a program of catastrophic health insurance under the Social Security Act for all persons under age 65 who are insured under social security, their spouses and dependent children, as well as all persons under age 65 who are entitled to retirement, survivors, or disability benefits. The health services covered under the provision would have been those covered under the Medicare program, and coverage would have been available after family health care expenses exceeded certain defined limits. The program would have been administered through regular Medicare administrative procedures and subject to all utilization, cost, quality, and administrative controls applicable to that program. Coverage under the program would have been effective beginning January 1972.

Committee modifications of the House-passed bill included:

(1) Expansion of the authority for the Secretary to engage in prospective reimbursement experiments and to conduct experiments with methods of payment or reimbursement designed to increase efficiency and economy, to include experiments with various types of outpatient treatment centers, including mental health centers;

(2) a liberalization in the definition of extended care and a provision for deemed coverage of extended care or home health services if required medical certification and plan of treatment are submitted promptly; and

(3) elimination of provision for part B coverage of up to \$100 per calendar year of physical therapy services furnished by a licensed physical therapist in his office or in the patient's home under a physician's plan.

H.R. 17550 as modified by the Senate Finance Committee also included certain changes in the welfare programs for families and for adults. Changes in the welfare programs had been passed by the House in H.R. 16311, which contained the Administration's proposals. That bill was not acted on separately by the Finance Committee but was, essentially, incorporated in its consideration of H.R. 17550. With respect to the aged, blind, and disabled, H.R. 16311 provided a substantially new Federal-State program under a new title XVI, combining the three categories into one adult assistance program. The minimum monthly income level was to have been the higher of \$110 or the State's standard on the date of

enactment. Uniform definitions of blindness and disability were to be applied, and for the blind and disabled there would have been a mandatory disregard of \$85 of earned income plus one-half of the remainder; there would have been an optional earnings exclusion for the aged of \$60 per month plus one-half of additional earnings. The resource limitations for all would have been \$1,500, plus home, personal effects, and income-producing property essential to support. This new program would have prevented the States from imposing any duration of residency requirement, and they could not have citizenship requirements affecting United States citizens or aliens lawfully admitted for permanent residence and residing continuously for 5 years, nor could there be relative responsibility provisions other than for spouses or parents.

Under the House bill, the Federal Government was to share the administrative costs on a dollar-for-dollar basis and pay 90 percent of the first \$65 of average payments to recipients and 25 percent of the remainder, up to a maximum to be set by the Secretary. Any State could have agreed to have the Federal Government administer all or part of the program and thereby have the administrative costs paid by the Federal Government.

The Senate Finance Committee version of H.R. 17550 provided for retaining the separate programs of aid to the aged, blind, and disabled, but with national minimum income standards of \$130 for an individual and \$200 for a couple (with States required to increase their standards by \$10 for an individual and \$15 for a couple so that in States already having standards above \$120 and \$190 for an individual and a couple, respectively, recipients would realize an increase in income in connection with the social security benefit increase), uniform definitions of blindness and disability, similar to the social security definitions, a prohibition of liens against the property of the blind as a condition of eligibility for aid to the blind, and a provision to assure that all additional expenditures required by the bill with respect to aid for the aged, blind, and disabled would be met without increasing State costs.

The bill was reported to the Senate on December 11. During the final 2 weeks of the 91st Congress the Senate debated the bill. Floor

amendments were added to increase the annual exempt amount of earnings under the retirement test from \$2,000 (in the Committee bill) to \$2,400, to provide benefits for dependent grandchildren, and to raise the ceiling on income from combined social security disability benefits and workmen's compensation benefits from 80 percent to 100 percent of a worker's average earnings prior to becoming disabled (the provision had been deleted by the Committee). The Senate voted to recommit the bill to delete title IV (the catastrophic health insurance program) and title III (the Trade Act of 1970), as well as other provisions of the bill. The bill was passed by a vote of 81 to 0 on December 29.

The Senate requested a conference and appointed conferees. However, there was no conference and the bill died with adjournment, January 2, 1971. Chairman Mills indicated he would make social security legislation the Ways and Means Committee's first order of business in the 92d Congress.

In 1970, an amendment to the act to continue the suspension of duties on manganese ore (P.L. 91-306) extended the pass-along of \$4 of the 1970 social security benefit increase for recipients of aid to the aged, blind, and disabled. As enacted in the Tax Reform Act of 1969, the pass-along was effective only for the period April-June 1970. P.L. 91-306 extended the provision through October 1970. In the closing days of the 91st Congress, another bill was passed which further extended the \$4 pass-along provision. As passed by the House, the pass-along provision would have become permanent, but a Senate amendment made the extension effective only through December 1971. This bill was enacted in January 1971 as P.L. 91-669.

#### **ACTION IN 1971**

When the 92d Congress convened, Chairman Mills and Representative Byrnes jointly introduced H.R. 1, the social security provisions of which were, for the most part, the same as those passed by the House in H.R. 17550 in 1970. (In a few cases the provisions of H.R. 1 incorporated changes made by the Senate in the House-passed version of H.R. 17550.) H.R. 1 also included welfare reform provisions passed by the House

in a separate bill in 1970. The Ways and Means Committee held executive sessions on H.R. 1 from February through May. No public hearings were held since they had previously been held on essentially the same proposals.

*10-percent benefit increase enacted.*—In February and March of 1971, the Congress was also considering H.R. 4690, a bill to increase the public debt limit. During the debate the Senate added several social security amendments to the bill. The House-Senate conference committee, which met to resolve the differences, deleted two social security provisions—those calling for a \$100 minimum benefit and for a \$2,400 annual exempt amount under the retirement test—but accepted the other social security changes which had been added by the Senate. The President signed the bill into law on March 17. It became Public Law 92-5.

The new law provided a 10-percent across-the-board increase in social security benefits, including future maximum family benefits—the maximum amount payable to a family based on one worker's earnings. Under earlier benefit increases, maximum family benefits were increased only for families whose benefits were limited to the maximum on the effective date of the increase. In its report, the conference committee explained that this new method of increasing maximum family benefits was intended to “change the basic nature of the family maximum by making it a percentage of the primary insurance amount rather than a percentage of the worker's average monthly wage.”

Under the change, families coming on the rolls after an increase in benefits has been enacted will get the same benefits as those already on the rolls.

The special monthly payments made to certain individuals aged 72 and over who are not insured for regular social security cash benefits were increased by only 5 percent. Both the 10-percent across-the-board increase and the 5-percent increase in special age 72 payments were effective retroactively to January 1971.

The social security contribution and benefit base was increased from \$7,800 to \$9,000, beginning in 1972. In addition, the contribution rate for the social security cash benefits program for 1976 and after was increased from 5.0 percent

each for employees and employers to 5.15 percent. There was no change in the contribution rate for the self-employed.

*1971 Advisory Council on Social Security.*—In March, the Advisory Council on Social Security—a group composed, by law, of representatives of organizations of employers and employees in equal numbers, and representatives of the self-employed and the public, and including many distinguished leaders in insurance, labor, business, and other fields—issued its reports. The Council had been appointed by Secretary Finch in 1969 and had conducted a comprehensive study of all aspects of the social security program. Its recommendations for changes in the social security cash benefits program included most of the major changes relating to cash benefits that were contained in H.R. 1 and major changes in financing policy, which will be described.

*Further action on H.R. 1.*—In May, the Committee on Ways and Means completed its consideration of H.R. 1 and sent the bill, as amended by the Committee, to the House for its consideration.

As approved by the Committee, H.R. 1 called for a 5-percent across-the-board benefit increase, effective for June 1972, and an increase in the contribution and benefit base to \$10,200, beginning in 1972. It also contained the major cash benefits and Medicare provisions that were in H.R. 17550 in 1970—some as they were passed by the House, others that were passed by the House but modified by the Senate, and still others that were added to the House-passed version by the Senate. The bill included compromise provisions for automatically adjusting benefits to increases in prices and for automatically adjusting the contribution and benefit base and the retirement test exempt amount to increases in earnings levels; increased benefits for widows and widowers, with benefits limited to the amount the worker would be getting if he were alive; an age-62 computation point for men effective over a 3-year transitional period; liberalization of the retirement test; and the several health cost effectiveness amendments to the Medicare program.

Several major provisions affecting cash benefits that were not in the 1970 House-passed bill (H.R. 17550) were added by the Committee. These

included a special minimum benefit for people who work for 15 or more years under social security; additional dropout years for long-term workers; increased benefits for workers who delay retirement beyond age 65; computation of benefits for certain married couples based on their combined earnings; and a reduction in the waiting period for disability benefits from 6 months to 5 months.

The Committee's bill also included a number of new provisions in the Medicare area. The most significant of these was the extension of Medicare protection to the disabled. Other provisions, not in the House-passed bill in 1970, included: a restriction on increases in the amount of the supplementary medical insurance premium so that each increase would be limited to the percentage by which benefits had been increased across-the-board since the premium was last increased; automatic enrollment (subject to individual opting out) for supplementary insurance for people entitled to hospital insurance; an increase in the supplementary medical insurance deductible from \$50 to \$60 per year; an increase in the lifetime reserve under hospital insurance from 60 to 120 days; and coinsurance equal to one-eighth of the inpatient hospital deductible for each day of inpatient hospital coverage during a benefit period beginning with the 31st day and through the 60th day.

In order to pay the additional cost of the changes made by the Committee in the cash benefits and hospital insurance programs and to restore the actuarial soundness of the hospital insurance program, a new schedule of contribution rates was provided and the contribution and benefit base was raised.

H.R. 1 also contained provisions for far-reaching reforms in the Nation's public assistance programs. Three new Federal welfare programs incorporating the President's plans for welfare reform were included. In line with Administration recommendations, one was to be a Federal adult assistance program to replace the existing Federal-State programs of aid to the aged, blind, and permanently and totally disabled. Two new Federal programs were to replace the program of aid to families with dependent children to provide assistance for the working poor.

The provisions for a Federal adult assistance program differed significantly from the adult

assistance provisions of H.R. 16311 (passed by the House in 1970) and H.R. 1 as it was introduced. Under the Committee's bill, a new title XX of the Social Security Act would establish a totally Federal program to replace the Federal-State programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled, beginning July 1, 1972; provisions were included, however, for States to supplement the Federal payments with the objective of continuing higher payment levels where they existed. The Federal program and the State supplement, if the State so elected, would be administered by the Social Security Administration.

The Committee bill provided for full monthly payments (assuming no other income) of \$130 for an individual for fiscal year 1973, \$140 for fiscal year 1974, and \$150 thereafter; for a couple, \$195 for fiscal year 1973, and \$200 thereafter. Aged, blind, and disabled persons would be eligible if their income (except for certain exclusions) did not exceed the full benefit amount, and their resources did not exceed \$1,500. A home, household goods, personal effects, and property essential to self-support generally would not be counted as resources. The principal exclusion of income from consideration in determining eligibility and payment amounts applied to earnings: the first \$85 of earnings per month and one-half above \$85 for the blind and disabled (plus work expenses for the blind), and the first \$60 of earnings per month and one-third above \$60 for the aged.

Definitions of disability and blindness under the adult assistance provisions were generally the same as under the social security (title II) provisions. Disabled and blind recipients would be referred to State agencies for consideration for vocational rehabilitation services; refusal, without good cause, to accept offered vocational rehabilitation services would mean ineligibility for assistance payments.

States choosing to provide their own supplements to the Federal payments could have the Federal Government administer the supplements, with the Federal Government paying full administrative costs. States also were provided with a guarantee that if they supplemented the Federal payments, to the extent that the Federal payments and a State's supplementary payments to recipients did not exceed the payment levels

in effect under public assistance programs in the State in January 1971, their costs for the payments would not exceed their total expenditures for all public assistance payments in calendar 1971; the Federal Government would assume the additional cost.

Following the Ways and Means Committee's action on H.R. 1, President Nixon endorsed the bill, calling it "the single most significant piece of social legislation to be considered by the Congress in decades." In his statement, the President said:

The House Ways and Means Committee has taken a momentous step in approving H.R. 1. This bill, with its important symbolic designation as the first order of business of the 92d Congress represents an important landmark in the history of both social security and public welfare reform. As reported by the Committee, under the responsible leadership of Chairman Wilbur Mills and Congressman John Byrnes, this bill represents the finest kind of cooperation between this administration and the Congress.

The President also said, however, that there were areas in the bill that could be improved. In particular, he continued to urge inclusion of his proposal to eliminate the supplementary medical insurance premium and to finance the supplementary medical insurance program (as hospital insurance is financed) through employer-employee contributions made during the working years, rather than from reduced retirement incomes.

On June 22, H.R. 1 was passed by a House vote of 288 to 132 and sent to the Senate for consideration. The Senate Committee on Finance held public hearings in July and August, but no further action was taken until 1972.

Late in 1971, the Congress passed and the President signed into law H.R. 10604, which contained a minor social security amendment. It permitted the payment of the social security lump-sum death payment in cases where the body of an insured worker is not available for burial and the worker had no spouse who was living with him at the time of his death. (The law already provided that the spouse of a worker who was living with him before his death could get the lump-sum death payment whether or not the body was available for burial.)

Under the change, where no body is available for burial, the provisions previously applicable

where a body was available will apply; that is, the lump-sum death benefit is paid to any equitably entitled person, or persons, to the extent and in proportion to the expenses each person incurred in connection with the death of the insured worker. The expenses can include a memorial service, a memorial marker, a site for the marker, or other expenses customarily incurred in connection with a death. The amendment was effective for deaths occurring after 1970.

The bill extended until the end of 1972 the \$4 pass-along provision that was first enacted in 1969 to guarantee recipients of aid to the aged, blind, and disabled, who also receive social security benefits, an increase in income as a result of the social security benefit increase effective for January 1970. Had the amendment not been passed, the pass-along provision would have expired at the end of 1971.

## **ACTION IN 1972**

Further public hearings on H.R. 1 were held by the Senate Finance Committee in January and February of 1972, and the bill was then considered by the Committee in executive sessions through June. While these sessions were going on, interest in providing another substantial benefit increase was growing. On February 23, 1972, Chairman Mills introduced a bill, H.R. 13320, calling for a 20-percent increase in social security benefits, an increase in the contribution and benefit base to \$10,200 in 1972 and to \$12,000 in 1973, and automatic increases in benefits and the contribution and benefit base.

The contribution rate schedule in H.R. 13320 was based on financing recommendations that had been made by the 1971 Advisory Council on Social Security in its reports that year and that had subsequently been endorsed by the boards of trustees of the social security trust funds and by the Nixon administration. Under the practice usually followed in the past, when a schedule of social security contribution rates was enacted, it was generally designed to provide income slightly in excess of expenditures for the first few years after enactment and sufficient income to build up large trust funds in later years. Interest earned by investing these accumulated funds would pro-

vide a significant amount of income that would help to support the program in future years. The Advisory Council's recommendation reflected in H.R. 13320 was that the law should include contribution rates sufficient to finance all benefit costs (assuming that benefits are increased as the cost of living increases) and administrative expenses of the program but that would keep the trust funds at a contingency-reserve level—a level approximately equal to one year's expenditures.

In this regard the Council's recommendation was in basic accord with the practice followed in financing social security for many years. Over the years, when Congress has provided for changes in the social security program, it has generally postponed the effective date of the high contribution rates under which the large trust funds would accumulate and provided new current rates at levels necessary to meet program costs and allow for relatively small annual increases in the trust funds. The Council's recommendation, then, reflected the way the program had, in fact, been financed over the past 20 years.

The Council also recommended, and H.R. 13320 reflected, a change in the assumptions used in making the cost estimates on which contribution rates are based. In the past, cost estimates were based on the assumption that wages and benefits would remain level. When wages did in fact rise, the actual income to the program was greater than the income shown in the estimates. As a result, the program was overfinanced; the contribution rates in the law were higher than were necessary to meet the cost of the benefits payable under the program. The Council recommended that the cost estimates used to determine contribution rates should be based on the assumption that wages and benefits will continue to rise in the future as they have in the past. Thus, the financing recommendations of the Advisory Council made it possible to finance the existing social security benefits with lower contribution rates for the next 40 years than were then in the law.

On June 30, 1972, during its consideration of H.R. 15390, a bill which provided for an extension of the public debt limitation, the Senate added an amendment, introduced on June 28 by Senator Frank Church, which was substantially the same as the Mills bill. (The 20-percent benefit increase was to be effective for September 1972, instead of June, as under the Mills bill,

and the contribution and benefit base was to be increased to \$10,800 in 1973, and to \$12,000 in 1974, with automatic adjustments thereafter.) Both the Church amendment and the Mills bill provided for financing the cost of automatic benefit increases from increases in the contribution and benefit base, rather than financing half the cost from increases in the contribution rates and the other half from increases in the base as the Senate Committee on Finance had recommended earlier.

The amendment also provided for a new contribution rate schedule based on the financing recommendations of the Advisory Council, as had the Mills bill. In addition, it corrected, through revised hospital insurance contribution rates, the underfinancing of the hospital insurance program and put that program on a financially sound basis.

H.R. 15390, with these social security amendments was passed by both the Senate and the House on June 30, and on July 1 President Nixon signed the bill into law. It became Public Law 92-336.

In September, the Senate Finance Committee again turned its attention to H.R. 1 and on September 26 completed its deliberations and reported the bill to the Senate. A number of changes in the House-passed bill were made by the Committee. Major changes in the social security cash benefits program included:

- (1) Provision for a special minimum benefit of as much as \$200 a month for a person who had been in covered employment for 30 years, instead of \$150 a month;
- (2) making the delayed retirement increment effective retrospectively;
- (3) providing a \$2,400 annual exempt amount under the retirement test; and
- (4) reducing the waiting period for disability benefits from 6 months to 4 months (instead of 5 months as in the House provision).

The Committee added a number of new provisions, including one which would have provided for the payment of benefits for certain aged dependent sisters and disabled dependent brothers and sisters. It deleted the provisions relating to actuarially reduced benefits in cases where the beneficiary is eligible for benefits in more than one category, computation of benefits on the basis of combined earnings of a married

couple, and dropping of additional years of low earnings from the computation of benefits. In view of the fact that a 20-percent benefit increase had just been enacted, the bill reported by the Committee did not contain a general benefit increase.

With respect to Medicare, the Committee made substantial changes and additions to the House-passed bill. Again included were the amendments, added earlier by the Senate to H.R. 17550, that related to Professional Standards Review Organizations, an Inspector General for Health Administration, disclosure of information concerning provider deficiencies, and coverage of services of chiropractors. Substantive changes in the House-passed version:

(1) Expanded the Secretary's experimental authority to include experiments with payment for various forms of care (not currently covered under Medicare) as alternatives to covered care, particularly the services of physicians' assistants and additional types of institutional and home care;

(2) eliminated provisions which would have (a) raised the part B annual deductible from \$50 to \$60 and (b) covered services of independently practicing physical therapists;

(3) eliminated the addition of coinsurance for the 31st through the 60th day of an inpatient hospital stay and an increased lifetime reserve and substituted a provision reducing the lifetime reserve coinsurance from one-half to one-fourth of the inpatient hospital deductible; and

(4) changed the method of reimbursement of health maintenance organizations to provide for sharing between the Government and an established HMO of any savings achieved under the costs of non-HMO beneficiaries, and recognized a second category of "newly established" HMO's which would have prospective reimbursement payments retroactively adjusted to reflect actual cost (the House bill authorized payment on a capitation basis not to exceed 95 percent of the cost of Medicare benefits had beneficiaries not been enrolled with an HMO).

Additions made by the Finance Committee included:

(1) Coverage of certain maintenance prescription drugs used in treatment of most common chronic diseases of the elderly, with \$1 copayment per prescription;

(2) extension of Medicare protection, on an optional basis, at cost (\$33 monthly for part A and \$11.60 monthly for part B) to spouses, aged 60-64, of Medicare beneficiaries; to others aged 60-64 who are entitled to retirement, dependents, or survivors benefits under the social security or railroad retirement programs; and to disability beneficiaries aged 60-64 not otherwise eligible for Medicare because

they have not been entitled to cash disability benefits for 24 months (the House bill extended Medicare to uninsured persons 65 and over on a voluntary, premium-financed basis);

(3) termination of the Medical Assistance Advisory Council and consolidation of its functions with that of the Health Insurance Benefits Advisory Council, as advisory body to the Secretary on matters of general Medicare and Medicaid policy;

(4) provisions which would conform Medicare and Medicaid requirements and procedures with respect to skilled nursing facilities (formerly called ECF's under Medicare) and level of care requirements for reimbursement of care received in such facilities (including a broadening of Medicare's extended care definition to include certain rehabilitation care);

(5) requirement that the Secretary disclose certain information concerning performance of State agencies, fiscal intermediaries, and carriers;

(6) program for validating, for Medicare purposes, accreditations by the Joint Commission on Accreditations of Hospitals; and

(7) waiver of Medicare's 14-day transfer requirement for extended care benefits in certain situations involving nonavailability of beds or unavoidable delay in start of a skilled care regimen.

The Senate Committee also made a number of substantial changes in the welfare reform provisions of the bill.

After previously (in June of 1972) having made a tentative decision to abandon federalization of adult assistance in favor of continuing State and local administration of the existing programs of aid to the aged, blind, and disabled, modified to set a Federal guaranteed minimum income level, the Senate Finance Committee decided to include in its bill a Federal program structured like that provided for by the House. Details of the Federal program differed in certain significant respects from those in the House bill. The Finance Committee provided for a new title XVI Federal program of supplemental security income assuring aged, blind, and disabled people of income of at least \$130 a month for an individual and \$195 a month for a couple. The limit on assets of an eligible individual or couple was set at \$2,500, compared with \$1,500 under the House bill. It also called for an exclusion of \$50 of any income, which in the majority of cases would mean that \$50 of social security benefits would not count as income. The earned-income exclusions were set at \$85 per month plus one-half of the rest for all three categories—that is, aged, blind, and disabled. Those disabled under age 18 would not have been eligible as

they would have been under the House bill. Disabled persons who were drug addicts or alcoholics were excluded from eligibility for supplemental security income, but the bill established a new program (title XV) to provide treatment and, if necessary, maintenance payments for addicts and alcoholics who qualified under the new title XV provisions.

The supplemental security income provisions were not made applicable to Puerto Rico, Guam, and the Virgin Islands; the present Federal-State programs were to remain in effect in those areas.

Debate on the bill began in the Senate on September 26 and continued until October 6. A number of amendments were offered from the floor and several were adopted. These included reduced benefits at age 60 for workers, wives, husbands, and parents, and at age 55 for widows; an increase to \$3,000 in the annual exempt amount of earnings under the retirement test, with a corresponding change in the monthly measure; Medicare coverage for most persons under age 65 suffering from chronic kidney disease; elimination of the part B coinsurance payment for home health services under Medicare; and coverage under Medicare for coal miners entitled to black lung benefits.

On October 6, the bill passed the Senate by a vote of 68 to 5. The Senate requested a conference with the House, and a committee was appointed. The conferees met on October 10, and by October 14 they had completed their work and submitted a report. Most of the welfare provisions of the bill, except those relating to the new Federal adult assistance program, as well as most of the changes in the bill that were added on the floor of the Senate, were dropped.

In the Medicare area, the conferees dropped the provisions relating to the coverage of drugs, the creation of an Office of Inspector General, coverage of miners on entitlement to black lung benefits, and coverage for the uninsured aged 60-64. They agreed not to change the part A coinsurance provisions or to increase the lifetime reserve days. The conference committee compromises were agreed to by the House on October 17 by a vote of 305 to 1, and on the same day by the Senate by a vote of 61 to 0. On October 30, 1972, H.R. 1 was signed into law by the President and became Public Law 92-603.

## Major Provisions of 1972 Social Security Legislation

### PUBLIC LAW 92-336

On July 1, 1972, President Nixon signed Public Law 92-336, a bill to extend the public debt limit. The legislation also contained amendments to the Social Security Act, raising the amounts of monthly cash benefits and revising several financing provisions.

#### Increase in Benefits

A 20-percent increase across the board was provided for monthly cash benefits, including the special monthly payments to certain individuals aged 72 and over who are not insured for regular monthly benefits. The amendments also provided for automatic increases in benefits as prices rise in the future. The first automatic increase will be possible in 1975. The procedure in the law for such increases is as follows:

In 1974 and every calendar year thereafter (except in a calendar year in which a general benefit increase is enacted or becomes effective), it will be determined if a "cost-of-living" increase in cash benefits shall be established. For the first determination, the arithmetical mean of the Consumer Price Index (CPI) prepared by the Department of Labor for April, May, and June of 1974 will be divided by the arithmetical mean of the CPI for July, August, and September 1972. If such quotient (rounded to the nearest  $\frac{1}{10}$  of 1 percent) is greater than or equal to 3 percent, then a "cost-of-living" increase in benefits will be established in 1974 and the level of benefits will be increased by the same percentage, effective January 1, 1975. If the contribution and benefit base is raised at the same time (see below), the benefit formula will provide an additional 20 percent on average monthly earnings above the previous monthly contribution and benefit base.

In subsequent years, the same procedure will be followed except that the arithmetical mean of the CPI for April, May, and June in the year of the computation will be divided by the latest of (a) the arithmetical mean of the CPI for April, May, and June of the year in which the last effective "cost-of-living" increase was established or (b) the mean of the 3 months of the quarter in which the effective month of the last general benefit increase occurred (July-September 1972, if that is the latest such quarter). When a "cost-of-living" increase is established, the new benefits become effective on January 1 of the following year.

The bill also included a revised tax rate schedule that included increases in the hospital insurance rates to restore the financial soundness of that part of the program.

## Financing

A revised contribution rate schedule was enacted (and later superseded by the schedule in the October amendments), with rates as shown in the table on page 23 under the heading "old law." The earnings base for contribution and benefit purposes was also revised—from \$9,000 in 1972 to \$10,800 in 1973 and to \$12,000 in 1974. The base is to be raised automatically in the future as wages rise, under the following procedure:

Whenever an automatic adjustment in monthly cash benefits is made, a determination will also be made as to whether an adjustment in the maximum amount of annual earnings that will be taxed and credited toward benefits is required. The determination is made by multiplying the contribution and benefit base in effect in the year of determination by the ratio of the average taxable wages (under the social security program) of all employees, as reported in the first calendar quarter of the year of determination, to the average taxable wages of all employees as reported for the latest of (a) the first calendar quarter of 1973 or (b) the first calendar quarter of the year in which the last automatic determination resulted in a base increase or of the year in which a legislative increase in the base was enacted. The product, rounded to the nearest multiple of \$300, will be the amount of the contribution and benefit base, effective with respect to remuneration paid after the year of determination. In no case, however, will the base be reduced to an amount lower than the base in the year of determination.

## PUBLIC LAW 92-603

### Cash Benefits

*Increase in widow's and widower's benefits.*—A widow (or widower) who first becomes entitled to benefits at or after age 65 receives a benefit equal to 100 percent of her deceased husband's primary insurance amount if he did not receive reduced benefits before his death. If he did receive reduced benefits, the widow's benefit can be no more than the amount her husband would

be receiving if he were still alive. (A widow who becomes entitled to benefits at or after age 62 receives no less than 82.5 percent of her husband's primary insurance amount.) Benefits for widows (or widowers) who become entitled between ages 62 and 65 are reduced to take account of the longer period over which they are paid, just as widow's benefits are reduced, under the previous law, between ages 60 and 62.

*Age-62 computation point for men.*—For men who reach age 62 in the future, benefits will be based on average monthly earnings figured up to age 62, as is now the case for women. The change is to be accomplished in three steps: A man who reaches age 62 in 1973 will have his average earnings figured over a period 1 year shorter than under the old law; a man who reaches age 62 in 1974 will have his earnings figured over a period 2 years shorter than under previous law. For men reaching age 62 in 1975 or later, the computation period will end at age 62 (3 years less than previously). Similar changes are made in the insured-status requirements.

*Liberalization and automatic adjustment of the earnings test.*—The annual exempt amount of earnings is increased from \$1,680 to \$2,100. The amount of wages an individual may earn in a month and still receive full benefits for the month is raised from \$140 to \$175. Benefits are reduced by \$1 for each \$2 of all earnings above \$2,100. At no point is \$1 in benefits withheld for each \$1 of earnings, as had been the case for earnings above \$2,880. The annual exempt amount in the retirement test and the monthly test will be adjusted automatically in the future to reflect rises in the general earnings levels, according to the following procedure in the law:

A determination as to whether an adjustment of the earnings test is required will be made in the year a "cost-of-living" increase is established. The determination is made by multiplying the exempt monthly amount that is effective with respect to months in the year of determination by the ratio of the average taxable wages of all employees, as reported in the first calendar quarter of the year of determination, to the average taxable wages of all employees as reported for the latest of (a) the first calendar quarter of 1973 or (b) the first calendar quarter of the year in which the last automatic determination resulted in an increase in the base or of the year in which a legislative increase in the base was enacted.

The product, rounded to the nearest multiple of \$10, will be the new exempt monthly amount effective for the taxable year beginning after the year of determination (unless Congress has enacted an increase in the exempt amount in the year of determination). In no case, however, will the new exempt amount be reduced to an amount lower than the exempt amount in the year of determination.

In the year in which a person attains age 72, his earnings in and after the month of attainment of age 72 will not be included in determining his total earnings for the year. (Before the amendment, they were included.) These provisions are effective for taxable years ending after 1972.

*Delayed retirement credit.*—The average benefit of a worker who does not take a reduced benefit is increased by 1 percent for each year ( $\frac{1}{12}$  of 1 percent for each month) after 1970 for which the worker between ages 65 and 72 did not receive benefits because of earnings from work. No increased benefit will be paid under this provision to the worker's dependents or survivors.

*Special minimum primary insurance amount.*—A special minimum benefit equal to \$8.50 multiplied by a worker's years of coverage in excess of 10 years, up to a maximum of 30 years, is provided. The highest minimum benefit under this provision is \$170 a month for an individual (\$255 for a couple) with 30 or more years of coverage. A special minimum is thus payable to those who worked for many years at low earnings under the social security program. The special minimum will be paid as an alternative to the regular benefit when a higher benefit results. If an increase is provided under the automatic benefit increase provision in the law, this special minimum will not, however, be raised.

*Reduced benefits for widowers at age 60.*—Nondisabled widowers, like widows, may elect to receive reduced benefits at age 60.

*Changes in disability provisions.*—Several changes have been made that relate to the disability program:

1. The waiting period throughout which a person must be disabled before disability benefits can begin is reduced from 6 months to 5 months.

The first benefit is payable for the sixth month of disability.

2. A blind person will be insured for disability insurance benefits if he is fully insured—that is, if he has as many quarters of coverage as the number of calendar years elapsing after the year he reached age 21 (or 1950, if later) and up to the year in which he became disabled. He no longer has to meet the requirement of recent covered work (generally 20 quarters of coverage in the period of 40 calendar quarters preceding disablement).

3. Childhood disability benefits are extended to the disabled adult son or daughter of an insured deceased parent or a parent eligible for old-age or disability insurance benefits if the son or daughter became totally disabled after age 18 but before age 22. Previously, benefits were limited to those disabled before age 18. In addition, a person can now become reentitled to childhood disability benefits if he again becomes disabled within 7 years after his earlier entitlement to such benefits was terminated.

4. The amendments modify the provisions under which social security disability benefits are reduced where workmen's compensation is also payable. Previously, social security disability benefits had been reduced if the combined payments from both programs exceeded 80 percent of the worker's average current earnings before disablement; average current earnings for this purpose were computed on two different bases and the larger amount was used. The new provision adds a third alternative base under which a worker's average current earnings can be based on a single year of his highest earnings in a period consisting of the year of disablement and the 5 preceding years.

5. The application requirement for disability insurance benefits (and dependents' benefits based on the worker's entitlement to disability benefits) will be met if the application is filed within 3 months after the disabled worker's death or within 3 months after enactment of the provision. (Previously, an application had to be filed while the disabled worker was alive, either by the disabled worker or, if he was unable to file it, by another person on his behalf.) This new provision applies with respect to deaths occurring after 1969.

6. The amendments authorize an increase in

the amount of social security trust fund money that can be used to pay the costs of rehabilitation services for social security disability beneficiaries. The amount is increased from 1 percent of the previous year's disability benefits under the old law to 1.25 percent for fiscal year 1973 and to 1.5 percent for fiscal year 1974 and thereafter.

*Changes in eligibility requirements.*—The amendments include the following revisions relating to eligibility:

1. The law no longer requires that to qualify for benefits as a divorced wife, divorced widow, or surviving divorced mother, a woman must show that a court order in effect provided for substantial contributions to the woman's support by the former husband, that she received substantial contributions from her former husband, pursuant to a written agreement, or that she received half her support from her former husband.

2. For a child who is attending school full time when he reaches age 22, benefit payments will continue through the end of the semester or quarter in which he reaches that age if he has not received or completed the requirements for a bachelor's degree from a college or university. If the educational institution in which he is enrolled is not operated on a semester or quarter system, benefits continue until the month following the completion of the course in which he is enrolled or 2 calendar months have elapsed after the month in which he reaches age 22, whichever occurs first.

3. For children adopted by old-age and disability insurance beneficiaries, the differences in eligibility requirements for entitlement to child's benefits are repealed and new uniform requirements for both cases are provided. Now, a child who is adopted by a worker getting retirement or disability benefits, regardless of when the adoption occurs, may get benefits if (1) the adoption was decreed by a court of competent jurisdiction within the United States; (2) the child was living with and receiving at least half his support from the worker for at least 1 year before the worker became entitled to retirement or disability benefits; and (3) the child was under age 18 when he began to live with the worker. (A child born in the 1-year period during which he would otherwise be required to have been living with and receiving at least half his support

from the retired or disabled beneficiary is deemed to meet the living-with and support requirements if he was living with the beneficiary in the United States and receiving at least half his support from the beneficiary for substantially all of the period occurring after his birth.)

This provision is effective with respect to benefits payable for January 1968 and thereafter if an application for benefits is filed within 6 months after the month of enactment; otherwise, it is effective with respect to benefits payable for the month of enactment and after.

4. Child's insurance benefits are provided for a grandchild of a worker or of his spouse if (1) the child was living with and receiving at least half his support from the worker for the year immediately before the worker became disabled or entitled to old-age or disability benefits or died; (2) the child began living with the worker before he attained age 18; and (3) at the time the worker became disabled or entitled or died (a) the child's natural or adopting parents or stepparents were disabled or were not alive or (b) the child was adopted by the worker or by the worker's surviving spouse after the worker's death and the child's natural or adopting parent or stepparent was not living in the worker's household and making regular contributions toward the child's support at the time the worker died. (A child born in the 1-year period during which he would otherwise be required to have been living with and receiving at least half his support from the grandparent is deemed to meet the requirement if he was living with the grandparent in the United States and receiving at least half his support from the grandparent for substantially all of the period occurring after his birth.)

5. Effective on enactment, the amendments repeal the provisions that required the termination of child's insurance benefits if the child was adopted by someone other than (1) his natural parent, (2) his natural parent's spouse jointly with the natural parent, (3) the worker—a stepparent, for example—on whose earnings the child was getting benefits, or (4) a stepparent, grandparent, aunt, uncle, brother, or sister after the death of the worker on whose earnings the child is getting benefits. A child whose entitlement to benefits was terminated because of the earlier provision and who would otherwise still be en-

titled may, on filing an application, become re-entitled to benefits effective with the month of enactment of the amendments.

6. The 3-month duration-of-relationship requirement in the old law is repealed for cases of accidental death or death in the line of duty as a member of a uniformed service on active duty. Retained, however, is the prohibition against the payment of benefits in cases where the relationship does not last 9 months because of such deaths, if the Secretary of Health, Education, and Welfare determines that at the time of the marriage of the deceased individual he could not have reasonably been expected to live for 9 months. Also waived is the duration-of-relationship requirement for entitlement to benefits as a worker's widow, widower, or stepchild when the worker and his spouse were previously married, divorced, and then remarried, the relationship existed at the time of the worker's death, and the duration-of-relationship requirement would have been met if the worker had died on the date he was divorced from his spouse.

*Wage credits for members of the uniformed services.*—Noncontributory wage credits are provided, in addition to contributory credits for basic pay, for military service during the period January 1957 (when military service was first covered) through December 1967. (Previously, such credits had been provided for military service beginning January 1968.) Wage credits will uniformly be \$300 for each quarter in which the serviceman receives military pay—rather than \$100, \$200, or \$300, depending on the amount of covered military pay in the quarter, under the old provision. The new provision is effective for monthly benefits after December 1972.

*Members of religious orders taking a vow of poverty.*—Effective on enactment, the amendments extend coverage to members of a religious order who have taken a vow of poverty (with respect to services performed in the exercise of duties required by the order) as employees of the order, if the order makes an irrevocable election of coverage for its entire active membership and for its lay employees. Wages for social security purposes will be the fair market value of any board, lodging, clothing, and other perquisites furnished to the member (but not less

than \$100 a month). Each order can elect up to 5 years of retroactive coverage for persons who were active members on the day coverage took effect.

*Social security numbers.*—Effective on enactment, the amendments make it a misdemeanor (1) to willfully, knowingly, and with intent to deceive the Secretary of Health, Education, and Welfare as to someone's identity, furnish false information to the Secretary in connection with the establishment and maintenance of social security records and (2) to use a social security number obtained on the basis of false information, to falsely represent a number to be a social security number, or to use someone else's social security number, for the purpose of increasing a payment under social security or any other federally funded program, or for the purpose of obtaining such payment.

The provision directs the Secretary to issue social security numbers to (1) aliens at the time of their admission for permanent residence and aliens at the time they are admitted temporarily with permission to work or at the time their status is changed to permit them to work; (2) any individual who applies for or receives benefits under any Federal or federally subsidized program; and (3) any individual who could have been but was not assigned a number under the categories listed above.

The Secretary is authorized, but not directed, to issue social security numbers to schoolchildren and to preschool children upon request by their parents or guardians. In addition, the Secretary is required to establish the age, citizenship, alien status, and identity of all applicants for social security numbers.

## Medicare

*Medicare for the disabled.*—Medicare protection is extended to persons entitled for not less than 24 consecutive months to cash benefits under the social security and railroad retirement programs because they are disabled. Coverage includes disabled workers at any age, disabled widows, and disabled dependent widowers between ages 50 and 65; women aged 50 or older who are entitled to mother's benefits and, for 24

months before the first month they would have been entitled to Medicare protection, met all the requirements for disability benefits except for actual filing of a disability claim; those aged 18 and over who receive social security benefits because they became disabled before reaching age 22; and disabled qualified railroad retirement annuitants.

Medicare protection under this provision will begin with the later of (a) July 1973 and (b) the 25th consecutive month of an individual's entitlement to social security disability benefits and will terminate the month following the month notice of termination of disability benefits is mailed.

*Chronic kidney disease deemed to constitute a disability for purposes of Medicare.*—Effective July 1, 1973, Medicare coverage is extended to individuals under age 65 who are currently or fully insured or entitled to monthly social security benefits, and to the spouses and dependent children of such individuals, who require hemodialysis or renal transplantation for chronic renal disease. Such individuals are deemed to be disabled for purposes of coverage under both parts of Medicare. Eligibility for coverage begins with the third month after the month in which a course of renal hemodialysis begins through the twelfth month after the month in which an individual had a transplant or dialysis terminates. Benefits include those of both parts of Medicare, with the usual deductibles and coinsurance. The Secretary is authorized to limit reimbursement for treatment to kidney disease treatment centers that meet regulatory requirements. These requirements include a minimal utilization rate for covered procedures and a medical review board to screen patients for medical suitability for treatment.

*Health Maintenance Organization option.*—Individuals eligible for both parts of Medicare, or for SMI only, may choose to have their covered health care provided through a health maintenance organization (HMO)—a prepaid group health or other capitation plan that meets prescribed standards. Two methods of reimbursement for HMO's are to be established. Under the first, an HMO will be "at risk" and payments will be made on an incentive capitation basis. This method, which can be used only by substantial, established HMO's, will permit the HMO and the Government to share, according to a prescribed

formula, in any savings the HMO achieves in relation to adjusted average per capita costs of covered health services for persons outside the HMO. The second method, which must be used by newly established HMO's and may be used by any other HMO, provides for interim monthly capitation payments subject to year-end adjustment that reflects the HMO's actual reasonable costs of providing Medicare-covered services.

A beneficiary enrolled with an established HMO that uses the risk-sharing method of reimbursement will receive covered services only through the HMO, except for emergency services and urgently needed services received when he is temporarily outside the HMO's service area. A beneficiary enrolled in an HMO receiving cost reimbursement will not be required to use the HMO as his single source of health care. Payment will be made by Medicare in the usual manner for services he receives outside the HMO.

The provision is effective with respect to services provided on or after July 1, 1973.

*Professional Standards Review Organizations.*—By January 1, 1974, the Secretary must establish areas throughout the United States with respect to which Professional Standards Review Organizations (PSRO's) may be designated. They are to consist of substantial numbers of practicing physicians (usually 300 or more) in a local area and will be responsible for comprehensive and ongoing review of services covered under the Medicare, Medicaid, and maternal and child health care programs. They are to assure that services are (1) medically necessary and (2) provided in accordance with professional standards. The PSRO's are not required to review services other than institutional care and services unless they so choose and the Secretary agrees. They will not be involved with reasonable charge determinations; they are required to recognize and use utilization review committees in hospitals and other medical organizations to the extent these are deemed effective by the PSRO. Safeguards, designed to protect the public interest and to prevent *pro forma* carrying out of review responsibilities, include appeals procedures.

Until January 1, 1976, the Secretary will be able to make an agreement only with a qualified organization representing a substantial proportion of the physicians in the designated geo-

graphical area. Until January 1, 1976, the Secretary is also required to poll the practicing physicians in the area—at the request of 10 percent or more of such physicians—to determine whether or not an organization of physicians that has requested an agreement with the Secretary to establish a PSRO substantially represents the area's practicing physicians. If more than 50 percent of the practicing physicians responding to the poll indicate that the organization does not substantially represent them, the Secretary cannot enter into an agreement with that organization.

*Level-of-care requirements in skilled nursing facilities.*—The Medicare definition of covered extended-care services is broadened somewhat, and the same definition applies to skilled nursing facility services under Medicaid. Services covered are those provided directly by or requiring the supervision of skilled nursing personnel, or skilled rehabilitation services needed by the patient on a daily basis that, as a practical matter, can only be provided in a skilled nursing facility on an inpatient basis. Medicare coverage will also continue during short periods when no skilled services were actually provided but when discharge from a skilled facility for such brief period is neither desirable nor practical. This provision is applicable to services furnished after December 31, 1972.

*Waiver of beneficiary liability in certain situations where Medicare claims are disallowed.*—Medicare beneficiaries will be “held harmless” in certain situations where claims are disallowed but the beneficiary is without fault, including cases where the disallowance is based on determinations that the services were not medically necessary or did not meet level-of-care requirements. Where the beneficiary is “held harmless,” liability shifts either to Medicare or, where it is found that the provider has not acted with due care, to the provider. This provision is applicable to claims for services provided after the date of enactment.

*Advance approval of extended-care and home health coverage.*—The Secretary is authorized to establish, by medical condition, specified periods of time after hospitalization during which a patient will be presumed to require an extended-care level of services. Where a patient's physician

certifies to the need for such care and submits to the extended-care facility, in advance of admission, a plan for carrying out the services, the care furnished will be assumed to be the type of care covered as extended care. Comparable provisions applying to posthospital home health services are also included. The advance approval provisions can, however, be declared inapplicable to patients of any physician who is found to be unreliable in certifying patients' need for such care. In addition, an extended-care facility's utilization review committee can terminate payment to a patient during the approved period if it determines that further inpatient stay is no longer medically necessary. The provision specifically restricts the retroactive application of regulations pertinent to the provision. This provision is effective for admissions for extended-care services or the initiation of home health plans on or after January 1, 1973.

*Hospital insurance for the uninsured.*—Persons reaching age 65 who are ineligible for hospital insurance may enroll, on a voluntary basis, for such coverage under the same conditions as for supplementary medical insurance. Those who enroll will pay the full cost of the protection—\$33 a month at the beginning and more in later years as hospital costs rise; enrollment for supplementary medical insurance is also required. States and public organizations, through agreements with the Secretary, are permitted to purchase such protection on a group basis for their aged retired (or active) employees. Coverage under this provision will be effective on July 1, 1973.

*Medicare services outside the United States.*—Inpatient hospital services furnished a resident of the United States in a foreign hospital that is closer or substantially more accessible to his residence than the nearest suitable United States hospital will be covered. Payments under SMI for necessary physicians' and ambulance services furnished in connection with such hospitalization are also authorized, whether or not an emergency exists. Medicare payments are also authorized for emergency inpatient hospital services and related physicians' services needed by beneficiaries traveling in Canada between Alaska and another State. This provision applies to hospital admissions after December 31, 1972.

*Elimination of provisions preventing enrollment under SMI more than 3 years after first opportunity.*—Eligible persons may enroll under SMI during any prescribed enrollment period. Beneficiaries are no longer required to enroll within 3 years following first eligibility or a previous withdrawal from the program. The requirement that the SMI premium for late enrollees be increased 10 percent for each 12 months elapsing between the time they could have enrolled and actually do enroll is retained.

This provision is effective on enactment. It applies to all those ineligible to enroll because of the 3-year limit in effect under the old law.

*Coordination between Medicare and Federal employees' plans.*—Effective January 1, 1975, no payment will be made under Medicare for the same services covered under a Federal employees health benefits (FEHB) plan unless in the meantime the Secretary certifies that such plan or the FEHB program has been modified to make available coverage supplementary to Medicare benefits and that Federal employees and retirees will continue to have the benefit of a contribution toward their health insurance premiums from either the Government or the individual plan.

*Uniform Medicare and Medicaid standards for nursing facilities.*—A single "skilled nursing facility" definition is established, as well as a single set of health, safety, environmental, and staffing standards for institutions formerly identified as extended-care facilities under Medicare and skilled nursing homes under Medicaid. In the future, extended-care services covered under Medicare will be provided in institutions identified as "skilled nursing facilities" rather than as "extended-care facilities." Under both Medicare and Medicaid, a "skilled nursing facility" must meet the existing statutory conditions of participation for extended-care facilities plus certain additional requirements that skilled nursing homes must meet under existing Medicaid law. Where a skilled nursing facility desires to participate under both Medicare and Medicaid, the Secretary's determination that it meets Medicare standards would also serve for Medicaid. Uniformity of standards will be effective July 1, 1973.

*Reimbursement rates for skilled nursing facili-*

*ties and intermediate-care facilities.*—States will be required to develop methods for reimbursing skilled nursing facilities and intermediate-care facilities on a basis reasonably related to cost and to implement these methods under Medicaid (after approval by the Secretary) by July 1, 1976. These State payment rates for skilled nursing facilities can then be used under Medicare in reimbursing for extended-care services. The Medicaid rates can be adjusted upward, but not more than 10 percent, to account for specific factors related to Medicare not included by the State in computing Medicaid rates.

*14-day-transfer requirement for posthospital extended-care benefits.*—The Medicare extended-care benefit requirement that a patient's transfer to an extended-care facility take place within 14 days of his discharge from a hospital is modified to permit a longer interval for patients whose conditions do not permit provision of skilled services within 14 days (for example, a patient whose hip fracture has not mended to the point that physical therapy and restorative nursing can be utilized). An extension, not to exceed 2 weeks beyond the original 14 days, is authorized also in instances where admission to a facility providing extended-care services is prevented because of a shortage of appropriate bed-space in a geographic area.

*Medical social services.*—The Secretary may no longer require the provision of medical social services as a condition of participation for skilled nursing facilities under Medicare and Medicaid.

*Waiver of registered-nurse requirement in skilled nursing facilities in rural areas.*—The Secretary may waive the requirement that a skilled nursing facility must employ a registered nurse full time (to the extent that "full time" is deemed to mean more than 40 hours a week) for certain rural skilled nursing facilities unable to assure the presence of a full-time registered nurse 7 days a week. A facility of this type that has one full-time registered nurse and is making good-faith efforts to obtain another will be allowed a special waiver of the nursing requirement with respect to not more than two day shifts—over a weekend, for example. This special waiver will be authorized if the facility has only patients whose physi-

cians have indicated that the individual can be without a registered nurse's services for a 48-hour period. If the facility has any patients for whom physicians have indicated a need for daily skilled nursing services, it must make arrangements for a registered nurse or a physician to spend enough time at the facility to provide the skilled services needed.

*Amount of supplementary medical insurance premium.*—The Secretary will continue to determine and promulgate in December 1972 and each year thereafter a monthly enrollee premium (applicable for both the aged and the disabled) for the following fiscal year. The enrollee premium will, however, be increased only in the event of a general benefit increase—either an automatic increase or one resulting from future legislation. In any given year, the premium will rise by no more than the percentage by which cash benefits have been increased across the board since the premium was last increased. Federal general revenues will finance that part of program costs not met through enrollee premiums.

The change is effective for the fiscal year beginning July 1973. (Through June 1973, the premium amount is \$5.80, and it will be \$6.30 through July 1974.)

*Change in SMI deductible.*—The SMI deductible is increased from \$50 to \$60 as of January 1, 1973.

*Elimination of coinsurance payment with respect to home health services under SMI.*—Payments for home health services furnished under SMI are to be in amounts equal to 100 percent of the reasonable cost of services, rather than 80 percent as in the old law.

*Automatic enrollment for SMI.*—Aged and disabled beneficiaries, except for residents of Puerto Rico and foreign countries, will be automatically enrolled for SMI as they become entitled to hospital insurance. Persons eligible for automatic enrollment will, to the extent possible, be fully informed and given an opportunity to decline the coverage. This provision applies to any individual whose initial enrollment period begins after March 31, 1973, or who becomes entitled to hospital insurance after June 1973.

*Coverage of chiropractors' services under SMI.*—Coverage is provided for the services of licensed chiropractors who also meet uniform minimum standards, but only with respect to treatment by means of manual manipulation of the spine and only with respect to correction of subluxation of the spine demonstrated by X-ray. This provision will be effective July 1, 1973.

*Limitation on Federal participation for capital expenditures.*—The Secretary may withhold or reduce reimbursement amounts to providers of services under title XVIII for depreciation, interest, and, in the case of proprietary providers, a return on equity capital, or other expenses related to capital expenditures for plant and equipment in excess of \$100,000, which are determined to be inconsistent with State or local health facility plans. The Secretary will act on the basis of findings and recommendations submitted to him by various health facility planning agencies. If, after consultation with an appropriate national advisory council, the Secretary determines that a disallowance of expenses will discourage the operation or expansion of an organization that has demonstrated capability of economically providing comprehensive health care services or will otherwise be inconsistent with effective organization and delivery of health services or effective administration of titles V, XVIII, or XIX, he is authorized to allow such expenses. This provision is effective with respect to obligations for capital expenditures incurred after December 31, 1972, or earlier, if a State so requests.

*Experiments and demonstration projects in prospective reimbursement and incentives for economy.*—The Secretary is authorized to test various methods of making payment to providers of services on a prospective basis under the Medicare, Medicaid, and maternal and child health programs. In addition, he is authorized to conduct experiments with methods of payment or reimbursement designed to increase efficiency and economy (including payment for services furnished by organizations providing comprehensive, mental, or ambulatory health care services, as well as ambulatory surgical centers); with performance incentives for intermediaries and carriers; with reimbursement implications of paying for services rendered by physicians' assistants;

with the use of intermediate care and homemaker services by beneficiaries who either are ready for discharge from a hospital or are unable to maintain themselves at home without assistance; and with programs designed to improve the rehabilitation of patients in long-term health care facilities. The Secretary is also authorized to determine whether services of clinical psychologists might be made more generally available to persons eligible under Medicare and Medicaid.

*Limitations on recognition of increase in prevailing charge levels for medical and other health services.*—To determine the reasonableness of charges by physicians under Medicare, Medicaid, and maternal and child health programs: (a) after December 31, 1970, medical charge levels recognized as prevailing may not be increased beyond the 75th percentile of actual charges in a locality during the calendar year elapsing before the start of the fiscal year; (b) for fiscal year 1974 and thereafter, the prevailing charge levels recognized for a locality may be increased, in the aggregate, only to the extent justified by indexes reflecting changes in costs of practice of physicians and in earnings levels; and (c) for medical supplies, equipment, and services that, in the judgment of the Secretary, generally do not vary significantly in quality from one supplier to another, charges allowed as reasonable after December 1972 may not exceed the lowest levels at which such supplies, equipment, and services are widely and consistently available in a locality.

The existing Health Insurance Benefits Advisory Council, which has been engaged in a study of the methods of reimbursement of physicians' fees under Medicare, is to report its findings to the Congress.

### Financing

Consistent with past policy of maintaining the social security program on a sound financial basis, provision is made for meeting the cost of the expanded program. The costs of the cash benefits program and the hospital insurance program are to be financed by revised contribution rate schedules. For 1973, the combined contribution rate for cash benefits and hospital insurance is increased from the previously scheduled 5.5 percent each

Contribution rate schedule under the Social Security Amendments of 1972 and under the previous law

Calendar year	Percent of covered earnings					
	OASDI		HI		Total	
	Old law	New law	Old law	New law	Old law	New law
	Employer and employee, each					
1972.....	4.60	4.60	0.80	0.80	5.20	5.20
1973-77.....	4.60	4.85	.90	1.00	5.50	5.85
1978-80.....	4.50	4.80	1.00	1.25	5.50	6.05
1981-85.....	4.50	4.80	1.00	1.35	5.50	6.15
1986-92.....	4.50	4.80	1.10	1.45	5.60	6.25
1993-97.....	4.50	4.80	1.20	1.45	5.70	6.25
1998-2010.....	4.50	4.80	(1.20)	(1.45)	(5.70)	(6.25)
2011 and thereafter.....	5.35	5.85	(1.20)	(1.45)	(6.55)	(7.30)
	Self-employed					
1972.....	6.90	6.90	0.80	0.80	7.50	7.50
1973-77.....	6.90	7.00	.90	1.00	7.80	8.00
1978-80.....	6.70	7.00	1.00	1.25	7.70	8.25
1981-85.....	6.70	7.00	1.00	1.35	7.70	8.35
1986-92.....	6.70	7.00	1.10	1.45	7.80	8.45
1993-97.....	6.70	7.00	1.20	1.45	7.90	8.45
1998-2010.....	6.70	7.00	(1.20)	(1.45)	(7.90)	(8.45)
2011 and thereafter.....	7.00	7.00	(1.20)	(1.45)	(8.20)	(8.45)

for employers and employees to 5.85 percent each. The provisions relating to the earnings base for tax and benefit purposes in the law (as amended in July 1972) are retained: the maximums of \$10,800 for 1973 and of \$12,000 for 1974, with automatic increases thereafter as wages rise. The cost estimates underlying the contribution rates were based on the new financing principles adopted earlier in 1972 under Public Law 92-336. The schedules for contribution rates under the provisions now in the law and under the previous provisions are shown in the accompanying table.

### Supplemental Security Income for the Aged, Blind, and Disabled

The existing Federal-State programs of aid to the aged, blind, and permanently and totally disabled are repealed, effective January 1, 1974 (except in Puerto Rico, the Virgin Islands, and Guam), and a new, totally Federal supplemental security income program will become effective on that date. The new national program, designed to provide financial assistance to needy people who have reached age 65 or are blind or disabled is established by amendment of title XVI of the Social Security Act. The program is to be administered by the Social Security Administration.

*Eligibility for and amount of benefits.*—Individuals or couples may be eligible for assistance if their monthly income is less than the amount of the full monthly payment. Full monthly benefits are \$130 for an individual and \$195 for an individual with an eligible spouse. Benefits will not be paid for any full month the individual is outside the United States.

The Secretary will establish the circumstances under which gross income from a trade or business, including farming, is large enough to preclude eligibility (net income notwithstanding). People who are in hospitals or nursing homes getting Medicaid funds on their behalf are eligible for benefits of up to \$25 a month in lieu of their regular benefits. People who fail to apply for annuities, pensions, workmen's compensation, and other such payments to which they may be entitled will not be eligible.

*Income as defined by the program.*—In determining an individual's eligibility and the amount of his benefits, both his earned and unearned income are taken into consideration. The definition of earned income follows generally the definition of earnings used in applying the retirement test under the social security program. Unearned income means all other forms of income, including benefits from other public and private programs, prizes and awards, proceeds of life insurance not needed for expenses of last illness and burial (with a maximum of \$1,500), gifts, inheritances, rents, dividends, interest, and so forth. For people who live as members of another person's household, the value of their room and board will be deemed to be one-third of the full monthly payment.

These items are to be excluded from income:

- (1) \$20 of any income (earned or unearned) other than income paid on the basis of need;
- (2) \$65 of earnings a month and one-half above that (plus income necessary for fulfilling plans for self-support for the blind and disabled and work expenses for the blind);
- (3) within reasonable limits, earnings of a student regularly attending school;
- (4) an individual's irregular and infrequent earned income of \$30 or less in a quarter and irregular and infrequent unearned income of \$60 or less in a quarter;
- (5) any amount received from a public agency as a refund of taxes paid on real property or on food purchased;

(6) the tuition and fees part of scholarships and fellowships;

(7) home produce;

(8) one-third of child-support payments from an absent parent;

(9) foster care payments for a child placed in the household by a child-placement agency; and

(10) supplementary benefits based on need and provided by a State or political subdivision.

*Exclusions from resources.*—Generally, individuals will not be eligible for payments if they have resources in excess of \$1,500 and couples will not be eligible if their resources are above \$2,250. Those who were receiving aid to the aged, blind, and disabled in December 1973 under an approved State plan, but whose resources were greater than those permitted under the Federal program, will be considered not to have exceeded this amount if the resources do not exceed the maximum amount permitted under the State plan in effect for October 1972. The following will be excluded from resources:

- (1) The home and appurtenant land to the extent that their value does not exceed a reasonable amount;
- (2) household goods, personal effects, and an automobile, not in excess of a reasonable amount;
- (3) other property essential to the individual's support (within reasonable value limitations);
- (4) life insurance policies, if their total face value is \$1,500 or less—otherwise, insurance policies would be counted only to the extent of their cash surrender value;
- (5) resources of a blind or disabled individual necessary for fulfilling an approved plan of self-support; and
- (6) shares of certain nonnegotiable stock held in a Regional or Village Corporation by Alaskan natives.

The Secretary will prescribe time limits and ways of disposing of excess property so that it will not be included as resources.

*Definitions of terms.*—The terms used in the SSI program in a particular sense are defined below.

*An eligible individual:* A resident of the United States and a citizen or an alien admitted for permanent residence or otherwise permanently residing in the United States under color of law, and aged, blind, or disabled.

*Aged individual:* One aged 65 or older.

*Blind individual:* An individual who has central

visual acuity of 20/200 or less in the better eye with the use of a correcting lens, or equivalent impairment in the fields of vision.

*Disabled individual:* An individual who is unable to engage in substantial gainful activity by reason of a medically determinable physical or mental impairment that is expected to last or has lasted for 12 months or can be expected to result in death. (This definition is the same as that used for social security disability benefits.) A child under age 18 who is not engaging in substantial gainful activity will be considered disabled if he suffers from any medically determinable physical or mental impairment of comparable severity. A disabled individual will be entitled to a 9-month trial work period unless he has had a prior trial work period during a period of eligibility based on the same disability. A disabled individual who is medically determined to be an alcoholic or drug addict will not be entitled to benefits under this program unless he undergoes appropriate available treatment in an approved facility.

(Those blind or disabled individuals who are on the benefit rolls in December 1973 under existing State programs will be considered blind or disabled for purposes of this program if they met the definition of disability or blindness which was in effect as of October 1972.)

*Eligible spouse:* An aged, blind, or disabled individual who is the husband or wife of an individual who is aged, blind, or disabled and who has not been living apart from such other spouse for more than 6 months.

*Child:* An unmarried person who is not the head of a household and who is either under the age of 18 or under the age of 22 and attending school regularly.

*Determination of marital relationship:* Appropriate State law will apply except that when two persons, for purposes of receiving social security benefits, are considered married and when two persons hold themselves out as married in the community in which they live, they will be considered married for purposes of this program.

The income and resources of a spouse living with an eligible individual will be taken into account in determining the benefit amount of the individual, whether or not the income and resources are available to him. Income and resources of a parent may count as income of a disabled or blind child.

*Rehabilitation services.*—Disabled and blind beneficiaries will be referred to State agencies for vocational rehabilitation services. A beneficiary who refuses without good cause any vocational

rehabilitation services offered will not be eligible for benefits.

*Optional State supplementation.*—A State may supplement the Federal benefits, and the supplementary payments will be excluded as income for purposes of the Federal supplemental security income program. In addition, the State will have the option of having the Federal Government make the supplementary payments and absorb the administrative costs. The Federal Government, in administering supplemental benefits on behalf of a State, will be required to recognize a residence requirement if the State decides to impose one.

*No participation in food stamp and surplus commodity programs by SSI recipients.*—Individuals who are eligible for benefits under the new program (or who would be if they filed an application) will be excluded from participation in food stamp and surplus commodity programs.

*Determination of Medicaid eligibility.*—The Secretary may enter into agreements with States under which he will determine eligibility for medical assistance for aged, blind, and disabled persons under title XIX. The State would pay half of the Secretary's additional administrative costs arising from carrying out the agreement.

*Limitations on increases in State welfare expenditures.*—States are guaranteed that, if they provide payments that supplement the Federal SSI program and that are administered by the Federal Government, it will cost them no more to do so than the amount of their total expenditures for cash public assistance payments to the aged, blind, or disabled during calendar year 1972—that is, to the extent that the Federal payments and the State supplementary payments do not exceed the payment levels in effect under the public assistance programs in the State for January 1972, plus the value of food stamps if the State pays in cash the value of food stamps.



# Commissioner's Bulletin

SOCIAL SECURITY ADMINISTRATION

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## GETTING THE SSI PROGRAM UNDERWAY

To Administrative, Supervisory,  
and Technical Employees

I would like to share with you the progress we are making in getting the Supplemental Security Income Program underway.

Since the impact of this program involves nearly every SSA component, I'm sure that you will find in this report something of personal as well as of general interest.

First let me remind you of a few basic facts. As you know, we have the responsibility for setting up and administering the Federal program of SSI for aged, blind, and disabled people with limited income and resources. Under the SSI program uniform national eligibility requirements will replace the varied requirements in the welfare programs now administered by State and local agencies.

The basic SSI amount is \$130 a month for an eligible individual and \$195 a month for an eligible couple. (These amounts will be raised to \$140 and \$210 effective July 1974.) SSI payments will vary according to the amount of other income the eligible person receives since the basic amount is reduced by countable income in arriving at the payment amount. Since most eligible persons have some countable income--e. g., a social security benefit--most SSI payments will be only a part of the amount that would go to a person with no countable income. Thus, the program is truly one of providing income supplements.

In certain States many of the Federally-financed SSI payments will also be augmented by a State financed amount that could be added into the SSI check or paid separately by the State. The social security and SSI amendments signed into law on July 9, 1973, include a provision designed to protect recipients on the State rolls as of December 31, 1973, against reduction of income. The amendment provides, effective January 1974, that in order to be eligible for Federal matching funds for Medicaid, States must enter into agreements with the Secretary of Health, Education, and Welfare under which States will maintain the income of each December 1973 aged,

blind, or disabled recipient at his December 1973 income level. Under such an agreement, the State supplementary payment will make up the difference between (1) the amount of the public assistance payment the recipient would receive for December 1973 plus the recipient's other income and (2) the SSI payment to the recipient plus the recipient's other income. This has the effect of creating a real fiscal and administrative partnership between SSA and the States. This relationship will exist in regard to people on the rolls in December 1973, but may also exist in regard to newly eligible persons, since the States can choose to supplement payment to them as well. Under the amendments, a State may enter into an agreement for Federal administration of its mandatory supplementary payments to current recipients, its optional payments to newly eligible recipients, or both.

Until recently most of our work has been "make-ready" work--e. g. , recruiting and training staff; finding suitable space for new facilities and expanding existing space; and developing policy and the supporting procedures that must serve as a foundation for the program. Between October and June 30, SSA hired about 9,000 people (about 6,000 for BDOO) for SSI. Now we are starting to fill an additional 6,000 permanent jobs for SSI which are contained in the 1974 fiscal year budget.

The new Bureau of Supplemental Security Income has been established and is being staffed centrally and in the regions. The Bureau of District Office Operations is opening branch offices to meet scheduled needs--an all-time high of 51 opened in April and 139 opened during the first 7 months of this year. The Bureau of Data Processing has opened a new data input center in Albuquerque, New Mexico. BDP will, of course, continue to operate the Wilkes-Barre data input center at maximum capacity. Also, several of the Program Centers have established second shifts to assist BDP in data input. The Bureau of Hearings and Appeals plans to strengthen regional organization and to open 84 new SSI hearings offices before January. Bureau of Retirement and Survivors Insurance Program Centers are acquiring space and making plans to provide both space and administrative services to the BSSI and Bureau of Disability Insurance staffs that will be located in the program centers. BDI is strengthening its regional organization for quality control and disability examiners and medical consultants in the regions will postadjudicatively review a sample of SSI disability cases. State disability determination units have been busy recruiting additional staff and acquiring needed space to handle the expected volume of applications from blind and disabled claimants. In the area of policy, many of the basic decisions have been made and are being set forth in regulations, manuals, etc. , which have been distributed to the field.

As you can see, people throughout SSA are playing an important role in implementing some aspect of the new program. We are now at a point where our efforts are beginning to show results.

### Conversion from State and Local to Federal Payments

We are well along in the process of converting current recipients from State to Federal rolls and expect to have 3.3 million of these recipients in payment status on January 1, 1974. It is extremely important that we avoid a gap in payments during the transition from State and local to Federal payments next January. We are working closely with each of the more than 1,100 State and local agencies to accomplish the conversions, using as much as possible of their records, staff, facilities, and other resources. BSSI and BDP staffs have been working in the field with each State and with many local agencies to speed the conversion process and handle any problems as they arise.

The conversion continues ahead of schedule with approximately 45 percent of the cases reviewed, coded and forwarded to SSA and a significant additional number reviewed, coded and awaiting a consistency check in the State Control Unit prior to shipment to SSA. In addition, some of the "all-tape" States are virtually complete in their folder review, coding and keying operation. To date, 10 jurisdictions are over 90 percent complete in these initial conversion activities.

To prepare the State records for Federal administration, each recipient must have a social security number. SSN's for two million recipients have already been verified. The remaining recipients are being enumerated by direct mail contact by BDP, or by personal contact by BDOO. This BSSI lead activity will be accomplished by mid-November.

After the conversion is completed SSA will continue to have a close working relationship with the States in the areas of supplementation, referral of applicants, Medicaid eligibility, etc.

### Taking New Claims

We have begun to take claims from persons who will be newly eligible next January. Our current thinking is that the receipt of these claims, (called "make ready" claims) will peak in the October-December quarter. We expect to take about 3.75 million of these claims this fiscal year so that (counting the conversion cases) we will have an estimated 6.2 million recipients on the SSI rolls by June 30, 1974.

The newly eligible people include two groups: (1) those who would have been eligible under State plans but did not apply, perhaps because they would have received only a small amount, or because of State lien laws or relative responsibility laws, and (2) those who were not eligible under the law of their particular States but are under the Federal law. District and branch offices will receive their SSI claims workload from people walking in, calling, and writing about the SSI program; and through referrals from welfare offices, senior citizen and other groups; and from other ways we may develop during the coming months to direct pin-pointed informational efforts to the areas most likely to produce meaningful workloads.

Also, our public information program must play a major role in letting those potentially eligible know about SSI. To achieve this goal, we are carrying out a straightforward public information effort, including the elements outlined in our national communication strategy for SSI. Copies of this strategy, prepared by the Office of Public Affairs and approved by the Department, have been sent to all RO's and DO's, as well as to appropriate central office staff.

The key elements of our public information program, to be carried out at all levels of SSA, are: enlisting the aid of organizations identified with the aged, blind, and disabled; use of local news media; timely reporting by district managers to key local groups; regular contact with welfare professionals; notices to be sent to present State recipients; and informational materials available at district offices for persons who seek more details on the program.

Achieving this goal presents a unique challenge to SSA. For the first time, we are dealing with not just one program, but 51 or more separate State and local systems, calling for cooperative approaches between SSA field staff and State welfare departments. The State-by-State variations in payment levels, in the climate of opinion toward SSI, and other such features place a special burden on our regional office staff. The San Francisco Region has developed State-by-State public affairs committees to develop plans and information materials appropriate to those States, and the other regions are taking similar action. The Office of Public Affairs will offer these regional teams all possible support in developing guidelines and materials to satisfy public information needs in each State.

One of the reasons why we have had to phase our efforts to reach groups of potentially eligible individuals through informational activities is that

we need to have a clearer understanding in each State of the plans for supplementation before we deal with the many new eligibles. As indicated earlier, a great many States have new decisions to make or have to adjust their former decisions regarding supplementation because of the legislation which was just signed by the President on July 9. Now we are in a much better position to confer with them on the scope of informational activity and to advise prospective claimants as to what their benefits may be not only under the Federal part of SSI, but under State supplementation also. Until we knew more about the State plans, it would not have been productive for us to begin extensive activity in connection with workloads. On the other hand, we have felt the need for--and are now getting--a steady flow of claims which will be increasing, so that we can gain experience with the new workload and also assess the application of policies and evidentiary requirements to the incoming cases and profit by early experience before the real load begins to peak in our offices.

The SSI Handbook with interim operating guidelines is in use in all district and branch offices. By applying the instructions and guidelines in the handbook, district and branch offices should be able to take and completely develop 80 to 90 percent of all SSI claims received on the basis of policy now established. In the remaining cases, there will be some complex situations which cannot be fully developed and resolved until the remaining applicable policies and evidentiary requirements have been officially approved. DO's are flagging these cases and will hold them for additional developmental rules and guidelines. Proposed regulations and procedures in many of these areas are now being finalized. All of these cases will, of course, be adjudicated in a timely fashion so as to inform applicants well before the payment would be due.

### Service to Recipients

We have been working with the Treasury Department to finalize several aspects of our payment process, particularly for emergency payments to people initially filing who are presumptively eligible and faced with a financial emergency. These emergency payments will be made by checks prepositioned in the DO and can be authorized by certain designated people in each office. These payments can only be made in initial filing cases, and not in cases of lost or missing checks. We are, however, working with Treasury to expedite nonreceipt of check procedures. Also, you may be interested to know that SSI checks will be payable at the beginning of the month and will be a distinctive color to facilitate the quick resolution of non-receipt problems.

Although information and referral has traditionally been a part of SSA's services to the public, the implementation of the SSI program is expected to result in the need for not only more, but also more sophisticated I & R Service. To accomplish this, SSA and the Social and Rehabilitation Service are working together to identify through the regions (and ultimately States and localities) the needs of SSA offices and welfare offices for new procedures, for additional training and instructions, and for better ways to individualize referral services to the public. The objective is to have a process which identifies an individual's general need for services as quickly and with as much definition as can reasonably be done in the DO setting, and then arranges for his referral to the appropriate agency for social services--i. e., the welfare office or another public or private agency. We want to avoid the confusion, inconvenience to the claimant, and other difficulties that flow from improper or ineffective referrals.

### SSA Role in Medicaid

In addition to administering the SSI program, the 1972 amendments have given us responsibility in some cases to determine eligibility on behalf of the State for Medicaid for the aged, blind, or disabled. SSA will make such determinations only for individuals eligible to receive SSI and/or a State supplement. We will agree to make Medicaid eligibility determinations for such individuals if the State elects to provide Medicaid to all SSI recipients. The States retain the responsibility for determining Medicaid eligibility for other groups entitled to State assistance payments and, of course, the administration of the Medicaid program remains in State hands.

### SSADARS

The SSI program will demand rapid communications to quickly establish that an applicant has not filed before or to enable us to make an emergency payment. Plans to have such a communications system operating are moving along at what is probably the fastest pace in history of installations of such a complex undertaking. In March we signed an agreement with GSA allowing SSA to acquire its own high-speed telecommunications network, the SSA Data Acquisition and Response System (SSADARS). This new network will connect 500 high-volume DO's with the central computer complex by early 1974. In these offices the new network will eventually replace the ARS teleprocessing system over which data now travels at a rate of 100 words a minute as compared with an estimated 1,200 words per minute over SSADARS. Seven communications centers, to be located in our six RSI program centers (formerly payment centers) and in Baltimore, will have concentrators to handle SSADARS traffic. These concentrators--actually mini-computers--will accept all incoming messages from the

field terminals and send them to Baltimore at a rate of 9,000 words a minute. Concentrators have already been installed in the Northeastern and Western Program Centers. Installations in the other four Program Centers are to be completed by the end of October. As of July 26, terminals had been installed in about 30 district offices in the Boston and New York Regions and work was underway on installations in the San Francisco Region. Implementation will be in three phases, with the total system expected to be fully operational in January.

The terminals in the SSADARS network will be much more sophisticated than the teletype machines currently used. Each will have a TV-like display unit that will show messages and flash certain types of alerts as the data are being entered so that the operator will be able to see and instantaneously correct certain types of data. Keyboards will be electronic and much faster than the teletype keyboards now in use. A printer and punchcard reader will also be placed in each terminal location to receive output from the data banks as well as other messages.

#### National Field Test

We are now conducting a national field test to develop appropriate policies and procedures for verifying statements by SSI applicants of their income and resources. Taking part in this test are about 140 district and branch offices which are developing and verifying statements on new SSI claims. The results of the study will be analyzed in headquarters. This will help us to set up "tolerances" or guides to determine which situations may warrant detailed documentation and verification.

#### Research on SSI

In order to identify and describe the SSI target population prior to the program's going into effect and to assess the economic and social impact of the program, the Office of Research and Statistics, in conjunction with the Bureau of the Census, is conducting a Survey of Low Income Aged and Disabled. The analysis will include pre-SSI comparisons of welfare recipients and nonrecipients, post-SSI comparisons of beneficiaries and nonbeneficiaries, as well as the examination of time and program-related changes in individual asset, income, expenditure patterns, health, family status, housing, diet, service usage, and response to welfare and SSI.

The first interviews will take place in November-December 1973. Follow-up interviews with the same respondents are scheduled for a year later. The Bureau of the Census will conduct both years' interviews.

The survey will cover two groups: low income aged and severely disabled in the general population, and pre-SSI recipients of Old-Age Assistance, Aid to the Permanently and Totally Disabled, and Aid to the Blind. The public assistance sample will come from the conversion records developed in SSA.

In addition to this special survey, the Office of Research and Statistics is designing an on-going statistical program for presentation and analysis of data on SSI recipients developed from program records. One element of this will be the publication on a periodic basis of program statistics. Another will be the development of a record file for a continuing sample of applicants and recipients which will provide the basis not only for program statistics but also for analysis of the dynamics of demographic and income change among recipients. Persons in this continuous sample will be selected at the time they apply for benefits or are converted from State welfare rolls and will remain as a sample unit until they are deceased.

### Quality Assurance

Quality Assurance staffs are being established by BSSI in the field. These staffs initially will review a sample of SSI claims to evaluate the SSI policies and procedures and to test Quality Assurance processes. In the beginning these staffs will be limited to selected metropolitan areas. About 200 people will be located at the RSI program centers, although they will not be part of the PC staffs. These program review staffs will be expanded and by the end of the year we hope to have a full staff of between 600 to 700 people nationwide ready to perform the full range of Quality Assurance functions. During the make-ready period these staffs are being used to take quality samples of conversion cases. BDI is also setting up case review staffs in each DI regional office whose main function will be the Quality Assurance review of State agency disability determinations.

BDP and BSSI are developing computer systems for the SSI program in two major areas, Quality Assurance and Program Integrity. The Quality Assurance systems will provide a measurement of the accuracy attained in processing new claims and changes affecting payment. The program integrity systems will provide an automated monitoring of the status of all SSI fraud investigations.

### Systems Planning and Development

One of our most urgent responsibilities in SSI is to make sure that those people on the aged, blind, and disabled rolls of the States who are

eligible for an SSI payment receive a Federal check in January 1974. Perhaps the single most important tool we have to accomplish this and other SSI tasks successfully is the computer.

The SSI program also requires a large increase in our automated systems capability. To meet this need, we have just installed a new IBM System 370 Model 165 in Baltimore to process the SSI workload. This sophisticated new computer is between two and three times the power of the IBM System 360 Model 65 which handles most of our current processing workloads. The new system has a storage capacity of 3 million bytes (characters) and has 11 input-output channels, 64 tape drives, and a large disc file. This disc file will contain the data for the online inquiry-response system (for DO's and BO's to get immediate entitlement and payment information on SSI recipients), as well as control communications for SSADARS.

Current systems planning calls for implementing the SSI EDP system in ten stages or modules. A brief description of the stages and their target dates follows:

#### Module I - Initial Claims/Data Base Establishment (September 1973)

This module will provide for receiving, editing, and maintaining new SSI claims material in the **EDP** system and will allow us to verify basic data (name and social security number) against existing SSA records. In addition, Module I will allow DO query capability and a basic case control system. A cross-referencing or index of associated numbers pertaining to a recipient will also be provided at this time.

#### Module II - Introduction of Conversion Data (October 1973)

Module II expands the Module I data base to include State conversion cases. At this point the EDP system will be able to detect duplicate filings--situations where an individual filed an SSI application and also appeared as a State conversion case.

#### Module III - Expanded Case Control on Input Data (October 1973)

At this point in the system implementation, DO's will be able to transmit partial basic data to the EDP system for control purposes. (Before this

module is completed, all data must be keyed.) The system will then start the verification process before full data is received. When full data is received, assuming basic verification has already taken place, initial payment can be made more quickly.

#### Module IV - Recipient Notices/Payment Computations (October 1973)

Module IV will produce notices to SSI recipients/applicants and inform them of their eligibility. The notice will also tell the individual how much money to expect and explain rights and responsibilities under the SSI program.

#### Module V - Automatic Post Entitlement Processing--Initial (October 1973)

This module allows sharing of large volume PE actions (notices of death and address change) between the SSA and SSI systems. This means the DO's would have to enter only one transaction and the EDP system would route it and share it with major internal systems.

#### Module VI - Monthly Support Operations (November 1973)

Module VI will provide a monthly numeric microfilm of all transactions processed in the SSI system during that month. An alphabetic microfiche by State will also be made available to the DO's. This module will also provide operational statistics on a monthly basis.

#### Module VII - Payment/Accounting (December 1973)

The payment module will provide the Treasury Department with monthly files to be used in the actual production of SSI checks. The SSI EDP system will maintain payment files and provide fiscal accountability.

#### Module VIII - Real Time Query/Advanced Payment Recordation System (January 1974)

Module VIII will provide district offices with immediate response access to critical SSI recipient data. It will also maintain a file of records pertaining to advanced payment cases and offer such data on an immediate basis to DO's.

Module IX - Automatic Post Entitlement Processing Expanded  
(January 1974)

This module upgrades Module V and provides for sharing virtually all PE transactions between the SSA and SSI systems.

Module X - External Systems Interfaces (July 1974)

This module will allow automatic interfacing with systems outside SSA such as RRB, VA, and CSC. Such interfacing will provide for verification of other agencies' claim numbers as well as benefit amounts as they relate to SSI recipients.

Maintaining the timetables for implementing these systems modules will not be easy. As we gain experience the effective dates for some may have to be modified slightly. Also, the fact that a module is operational does not mean that it will be unchangeable. As is the case with our present SSA systems, the SSI systems will continue to be perfected as time passes.

Regionalization

The SSI program itself will be highly decentralized. Much of the final authorization action will be done in the district offices, and supervision and coordination will take place in the regional offices. All SSA regional components, including the new SSI staffs headed by Regional Planning Officers, are now actively engaged in implementation activities.

The Regional Commissioners have been and are providing regional leadership in planning and implementing the SSI program. They are seeing to it that necessary coordination takes place within SSA and with other agencies. They are also working closely with the Regional Directors and keeping them informed on progress and problems in arrangements with the States.

The activities described above include only some of our major moves to prepare for SSI. A description of all our activities would be too lengthy for a Commissioner's Bulletin. The fact that I may not have mentioned some ongoing activities and components' contributions to our planning efforts does not mean they are unimportant. They are all vital to the accomplishment of our mission.

Despite the size and complexity of this enterprise, which gives rise to many serious problems, I am confident that SSA is successfully meeting what is perhaps its great challenge. Although meeting the deadline of January 1, 1974, may sometimes seem to be our goal, it really represents only the first step in SSA's administration of this new program. Because SSI represents a completely new type of program for SSA, there will continue to be many decisions to be made about State and local arrangements, policy questions, etc. Like any of our other programs, getting it started is a big job, but keeping it going and functioning smoothly is an equally big job. I believe that this program holds great promise for the dignified treatment of the aged, blind, and disabled in America, and with the cooperation of every one of us, I believe the SSI program will be launched on schedule and SSA will retain its reputation as a responsive and effective Federal agency.

Thirty-eight years ago today on August 14, 1935, the original Social Security Act was signed into law, and since that time has probably done far more than its originators ever imagined to keep people out of poverty and allow them to live their lives with dignity. This new program will also help millions of people in need to supplement their income and live with dignity.



Arthur E. Hess  
Acting Commissioner

## LISTING OF REFERENCE MATERIALS

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U.S. Congress. Senate. Committee on Finance. Subcommittee on Medicare and Medicaid. *Hearings on Medicare and Medicaid. Part 2*. 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Part 1*. 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Part 2*. 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Part 3*. 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Hearings on H.R. 16311, the Family Assistance Act of 1970. Part 1*. 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Hearings on H.R. 16311, the Family Assistance Act of 1970. Part 2*. 91st Congress, 2nd session.

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**PUBLIC DEBT LIMIT INCREASE**

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 35, H.R. 4690, that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER (Mr. BUCKLEY). The bill will be stated by title. The assistant legislative clerk read as follows:

A bill (H.R. 4690) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to the consideration of the bill which had been reported from the Committee on Finance without amendment.

Mr. SCOTT. Mr. President, will the distinguished majority leader yield?

Mr. MANSFIELD. Yes, indeed. I am delighted to yield.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. SCOTT. Mr. President, I rise to ask the distinguished majority leader, first of all, what will be the business for the following week after we have finished the consideration of the proposal to increase the debt limit?

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished minority leader, he may recall that we have discussed the possibilities of taking up Calendar Order No. 2, a joint resolution to establish a Joint Committee on the Environment, to be followed by Calendar No. 30, Senate Resolution 17, a resolution amending rule XXIV of the Standing Rules of the Senate with respect to the nomination and appointment of committee members.

Then, it is my understanding that when these matters have been disposed of, that would clear up the Calendar; but other legislation may be coming out of committees this week, including a measure involving campaign contributions from the Committee on Commerce, and other measures, as well. Pretty soon we will have to take up the question of the extension of the Department of Transportation appropriation under the dictum laid down at the end of the last Congress.

Mr. SCOTT. As I understand it, the campaign expenditures reform bill which went to the Committee on Commerce also went to the Committee on Rules and Administration and to the Committee on Finance. I do not at this moment recall

the agreement under which if one committee reported the measure what functions would be exercised by the other two committees. Can the Senator clarify that for us?

Mr. MANSFIELD. It is my understanding under the agreement made that it would be referred to the other two committees with orders to report back, I believe, within 45 days. That would negate any action on that this week, but other measures will be coming from committees. However, as of now, it looks like a relatively light week, and I think the Senate can stand one of them.

Mr. SCOTT. I think the Senate would relish the opportunity to have a light week.

Is there any possibility of agreeing on time limitations on the debt limit act?

Mr. MANSFIELD. I am delighted that the distinguished minority leader has raised that question because he may recall that in a colloquy which we conducted yesterday the minority leader stated as follows:

If we are going to have votes on Friday, we want to have everyone here. If there is any way to work out agreements on time, since there is the possibility there will be a great deal of debate on the social security aspect, I want to express the hope that the manager of the bill might consider whether Senators can expect votes on Friday or whether they could come on Monday. I realize that if we are not able to work out something, we will have to be here.

My answer was:

The debt limit matter cannot be taken up until Friday because the chairman of the Committee on Finance (Mr. LONG) will be absent on official business tomorrow, but any agreement which he and the distinguished ranking minority Member, the Senator from Utah (Mr. BENNETT), would care to advance I am sure the joint leadership would be happy to consider in an effort to try to accommodate Senators. But I should point out that on the basis of the recess schedule which has been laid down on the basis of 4 or 5 days off at the end of certain months, it really behooves us to be here and I am happy to note that no Senator up to this time on either side has asked that he be given special consideration with respect to voting on a day certain; but wherever the leadership can, we will try to accommodate Senators.

Since that time I have been in touch with the chairman of the committee, the distinguished Senator from Louisiana (Mr. LONG), and he has indicated that he would be very willing, the distinguished Senator from Utah (Mr. BENNETT), the ranking minority member concurring, to agree to a time limitation of one-half hour on each amendment and 2 hours on the bill itself.

Mr. BENNETT. I would be very happy to follow the leadership of the chairman and agree to that.

Mr. SCOTT. I am glad the chairman of the committee and the ranking minority member are satisfied with the limitation.

I understand the chairman will have a certain amendment to offer which he feels would improve the chance for passage of the bill. Perhaps this may not be the time to say it but I would like to indicate the possibility, having conferred with the distinguished majority leader, the possibility that we may join in moving to table amendments we feel are

inconsistent with the overall intention to work some immediate reform and improvement of the social security system. I have also discussed it with the distinguished senior Senator from New York (Mr. JAVITS).

Mr. PASTORE and Mr. JAVITS addressed the Chair.

Mr. MANSFIELD. I yield first to the Senator from Rhode Island then I will yield to the Senator from New York.

Mr. PASTORE. Mr. President, the President will address the War College tomorrow at the graduation of his son-in-law and he has invited Senator PELL and me to accompany him to Rhode Island, which both of us have agreed to do and would like to do.

On the other hand we are met with this very important subject of the social security amendment which we are intensely interested in. I hope we might reach some agreement so that if we did stay and forego the pleasure of being with the President tomorrow we would have some votes and culminate a decision with respect to social security.

Mr. SCOTT. That is the reason for this colloquy.

Mr. PASTORE. Yes, and that is the reason that I state I will lend whatever persuasion I may have for Members of the Senate to be amenable to such an agreement.

Mr. MANSFIELD. Mr. President, I yield to the Senator from New York.

Mr. JAVITS. What I have been told respecting the efforts to improve social security is implicitly in accord with the promise we made social security beneficiaries when we got so embroiled at the end of last year. If we can help the situation, this would not stand in the way of early action on an early increase in social security benefits.

The difficulty is that none of us has any assurance whatever beyond our own personal desire and will that amendments which may require very extensive debate may not be written upon the bill or the social security part of it.

I think the suggestion of the minority leader to the majority leader is very hopeful in that both of them would join in tabling anything which was extraneous beyond the intention which we all understand respecting an increase in social security payments.

To lock that in even further I would like to suggest to the majority leader the possibility of including in the unanimous-consent agreement two things. First, time for the amendment which, perhaps, the Senator from Louisiana (Mr. LONG) will propose, but if there are amendments to that amendment, the time certainly should be provided; and second, I really feel that to protect all Members, if this is going to be an open ended operation, which we hope and pray it will not be, and I will not have any input on that—and I see the Senator from Rhode Island (Mr. PASTORE) shaking his head—the ruel of germaneness be not enforced in this case respecting amendments to the social security part. If it is going to be open, let it be open. I am happy and willing that it be closed, but if the floodgates are going to be open let them be open so that no one is foreclosed.

Mr. PASTORE. Does the Senator have in mind the trade bill?

Mr. JAVITS. No, I do not have that in mind. I am concerned about amendments being proposed. I have just suggested, therefore, that we crank into the unanimous-consent agreement something that will protect us on this score, which is laudable and proper, should we find for some reason the understanding is not complied with. If it is to be an open session let it be an open session.

I think I would like to repeat my concrete suggestion: One, if a time be allowed for amendments to the amendment, the normal provision respecting germaneness in this case be not applied, so that one on the social security amendment can without any question be put on; and, two, so that if the floodgates are opened with respect to amendments to that, no Senator is foreclosed.

Mr. BENNETT. Mr. President, I shall withhold my comment until the majority leader makes his.

Mr. MANSFIELD. Mr. President, I am not in a position where I can make a definite commitment at this time, but in response to the suggestions made by the distinguished Senator from New York (Mr. JAVITS), I would suggest that only amendments germane to the bill or to the matter of social security be in order. The debt limit and social security will be the two main components. It is my understanding that if something is not done about raising the debt limit by the 15th of this month, conditions could become difficult for the Government, at least technically speaking.

Would that satisfy the Senator from New York?

Mr. JAVITS. I hope the majority leader understands me. I am working with him, not against him, in making these suggestions. It seems to me his suggestion covers a good part of it, but he should include the provision for amendments to the amendment. Then, there is a very wide area for amendments to the social security bill. There is a very broad range. I would agree with that, but I would hope, therefore, that he would give a little more time on amendments to the amendment than the half hour that was talked about, because we are trying to protect ourselves against eventualities and cooperate with the leadership.

Mr. MANSFIELD. Would the Senator make a suggestion?

Mr. JAVITS. I would suggest 1 hour on the amendments to the amendment which will be suggested on the basic social security provision. Would the Senator fix a time on that amendment as well? I think the Senator mentioned 2 hours.

Mr. MANSFIELD. Two hours on the bill.

Mr. SCOTT. A half hour on amendments.

Mr. JAVITS. What about the social security bill which will be presented? Would not the Senator want to have an hour or so on that?

Mr. MANSFIELD. I am thinking about the membership as well. It was only a few months ago that we went through the social security debate. We are all

pretty well aware of what it stands for and what it entails.

It is my understanding that the distinguished Senator from Louisiana (Mr. LONG), the chairman of the committee—and this is subject to correction—intends to offer a social security amendment which will increase payments by 10 percent retroactive to the 1st of January of this year, set a minimum of \$100 per month rather than the present \$64 or \$68, and increase the amounts to be taxed beginning on January 1, 1972.

Is that correct?

Mr. BENNETT. That is my understanding, though I have not seen the actual text of the chairman's amendment.

Mr. MANSFIELD. So, if Senators will agree—and most especially the ranking Republican member of the committee, who will have to speak for that committee, at least for today—I would like to change the unanimous-consent request to an hour on amendments and 2 hours on the bill and to incorporate in the request the declaration that amendments germane to the bill or to the matter of social security be in order, thus retaining the germaneness of the two most important factions of the proposal.

Mr. JAVITS. That is, germaneness will apply to the debt limit bill except for an amendment relating to social security. That is just another way of saying it.

Mr. MANSFIELD. That is saying it another way, but it is the same thing.

Mr. JAVITS. One hour on that basic amendment and 1 hour each on amendments?

Mr. MANSFIELD. If that is agreeable.

Mr. BENNETT. Mr. President, reserving the right to object, I think we are painting ourselves into a corner. If the debt limit bill must be passed by the 15th, tomorrow will be the last day we will meet until the 15th. I think we should all realize that we cannot afford to open this matter up to germane amendments on the basis that has been stated, because if a Senator can offer germane amendments to the social security amendment, then any social security amendment is germane and we are off to the races. So I think—

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

Mr. BENNETT. I yield.

Mr. MANSFIELD. Pending the arrival of the distinguished Senator from Louisiana, there is always the option of tabling.

Mr. BENNETT. I was just going to say I would think, to protect the Treasury, a Senator, including the Senator from Utah, would have to announce that we will attempt to table any amendment to the one amendment that the chairman will offer.

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

Mr. BENNETT. May I finish?

Mr. JAVITS. Surely.

Mr. BENNETT. The trouble with allowing 1 hour on every amendment is that a very determined Senator can keep us waiting for him to use up his time on his amendment before it can be tabled.

Mr. PASTORE. It can take only a half hour.

Mr. JAVITS. Mr. President, will the Senator yield to me on that point?

Mr. MANSFIELD. I yield.

Mr. JAVITS. Mr. President, I respectfully suggest that the one amendment that will be presented will be the amendment suggested by the Senator from Montana (Mr. MANSFIELD). Other than that, I think we have a pretty good gentleman's agreement which none of us will want to try to violate. As a matter of fact, I suggested that both the majority and minority leaders should announce that they will move to table.

Mr. SCOTT. Mr. President, I have made such an announcement, saying that I understand the majority leader and I reserve the right, subject to the approval of the chairman of the Finance Committee and the ranking minority member of the committee, to offer a motion to table amendments inconsistent with the Long amendment.

Mr. MANSFIELD. Mr. President, subject to the wishes of the manager of the bill and the ranking member of the committee, I wonder if the Senator would consider a change of 1 hour on each amendment, rather than a half hour on each amendment, and 3 hours on the bill.

Mr. BENNETT. Mr. President, I shall remove my objection on that basis.

Mr. BYRD of Virginia. Mr. President, I concur fully in what was said about the social security amendment or amendments. I think that matter should be handled expeditiously. When we get to the bill, the bill proposes to make it possible to increase the national debt by \$40 billion in 15 months.

Mr. MANSFIELD. Yes.

Mr. BYRD of Virginia. I am deeply disturbed about the Government's financial situation, and I would like an opportunity to present my views on that without being rushed along and having to get time from another Member of the Senate.

Would the majority leader consider including in his request the time of 3 hours, as he has proposed, on the bill, but in excess of that, permit me 30 minutes on the bill?

Mr. MANSFIELD. I shall be delighted to.

Mr. BENNETT. Mr. President, would it be possible for those 30 minutes to take place before the time begins to run?

Mr. PASTORE. What difference does it make? We are quibbling now. Let us get the agreement.

Mr. MANSFIELD. Mr. President, I change the request accordingly.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Mr. President, reserving the right to object, I wish to ask the distinguished majority leader, just to make sure I understand, whether the unanimous-consent agreement, with the prescribed limitations, would be in effect assuming the amendment to be offered is as described by the Senator from Utah, and that if it is some other amendment, there is no such agreement as to time.

Mr. MANSFIELD. That is correct, and the joint leadership will be subject to the wishes of the chairman and the ranking minority member of the com-

mittee if there is any question arising out of our interpretation. This is in effect a tentative unanimous-consent request.

Mr. BENNETT. We can get another unanimous-consent request if it is necessary.

Mr. GRIFFIN. Mr. President, I withdraw my reservation.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

The Chair would like to address a question to the majority leader.

Mr. SCOTT. Mr. President, may we have order? I understand the Chair has said he has a question.

The PRESIDING OFFICER. The Senate will be in order. The Chair would like to address a question to the majority leader.

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. When does the agreement take effect, and who controls time?

Mr. MANSFIELD. Beginning at 12 o'clock tomorrow, and the time will be controlled by the distinguished Senator from Louisiana, the chairman of the Committee (Mr. LONG) and the distinguished senior Senator from Georgia (Mr. TALMADGE).

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, subsequently reduced to writing, is as follows:

*Ordered*, That, effective on March 12, 1971, beginning at 12 noon, during the further consideration of the bill, H.R. 4690, an act to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to ½ 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 Senator from Louisiana 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: *Provided further*, That no amendment that is not germane to the provisions of the said bill or the amendment on Social Security to be offered shall be received.

*Ordered further*, That on the question of the final passage of the said bill debate shall be limited to 3 hours, to be equally divided and controlled, respectively, by the Senator from Louisiana (Mr. LONG) and the Senator from Georgia (Mr. TALMADGE): *Provided*, That the Senator from Virginia (Mr. BYRD) is allotted an additional 30 minutes on the bill.

Mr. MANSFIELD. Mr. President, if I may be recognized, for the information of the Senate, there will be no further votes tonight.

Mr. PASTORE. But may I ask the majority leader, there will be votes tomorrow?

Mr. MANSFIELD. We certainly anticipate them, unless something comes up over which we have no control.

Mr. PASTORE. What do we do now with this unanimous consent agreement, fuss around for half an hour and accomplish nothing?

Mr. BENNETT. Mr. President, it would seem that the only reason for no vote

tomorrow would be if the Senate accepts the steps in this process without insisting on a record vote.

Mr. MANSFIELD. Which, of course, would not happen, in my opinion, but I cannot be definite, because I feel I cannot bypass the chairman of the committee until I have the final word with him.

Mr. SCOTT. Mr. President, if the Senator will yield. I cannot conceive a situation where the Senate would lose an opportunity to record itself in favor of an increase in social security.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

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The PRESIDING OFFICER. On whose time?

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the time for the quorum call be equally charged against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. 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. Mr. President, the bill now before the Senate, H.R. 4690, provides for 3 major changes in present law. First, it increases the present \$395 billion debt limitation by \$35 billion, to a level of \$430 billion. Second, a limited exception—\$10 billions of issues—is made in the 4¼-percent-interest-rate ceiling on long-term bonds. Third, new issues of Federal obligations are to be available for use as payment of Federal tax obligations only at their current market value, rather than at their face value as has generally been true in the past.

The bill as reported by the Finance Committee is the same as that passed by the House. The Finance Committee recognized that it was important for the country that we obtain an immediate increase in the debt limitation because we will be very close to the limit next week. As a result, we concluded that it was best for us to report out the bill without change.

The Treasury's estimates show that unless we take action, the present \$395 billion temporary debt limit will not be adequate to cover the amount of debt outstanding shortly after March 15 of this year.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the Treasury estimates of March 12, 15, 16, and 17—which shows that on March 17 we would be over the limit.

There being no objection, the estimates were ordered to be printed in the RECORD, as follows:

TREASURY ESTIMATES ON THE DEBT LIMIT  
(FRIDAY, MARCH 12, 1971)

Friday, March 12, \$394.7 billion.  
Monday, March 15, \$394.5 billion.  
Tuesday, March 16, \$394.9 billion.  
Wednesday, March 17, over the limit.

NOTE: The cash balance on Friday, March 12, is expected to be \$4.3 billion. The cash balances are expected to continue going down through Monday, March 15, but to rise after that as tax receipts are received.

Mr. LONG. Mr. President, in addition, on June 30, the debt limit will automatically drop from its temporary \$395 billion level to the presently authorized \$380 billion permanent level. Since the debt subject to limit on this same June 30 date is expected to be \$396.5 billion, this means that the outstanding debt would be \$16.5 billion in excess of the ceiling at the close of the current fiscal year.

In recognition of these hard facts, the pending bill raises the temporary debt limit to \$430 billion from its present level of \$395 billion. This increase is effective

after the date of enactment of the bill until June 30, 1972. The bill also increases the permanent debt limit to \$400 billion from its present level of \$380 billion.

The increase in the debt limit has been kept as small as possible to avoid encouraging increased spending. In fact, the Treasury asked for a limitation increase of \$40 billion, but the level provided in the bill is \$5 billion below this.

According to Treasury figures, as of June 30, 1971, the close of the current fiscal year, the debt subject to limit, assuming the usual \$6 billion cash balance, will amount to \$396.5 billion.

To this amount, we must add a \$33.6 billion deficit in the Federal funds budget which is expected to accumulate from the close of the current fiscal year to June 15, 1972. This deficit figure will probably come as a surprise to some because it is substantially above the \$11.6 billion deficit in the unified budget for fiscal year 1972. However, the unified budget cannot be used for purposes of the debt ceiling because it shows only the increase in the debt owed to the public. Instead we must use the Federal funds budget which also shows the debt owed to the trust funds, which the Government manages in a fiduciary capacity.

In addition to the Federal funds deficit, we must take into account the peak deficit for the year. This peak deficit of \$33.6 billion is expected to be reached on June 15, 1972. This peaking occurs at that time because, while the flow of expenditures is relatively even over the fiscal year, more of the receipts tend to come in late in the year.

Other items that are added to arrive at an adequate debt limit include a \$3 billion allowance for contingencies and a \$500 million allowance for conceptual differences between the expected deficit in the Federal funds budget and the debt subject to limit.

These figures will give you a total of \$433.6 billion.

The fact that the pending bill provides for a temporary debt limit of \$430 billion rather than the \$433.6 billion is an indication of how conservative the committee was in arriving at the new figure. We set the debt limit at \$430 billion because we believed that the cash balance could be held to \$2.4 billion on June 15, 1972, instead of the \$6 billion as the Treasury assumed. A \$2.4 billion cash balance on June 15, 1972, is reasonable since this is within the range of the cash balances usually existing at this date in prior years. After all, the Treasury will still have available an extra \$3 billion on that date to cover any contingencies.

I must admit, however, that there are other factors.

I must admit, however, that there are other factors which make me suspect that the \$430 billion limit actually will not be adequate for the entire fiscal year 1972. This debt limit is based on Treasury Department estimates of receipts and expenditures. However, as most of us know, almost every year actual expenditures have a way of being higher than projected expenditures. In addition, the receipts estimated by the Treasury are based on a much higher economic level than most economists believe will occur in the calendar year 1971. Our staff, for example,

#### PUBLIC DEBT AND INTEREST RATE LIMITATIONS

The PRESIDING OFFICER (Mr. TUNNEY). The hour of 12 o'clock having arrived, the Chair now lays before the Senate the unfinished business which the clerk will state.

The assistant legislative clerk read as follows:

H.R. 4690, to increase the public debt limit set forth in Section 21 of the Second Liberty Bond Act, and for other purposes.

The Senate resumed the consideration of the bill.

#### QUORUM CALL

Mr. BYRD of West Virginia. Mr. President I suggest the absence of a quorum.

estimates that receipts for fiscal year 1972 will be about \$6 billion lower than the administration estimates.

These factors suggest to me that the actual deficit will be larger than is projected by the administration. If this happens, we probably will have to reconsider the limitation about this time next year.

In closing my remarks on the debt limitation, I want to be sure that no Member of the Senate is under any illusion as to what will happen if we fail to act. The Treasury Department would not be able to issue any new Government obligations, the Treasury's cash balance would be exhausted rapidly, and the Government would be compelled to delay full payment of contract obligations, Government salaries, various loan and benefit programs, and grants to State and local governments. It is obvious that we cannot permit these things to happen.

The debt limit in this bill of \$430 billion, of course, seems very large—the highest limit yet proposed. As large as it is, though, we need to keep it in perspective by comparing it with the gross national product and the total of private debt. These comparisons show us that the burden of the debt in relation to our economic capabilities has decreased year-by-year.

Since the end of 1946—the first full year after the end of World War II, gross national product has increased more than 4 times, from \$221.4 billion to about \$1 trillion at the end of 1970. In that same period of time, the total outstanding Federal debt—which includes

the debt issued by Federal agencies—has risen from \$261 billion to a total outstanding of \$402 billion, an increase of 54 percent. These totals show the outstanding Federal debt was about 118 percent of GNP at the end of 1946, but only about 40 percent of GNP at the end of 1970.

Mr. President, I ask unanimous consent that the tabulation showing this relationship be printed in the RECORD at this point.

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

TABLE 1.—TOTAL OUTSTANDING FEDERAL GOVERNMENT DEBT RELATED TO GROSS NATIONAL PRODUCT, 1946-69

[In billions of dollars]

End of calendar year	Gross national product <sup>1</sup>	Outstanding Federal debt	Federal debt as a percent of gross national product
1946	221.4	260.7	117.8
1947	245.0	257.6	105.1
1948	261.2	253.8	97.2
1949	260.5	257.9	99.0
1950	311.2	257.8	82.8
1951	338.2	260.2	76.9
1952	361.0	263.3	73.0
1953	360.8	276.0	76.5
1954	379.8	279.5	73.6
1955	409.7	282.2	68.9
1956	433.2	278.3	64.2
1957	438.1	278.1	63.5
1958	469.2	285.3	60.8
1959	496.8	296.5	59.7
1960	503.4	296.6	58.9
1961	542.8	303.0	55.8
1962	574.7	311.3	54.2
1963	611.8	317.4	51.9
1964	654.0	327.0	50.0
1965	719.2	330.7	46.0

End of calendar year	Gross national product <sup>1</sup>	Outstanding Federal debt	Federal debt as a percent of gross national product
1966	770.2	343.3	44.6
1967	825.4	364.8	44.2
1968	899.5	373.1	41.5
1969	955.6	382.0	40.0
1970 (estimate)	1,000.0	401.6	40.2

<sup>1</sup> Implied level end of year, calculated as the average of the 4th and 1st calendar quarters at seasonally adjusted annual rates for the years 1939 through present. Prior to 1939, averages of 2 calendar year figures are used as the best approximation of Dec. 31 levels.

Source: Office of the Secretary of the Treasury, Office of Debt Analysis.

Mr. LONG. When we compare the outstanding Federal debt with the growth in the debt of individuals, corporations, and State and local governments for the period from 1946 through 1969, we find the debt of each of these three groups has increased over 800 percent. In contrast, Federal debt during the same period has increased 50 percent.

These comparisons help us appreciate that the Federal Government has been more careful about the extent to which it resorts to debt in order to finance its operations than any of the other three major groups in our economy.

Mr. President, I ask unanimous consent that the tabulation showing the relationship of these different types of debt for this period be printed in the RECORD at this point.

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

TABLE 2.—ESTIMATED GROSS GOVERNMENT AND PRIVATE DEBT, BY MAJOR CATEGORIES, 1946-69

[Dollar amounts in billions]

Dec. 31	Private			State and local	Outstanding Federal debt (including Federal agency issues)	Total	Percent Federal total	Dec. 31	Private			State and local	Outstanding Federal debt (including Federal agency issues)	Total	Percent Federal total
	Individual	Corporate <sup>1</sup>	Total						Individual	Corporate <sup>1</sup>	Total				
1946	59.9	109.3	169.2	16.1	260.7	446.0	58	1958	222.9	312.0	534.9	60.4	285.3	880.6	32
1947	69.4	128.9	198.3	17.5	257.6	473.4	54	1959	245.0	341.4	586.4	66.6	296.5	949.5	31
1948	80.6	139.4	220.0	19.6	253.8	493.4	51	1960	263.3	365.1	628.4	72.0	296.6	997.0	30
1949	90.4	140.3	230.7	22.2	257.9	510.8	50	1961	284.8	391.5	676.3	77.6	303.0	1,056.9	29
1950	104.3	167.7	272.0	25.3	257.8	555.1	46	1962	311.9	421.5	733.4	83.4	311.3	1,128.1	28
1951	114.3	191.9	306.2	28.0	260.2	594.4	44	1963	345.8	457.1	802.2	89.5	317.4	1,209.1	26
1952	129.4	202.9	332.3	31.0	263.3	631.6	42	1964	380.1	497.3	877.4	95.5	327.0	1,299.9	25
1953	143.2	212.9	356.1	35.0	276.0	667.1	41	1965	416.1	551.9	968.0	103.1	330.7	1,401.8	24
1954	157.2	217.6	374.8	40.2	279.5	694.5	40	1966	466.9	617.3	1,084.2	109.4	343.3	1,536.9	22
1955	180.1	253.0	434.9	46.3	282.2	763.4	37	1967	486.6	664.4	1,145.0	117.4	364.8	1,627.2	22
1956	195.5	277.3	472.8	50.1	273.2	801.2	35	1968	520.5	754.0	1,274.5	127.7	373.1	1,775.3	21
1957	207.6	295.8	503.4	54.7	278.1	836.2	33	1969	555.1	861.0	1,416.1	137.0	382.0	1,935.1	20

<sup>1</sup> Includes debt of federally sponsored agencies excluded from the Budget which amounted to \$700,000,000 on Dec. 31, 1947; \$9,000,000,000 billion on Dec. 31, 1967; and \$21,500,000,000 on Dec. 31, 1968.

Source: Commerce and Treasury Departments.

Mr. LONG. I want to turn now to the changes made by the bill in the interest rate limitation on long-term Government bonds. Basically, this provision is designed to give the Treasury greater flexibility in issuing long-term and short-term debt. I want to make clear at the outset that I initially had mixed feelings about this provision. However, we approved this provision because, after careful consideration, we concluded that the limited exception to the interest rate limitation deserves a test.

Let me give you the details of this change. Present law places a 4¼-percent interest ceiling on Government

bonds with maturities of more than 7 years. The pending bill keeps this limitation as a general limit but permits the Treasury Department to issue up to \$10 billion of long-term securities without regard to this ceiling.

The Treasury Department asked for a complete elimination of the ceiling, but, as I have said, all the bill before us does is provide a limited exception to the 4¼-percent ceiling—\$10 billion.

I know that a number of Members of the Senate fear that the removal or modification of the interest rate ceiling will result in increased interest rates. In fact, when I began consideration of this

bill I had the same fear and I believe that most of the other Finance Committee members did too.

Why, then, did we approve this provision if this is our position on interest rates? The answer is that the Treasury made an impressive case to the effect that the introduction of some flexibility in the interest rate limitation could well bring down the overall interest rate paid on the public debt by making it possible to manage the public debt more efficiently.

Secretary Connally told us that the present 4¼-percent ceiling has not kept interest rates down. He also said this

ceiling has not reduced the Government's overall interest costs. It has merely forced the Treasury to concentrate its financing in short-term securities which are not subject to the interest rate limitation. As a result, the Government had to issue short-term securities even during the tight money period when the short-term rate was higher than the long-term rate. Even when the short-term rate is lower than the long-term rate with the heavy proportion of short-term debt we have, it may pay, in terms of interest cost savings, to use long-term financing. This is true where a limited amount of long-term financing, instead of short-term financing, prevents a rise in interest rates, which would otherwise apply to much larger issues of short-term debt.

So the present rigid 4¼-percent ceiling, no matter what its objectives, may have bad results: Instead of lowering overall interest rates it may raise them. Instead of cutting the Government's interest costs, it may increase these costs.

Secretary Connally also told us that the present interest ceiling has grave effects on the management of the public debt. In June of 1965, the average maturity of the public debt was 5 years and 9 months. At the end of January, this year, the average maturity of the public debt was only 3 years and 4 months. This shortening of the maturity period is the result of being forced, more and more, into short-term financing. The shorter maturity of our debt makes it necessary to rollover this debt more and more frequently, to refinance the securities as they mature. This means the Treasury must enter, and therefore disturb, the market at shorter and shorter intervals. Often, in this case, the refinancing must occur when others are also going heavily into the financial markets.

In recent years the emphasis on short-term Government financing has dammed up the flow of funds for housing. It has diverted funds from savings institutions to short-term Government obligations—funds which normally make capital available for homebuilding.

The open market operations of the Federal Reserve Board also have been made more difficult by the fact that the

maturity of the debt requires large and frequent financing.

As I explored the case for flexibility in the interest rate ceiling, I was persuaded that the case is a good one for a limited test. Essentially, what the bill does is give the Treasury a chance to prove its case with a limited amount of long-term debt. Then, at a later date, we can review how successful it was and see whether or not additional authority of this type should be granted. We owe it to the public to let the Treasury demonstrate, if it can, that it can issue long-term debt with a favorable impact on debt management, on interest rates, and on the economy.

Finally, let me turn to the third provision in the bill sent to us by the House. This provision eliminates, for the future, a tax loophole which has been subject to considerable criticism. Under present law, it is possible to use Government notes and bonds at their face value to pay Federal tax liabilities. Generally, although not always, the practice is associated with the estate tax. The advantage lies in using Federal securities whose market value is much less than their face value to pay Federal taxes based on the obligations' face value rather than at their lower current market price.

For example, an individual or his tax planner may be able to purchase a Government security having a face value of \$100 for \$75 if it bears an interest rate which is too low in today's market. Later, his estate tax can be paid with these bonds treating them as if they were worth \$100 instead of the \$75 which is their actual value.

The provision in the bill before us does not, in any way, affect this advantage for any existing Federal securities since to do so would interfere with existing contractual rights. However, the bill provides that securities issued after March 3, 1971, cannot be used to pay Federal taxes in an amount above the fair market value of the obligation at the time it is presented for payment. This means that those who have purchased securities which are selling below their face value will not be affected by this provision. As a matter of fact, since there is a large volume of securities already outstanding which are selling below their face value,

taxpayers will, for some time to come, be able to use existing securities. Only as the presently outstanding securities mature and are retired will this loophole be completely eliminated. As a result, the effect of this provision is to gradually phase out this tax advantage over a period of years, causing very little, if any, disruption to current tax planning.

There is one minor exception to this new prohibition. It does not apply to Treasury bills issued for less than a year. In the case of Treasury bills, the discount is very minor and the advantage is not for more than 6 days of interest. If we were to deny the use of these bills for tax payments before maturity, it would create financing problems for the Treasury. They permit the use of Treasury bills to pay taxes in order to even out the flow of cash into the Treasury. The Treasury receives large tax payments after the 15th of March, April, and June in the period between the 15th and 22d of these months. The purchase of bills which mature on the 22d of these months before the tax due dates, in effect, means the Treasury receives the cash earlier and has a smoother cash flow.

In any event, since the bills are auctioned off in the market, and since about one-quarter of them are used for payment of tax, it would appear that this 6-day shorter maturity period undoubtedly is a factor taken into account by bidders in arriving at the market price.

Mr. President, I have informed members of the committee, and as the majority leader has announced, that I intend to offer an amendment.

Mr. President, I send to the desk an amendment to the pending bill.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

The amendment is as follows:

At the end of the bill, add the following new title:

**TITLE II—AMENDMENTS TO THE SOCIAL SECURITY ACT**

**INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS**

SEC. 201. (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					II				
(Primary insurance benefit under 1939 act, as modified)	(Primary insurance amount under 1969 act)	(Average monthly wage)	(Primary insurance amount)	(Maximum family benefits)	(Primary insurance benefit under 1939 act, as modified)	(Primary insurance amount under 1969 act)	(Average monthly wage)	(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—					If an individual's primary insurance benefit (as determined under subsec. (d)) is—				
At least—	But not more than—	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—	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—
	\$26.94	\$90.60 or less		\$150.00	\$188.50	\$441	\$445	\$207.40	\$387.70
\$26.95	27.46	91.90	\$114	101.10	189.80	446	450	208.80	389.90
27.47	28.00	93.30	119	102.70	191.20	451	454	210.40	391.60
28.01	28.68	94.70	123	104.20	192.40	455	459	211.70	393.80
28.69	29.25	96.20	128	105.90	193.70	460	464	213.10	396.00
29.26	29.68	97.50	133	107.30	195.00	465	468	214.50	397.80
29.69	30.36	98.80	137	108.70	196.40	469	473	216.10	400.00
30.37	30.92	100.30	142	110.40	197.60	474	478	217.40	402.20
30.93	31.36	101.70	147	111.90	198.90	479	482	218.80	404.00
31.37	32.00	103.00	151	113.30	200.30	483	487	220.40	406.20
32.01	32.60	104.50	156	115.00	201.50	488	492	221.70	408.40
32.61	33.20	105.80	161	116.40	202.80	493	496	223.10	410.10
33.21	33.88	107.20	165	118.00	204.20	497	501	224.70	412.30
33.89	34.50	108.60	170	119.50	205.40	502	506	226.00	414.50
34.51	35.00	110.00	175	121.00	206.70	507	510	227.40	416.30
35.01	35.80	111.40	179	122.60	208.00	511	515	228.80	418.50
35.81	36.40	112.70	184	124.00	209.30	516	520	230.30	420.70
36.41	37.08	114.20	189	125.70	210.60	521	524	231.70	422.40
37.09	37.60	115.60	194	127.20	211.90	525	529	233.10	424.60
37.61	38.20	116.90	198	128.60	213.30	530	534	234.70	426.80
38.21	39.12	118.40	203	130.30	214.50	535	538	236.00	428.60
39.13	39.68	119.80	208	131.80	215.80	539	543	237.40	430.80
39.69	40.33	121.00	212	133.10	217.20	544	548	239.00	433.00
40.34	41.12	122.50	217	134.80	218.40	549	553	240.30	435.20
41.13	41.76	123.90	222	136.30	219.70	554	556	241.70	436.50
41.77	42.44	125.30	226	137.90	220.80	557	560	242.90	438.30
42.45	43.20	126.70	231	139.40	222.00	561	563	244.20	439.60
43.21	43.76	128.20	236	141.10	223.10	564	567	245.50	441.40
43.77	44.44	129.50	240	142.50	224.30	568	570	246.80	442.70
44.45	44.88	130.80	245	143.90	225.40	571	574	248.00	444.40
44.89	45.60	132.30	250	145.60	226.60	575	577	249.30	445.80
		133.70	254	147.10	227.70	578	581	250.50	447.50
		134.90	259	148.40	228.90	582	584	251.80	448.80
		136.40	264	150.10	230.00	585	588	253.00	450.60
		137.80	268	151.00	231.20	589	591	254.40	451.90
		139.20	273	153.20	232.30	592	595	255.60	453.70
		140.60	278	154.70	233.50	596	598	256.90	455.00
		142.00	282	156.20	234.60	599	602	258.10	456.80
		143.50	287	157.90	235.80	603	605	259.40	458.10
		144.70	292	159.20	236.90	606	609	260.60	459.80
		146.20	296	160.90	238.10	610	612	262.00	461.20
		147.60	301	162.40	239.20	613	616	263.20	462.90
		148.90	306	163.80	240.40	617	620	264.50	464.70
		150.40	310	165.50	241.50	621	623	265.70	466.00
		151.70	315	166.90	242.70	624	627	267.00	467.80
		153.00	320	168.30	243.80	628	630	268.20	469.40
		154.50	324	170.00	245.00	631	634	269.50	471.70
		155.90	329	171.50	246.10	635	637	270.80	473.90
		157.40	334	173.20	247.30	638	641	272.10	476.20
		158.60	338	174.50	248.40	642	644	273.30	478.30
		160.00	343	176.00	249.60	645	648	274.60	480.60
		161.50	348	177.70	250.70	649	650	275.80	482.70
		162.80	352	179.10		651	655	276.80	484.40
		164.30	357	180.80		656	660	277.80	486.20
		165.60	362	182.20		661	665	278.80	487.90
		166.90	366	183.60		666	670	279.80	489.70
		168.40	371	185.30		671	675	280.80	491.40
		169.80	376	186.80		676	680	281.80	493.20
		171.30	380	188.50		681	685	282.80	494.90
		172.50	385	189.80		686	690	283.80	496.70
		173.90	390	191.30		691	695	284.80	498.40
		175.40	394	193.00		696	700	285.80	500.20
		176.70	399	194.40		701	705	286.80	501.90
		178.20	404	196.10		706	710	287.80	503.70
		179.40	408	197.40		711	715	288.80	505.40
		180.70	413	198.80		716	720	289.80	507.20
		182.00	418	200.20		721	725	290.80	508.90
		183.40	422	201.80		726	730	291.80	510.70
		184.60	427	203.10		731	735	292.80	512.40
		185.90	432	204.50		736	740	293.80	514.20
		187.30	437	206.10		741	745	294.80	515.90
						746	750	295.80	517.70"

(b) Section 203(a) of such Act is amended by striking out paragraph (2) 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 January 1971 on the basis of the wages and self-employment income of such insured individual and at least one such person was so entitled for December 1970 on the basis of such wages and self-employment income, such total of benefits for January 1971 or any

subsequent month shall not be reduced to less than the larger of—  
 "(A) the amount determined under this subsection without regard to this paragraph, or  
 "(B) 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 the Social Security Amendments of 1971,

for each such person for such month, by 110 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 (1) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B), and (2) if section 202(k)(2)(A) was applicable in the case of any such benefits for January 1971, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)

(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for January 1971, or”.

(c) Section 215(b)(4) of such Act is amended by striking out “December 1969” each time it appears and inserting in lieu thereof “December 1970”.

(d) Section 215(c) of such Act is amended to read as follows:

“Primary Insurance Amount Under 1969 Act

“(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 on the basis of the law in effect prior to the enactment of the Social Security Amendments of 1971.

“(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 January 1971, or who died before such month.”

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970 and with respect to lump-sum death payments under such title in the case of deaths occurring after December 1970.

(f) If an individual was entitled to a disability insurance benefit under section 223 of the Social Security Act for December 1970 and became entitled to old-age insurance benefits under section 202(a) of such Act for January 1971, or he died in such month, 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 the primary insurance amount on which his disability insurance benefit is based.

INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

SEC. 202. (a) (1) Section 227(a) of the Social Security Act is amended by striking out “\$46” and inserting in lieu thereof “\$48.30”, and by striking out “\$23” and inserting in lieu thereof “\$24.20”.

(2) Section 227(b) of such Act is amended by striking out “\$46” and inserting in lieu thereof “\$48.30”.

(b) (1) Section 228(b)(1) of such Act is amended by striking out “\$46” and inserting in lieu thereof “\$48.30”.

(2) Section 228(b)(2) of such Act is amended by striking out “\$46” and inserting in lieu thereof “\$48.30”, and by striking out “\$23” and inserting in lieu thereof “\$24.20”.

(3) Section 228(c)(2) of such Act is amended by striking out “\$23” and inserting in lieu thereof “\$24.20”.

(4) Section 228(c)(3)(A) of such Act is amended by striking out “\$46” and inserting in lieu thereof “\$48.30”.

(5) Section 228(c)(3)(B) of such Act is amended by striking out “\$23” and inserting in lieu thereof “\$24.20”.

(c) The amendments made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.

LIBERALIZATION OF EARNINGS TEST

SEC. 203. (a) (1) Paragraphs (1) and (4) (B) of section 203(f) of the Social Security Act are each amended by striking out “\$140” and inserting in lieu thereof “\$200”.

(2) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out “\$140” and inserting in lieu thereof “\$200”.

(3) Paragraph (3) of section 203(f) of such Act is amended to read as follows:

“(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum

of his earnings for such year in excess of the product of \$200 multiplied by the number of months in such year. The excess earnings as derived under the preceding sentence, if not a multiple of \$1, shall be reduced to the next lower multiple of \$1.”

(b) The amendments made by this section shall apply with respect to taxable years ending after December 1970.

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

SEC. 204. (a) (1) (A) Section 209(a)(5) of the Social Security Act is amended by inserting “and prior to 1972” after “1967”.

(B) Section 209(a) of such Act is further amended by adding at the end thereof the following new paragraph:

“(6) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$9,000 with respect to employment has been paid to an individual during any calendar year after 1971, is paid to such individual during any such calendar year;”.

(2) (A) Section 211(b)(1)(E) of such Act is amended by inserting “and beginning prior to 1972” after “1967”, 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 subparagraph:

“(F) For any taxable year beginning after 1971, (i) \$9,000, 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 1967” and inserting in lieu thereof “after 1967 and before 1972, or \$9,000 in the case of a calendar year after 1971”.

(B) Section 213(a)(2)(iii) of such Act is amended by striking out “after 1967” and inserting in lieu thereof “after 1967 and beginning before 1972, or \$9,020 in the case of a taxable year beginning after 1971”.

(4) Section 215(e)(1) of such Act is amended by striking out “and the excess over \$7,800 in the case of any calendar year after 1967” and inserting in lieu thereof “the excess over \$7,800 in the case of any calendar year after 1967 and before 1972, the excess over \$9,000 in the case of any calendar year after 1971”.

(b) (1) (A) Section 1402(b)(1)(E) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting “and beginning before 1972” after “1967”, 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 subparagraph:

“(F) for any taxable year beginning after 1971, (i) \$9,000, minus (ii) the amount of the wages paid to such individual during the taxable year; or”.

(2) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out “\$7,800” each place it appears and inserting in lieu thereof “\$9,000”.

(3) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out (c) and inserting in lieu thereof “\$9,000”.

(4) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out “\$7,800” where it appears in subsections (a), (b), and (c) and inserting in lieu thereof “\$9,000”.

(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 1972” after “after the calendar year 1967”; and

(B) by inserting after “exceed \$7,800” the following: “or (E) during any calendar year after the calendar year 1971, the wages received by him during such year exceed \$9,000;” and

(C) by inserting before the period at the end thereof the following: “and before 1972, or which exceeds the tax with respect to the first \$9,000 of such wages received in such calendar year after 1971”.

(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 \$7,800 for any calendar year after 1967” and inserting in lieu thereof “\$7,800 for the calendar year 1968, 1969, 1970, or 1971, or \$9,000 for any calendar year after 1971”.

(7) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out “\$6,600” and inserting in lieu thereof “\$9,000”.

(c) The amendments made by subsections (a) (1) and (a) (3) (A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1971. The amendments made by subsections (a) (2), (a) (3) (B), (b) (1), and (b) (7) shall apply only with respect to taxable years beginning after 1971. The amendment made by subsection (a) (4) shall apply only with respect to calendar years after 1971.

CHANGES IN TAX SCHEDULES

SEC. 205. (a) (1) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out “and” at the end of paragraph (3) and by striking out paragraph (4) and inserting in lieu thereof the following:

“(4) with respect to wages received during the calendar years 1973, 1974, and 1975, the rate shall be 5.0 percent;

“(5) with respect to wages received during the calendar years 1976, 1977, 1978, 1979, and 1980, the rate shall be 5.3 percent; and

“(6) with respect to wages received after December 31, 1980, the rate shall be 5.6 percent.”

(2) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out “and” at the end of paragraph (3) and by striking out paragraph (4) and inserting in lieu thereof the following:

“(4) with respect to wages paid during the calendar years 1973, 1974, and 1975, the rate shall be 5.0 percent;

“(5) with respect to wages paid during the calendar years 1976, 1977, 1978, 1979, and 1980, the rate shall be 5.3 percent; and

“(6) with respect to wages received after December 31, 1980, the rate shall be 5.6 percent.”

(b) The amendments made by subsection (a) (1) shall apply only with respect to taxable years beginning after December 31, 1971. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1971.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 206. Section 201(b)(1) of the Social Security Act is amended—

(1) by striking out “and (D)” and inserting in lieu thereof “(D)”; and

(2) by striking out “after December 31, 1969, and so reported,” and inserting in lieu thereof the following: “after December 31, 1969, and before January 1, 1973, and so reported, (E) 1.10 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1981, and so reported, and (F) 1.25 per centum of the wages (as so defined) paid after December 31, 1980, and so reported.”

## SHORT TITLE

SEC. 207. This title may be cited as the "Social Security Amendments of 1971."

Mr. LONG. Mr. President, I yield myself 10 minutes on the amendment.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, my amendment is a simple one; it incorporates those provisions of last year's social security bill providing for a 10-percent across-the-board benefit increase, a \$100 minimum benefit, an increase in special payments to persons 72 and over, and an increase in the earnings limitation from \$1,680 to \$2,400. The benefit increase would be fully paid for by an increase in the taxable wage base from \$7,800 to \$9,000, and by slight upward adjustments in the tax rates after 1975.

Senators will recall that last year's social security bill passed the Senate by a vote of 81 to 0. Unfortunately, the House refused to go to conference with us, and the bill died despite its massive support in the Senate. This year I have pleaded for the House to move the social security increase so we can promptly provide higher benefits for 26 million people and help them meet today's higher costs of living. Unfortunately, the House has not responded.

The Ways and Means Committee of the House of Representatives is now involved in considering not only a 10-percent social security benefit increase but also substantial changes in the welfare law. I can say, based on personal experience last year, that this will be an extensive and time-consuming process. I am sure that there is near unanimity that we need to improve our present welfare system, but I believe that it would be unfortunate if we were to let months go by without legislating the 10-percent social security increase which was approved 81 to 0 by the Senate last year.

Under present law monthly social security benefits for workers retiring at age 65 this year now range from \$64 to \$193.70; under the amendment they would range from \$100 to \$213.10. Benefits for a couple today average \$198 under present law; under the amendment the average benefit would be increased to \$233. For a widowed mother with two children the average benefit under present law is now \$295; under the amendment it would be \$331. The benefit increase would mean additional benefit payments of \$5 billion in the first 12 months.

Under present law also special payments of \$46 a month for an individual, and \$69 for a couple are made to people age 72 and over who have not worked under the Social Security Program long enough to qualify for regular cash benefits. Under my amendment these payments would be increased to \$48.30 for an individual and to \$72.50 for a couple.

Another important provision of my amendment would make significant changes in the earnings limitation under the social security program. First, the amendment would increase from \$1,680 to \$2,400 the amount a social security beneficiary may earn and still receive his full social security benefits for that year. Second, the amendment modifies

the treatment of earnings above the exempt amount. Under present law each \$2 earned between \$1,680 and \$2,880 results in a \$1 reduction in benefits; each dollar earned above \$2,880 reduces benefits by \$1. This work disincentive would be eliminated under the amendment which would provide a \$1 reduction for each \$2 earned with respect to all earnings above \$2,400. In other words, the more a beneficiary works and earns the more spendable income he would have.

My amendment would provide that the 10 percent social security increase be effective retroactive to January 1, 1971.

However, even if my amendment were signed into law today, it would require several months for the Social Security Administration to process the benefit increase. I am informed by the Social Security Administration that if the Senate approves my amendment today and the matter is acted upon quickly by the House, the benefit increase can be processed in time to be included in the checks mailed out at the beginning of June. If final action on my amendment is delayed for even a few days, however, 26 million beneficiaries will have to wait until after the Fourth of July before they begin receiving the increased benefits. This is why I urge prompt congressional action in approving the benefit increase even though it is retroactive.

The Congress has always insured that the social security cash benefit programs are fully financed on a sound actuarial basis. My amendment will continue this practice.

The amendment provides for an increase in the ceiling on taxable and creditable earnings from \$7,800 to \$9,000, effective beginning January 1972. This means that people earning \$9,000 or more will pay taxes on an additional \$1,200 of earnings. But it will also mean that they will be credited with higher earnings and will thus be eligible for higher benefits. Thus, the increase in taxable wages will make possible benefits that are more reasonably related to the actual earnings of workers at higher earnings levels. If the base were to remain unchanged, more and more workers would have earnings above the creditable amount and their benefit protection would be related to a smaller and smaller part of their full earnings.

My amendment would also make appropriate adjustment in the tax rates for the social security cash benefit programs to assure that those programs remain actuarially sound. Specifically, during calendar years 1976 through 1980, the rate on employers and employees would be fixed at 5.3 percent for the cash portion of the social security program as compared to the 5-percent rate scheduled for those years under existing law. With respect to wages received in 1981 and thereafter, the rate would be fixed at 5.6 percent on employers and employees as compared to the 5-percent rate scheduled under existing law.

Mr. President, 26 million social security beneficiaries are waiting for the Congress to act on this measure to increase their benefits by \$5 billion. I urge my colleagues to pass on my amendment quickly so that we may not keep these

26 million beneficiaries waiting any longer.

Mr. TALMADGE. Mr. President, will my chairman yield at this point?

Mr. LONG. I yield.

Mr. TALMADGE. I congratulate my distinguished chairman for offering this amendment. I approve of it wholeheartedly. It is almost identical to one I had intended to offer. This amendment embodies several provisions of the social security bill which was passed by a vote of 81 to 0 on the floor of the Senate last year.

Many of our retirees living on modest social security benefits are in extreme financial difficulties due to inflationary and other factors. I think it is foolhardy to wait several more months to consider legislation of this character, and I hope the Senate will adopt the amendment unanimously today.

Mr. LONG. I thank the Senator.

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

Mr. LONG. I yield.

Mr. MILLER. I understand that the Senator's amendment includes a proposed \$100 minimum in the social security structure.

Mr. LONG. Yes, it does. May I say that is the suggestion that was first offered by the Senator from West Virginia (Mr. BYRD) and the majority leader, the Senator from Montana (Mr. MANSFIELD). The Senator may recall that a \$100 minimum has now been passed twice by the Senate.

Mr. MILLER. Yes, the Senator from Iowa recalls that. He also recalls that in the conference committee meeting on the Tax Reform Act of 1969, this particular amendment by the Senate was rejected very forcibly on the part of the House membership of the conference committee. It is my recollection that one of the main reasons why the House conferees rejected the amendment was that they indicated that research showed that a great many of the people who would be eligible for the minimum were already receiving benefits from one or more retirement plans and really did not need it.

I remember the argument made on the floor of the Senate was: Who can live on \$100 a month? And, of course, nobody is going to argue about that, but it does not state the question accurately. The question is: Who, without other income, can live on \$100 a month? Then I think we might get a different answer.

The concern that the Senator from Iowa has is that there will probably be a great many people receiving benefits from one or more retirement plans, such as civil service retirement, some State retirement system, some private corporate plan, and we are going to come along and give those people, who do not need it, a \$100 minimum when they have not paid for it. I do not think such a minimum is as equitable as we ought to be able to devise.

I am wondering if the Senator from Louisiana has given some thought to the possibility of modifying the amendment to take into account those who do not need it because they are receiving benefits from other retirement plans.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. LONG. Mr. President, I yield myself 5 more minutes.

Mr. MILLER. So that we will do equity to those who need it without at the same time favoring those who do not need it.

Mr. LONG. I am sure that the Senator is aware of the fact that to do so would be to build a needs test into the social security program.

I am well aware of the fact that the chairman of the House Ways and Means Committee, in an interview with U.S. News & World Report this month, stated he was opposed to a \$100 minimum. His views were reflected as being parallel with those of the Senator from Iowa. He also indicated he was in favor of the 10 percent increase.

I cannot predict what will happen in conference on this matter, but I have seen the Senate vote for a \$100 minimum two times. The reason why I have included a \$100 minimum in my amendment is that I have no doubt that, if I did not, another Senator would offer it.

Mr. MILLER. I do not like to see an empty gesture, so to speak, and we have had two of them now, as the Senator points out. A number of people have become euphoric about the fact that they were going to receive a \$100 minimum. Many of them need it very badly. To get their hopes up and then dash them because of a defect in the approach seems to me to be a little cruel.

If we modified the proposal to take into account income from other retirement plans, so that those who needed it were to receive it, I would think, on the basis of our experience with the distinguished chairman of the House Ways and Means Committee and the conferees a year ago last December, they would go along with the proposal, and then we would deliver instead of just make a further empty gesture.

Would not the Senator think this would be a better approach rather than the approach whereby it failed twice?

Mr. LONG. I think it might be better to go to conference with the provision as it is in my amendment. If the House were willing to go along with any part of this matter, I think we would be in a better position to work it out in conference than on the Senate floor.

Mr. MILLER. Then do I understand that the whole matter would be in conference?

Mr. LONG. Yes, it would be.

Mr. MILLER. So that modifications along this line might be worked out?

Mr. LONG. That is my feeling.

Mr. MILLER. I had one further question to ask of my distinguished chairman. I note that key elements of the social security bill we passed last December, which unfortunately was not taken up by the House because of the lateness of the session, are generally taken care of in his amendment.

There was one item which was extremely vital, which was included in the bill before the Senate and which was included in the bill as reported by the Sen-

ate Finance Committee and passed by the Senate, and that was the automatic increase in social security benefits to meet increases in the cost of living.

Does the Senator understand that is going to be taken up later in the House bill or that our Finance Committee will take it up later?

Mr. LONG. Yes; that is one of the many provisions we will have the opportunity to consider this year. When the House completes its action on the social security bill, if that provision is not in it, I am sure it will be offered by a Senator, either in the Finance Committee or on the floor. I have no doubt that it will be offered at a future date if the House does not include it in the bill it sends to us. There is not the same emergency on this matter, however, as there is with respect to the 10-percent increase.

Mr. MILLER. The Senator is correct, and the key elements that he has incorporated in his bill are of greater urgency, if we have a 10-percent increase effective January 1 of this year.

It would be some time before a cost-of-living automatic increase would become operative, but I just wanted to make sure that there was no intention to denigrate that most important provision which, as the Senator from Louisiana knows, I have been striving for ever since 1963.

The PRESIDING OFFICER. The Senator's additional 5 minutes have expired.

Mr. LONG. I yield myself 5 more minutes.

The PRESIDING OFFICER. On the bill?

Mr. MILLER. I thank the Senator for yielding.

Mr. LONG. The Senator will have an opportunity to vote on that provision this year.

The PRESIDING OFFICER. Does the Senator from Louisiana yield himself 5 minutes on the bill?

Mr. LONG. I have, Mr. President.

Mr. President, I would hope we can vote on the amendment. I suspect that perhaps a number of Senators would like a rollcall vote on it, and for that reason—

Mr. CURTIS. Mr. President, could I be recognized for 5 minutes on the bill?

Mr. LONG. I yield first to the Senator from Nebraska.

Mr. GRIFFIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRIFFIN. Is it correct that half of the time is under the control of the minority leader or his designee?

The PRESIDING OFFICER. That is correct.

Mr. GRIFFIN. I designate the Senator from Nebraska to control the time on our side.

Mr. CURTIS. I thank the Senator. I yield myself 5 minutes.

Mr. President, this is not a pleasant task for the Senate, to have to deal with the so-called debt limit. I think it is important, however, that we put it in proper perspective.

Debts are not created when we pass resolutions such as that before us today. Debts are created when we spend

too much money, when Congress appropriates more money than we have coming in, in revenue.

It even goes back beyond that. Whenever Congress enacts a law authorizing expenditures, those expenditures must be made, or the Government breaks faith with the people involved. There must be expenditures, and there must be appropriations made.

We are here today because there has been too much money spent, too much money appropriated. There have been too many programs enacted into law, and because too much money has been spent, Congress is called upon once more to raise the debt limit.

Without raising the debt limit, we would not lessen the obligations of the Government. If the Secretary of the Treasury is called upon to pay bills owed by our Government, and there is not enough revenue coming in to pay those bills, his only recourse is to borrow money through the issuance of Government bonds. If the authority for him to issue Government bonds is denied to him, it does not lessen the public debt. It means that certain bills will go unpaid.

It may mean that individuals who are expecting money from the Government, whether it be a social security payment, the payment of interest on Government bonds, or payment to a contractor for building a road or erecting a building, could not be made if there were no money in the Treasury and none could be borrowed. We would still owe the bill however. If we were to so conduct the financial affairs of this Government that, for instance, there was no money in the Treasury to pay the interest on the national debt, that would not lessen our debts, because we would still owe the money to the persons having interest coming instead of owing it to someone else who had purchased a Government bond.

My point in mentioning this is to point out that the real cause of a deficit position, the real cause of our mounting national debt, is that day after day and month after month, more expenditures are authorized by Congress, more money is appropriated, and more money is spent.

I, for one, do not like it. I believe that we must reverse the trend and stop increasing the national debt. I do not accept at all as a logical explanation that, because the gross national product has grown, therefore our national debt should likewise grow, and that it really is not bad because, percentage-wise, it is not any worse than it was, or may be a little better.

As I say, I do not accept that at all, for many reasons. In the first place, the citizens of this land, the young people of this land, the banks, foreign countries, and everyone else, are some day going to ask the question: Does Uncle Sam pay his obligations, or does he never pay his obligations, and merely renew?

That is one problem. The other is that the national debt is a great burden on the country. The interest on the national debt has reached more than \$20 billion a year. Before the next fiscal year is over,

it will have reached \$21 billion. That means that Congress has to tax the people of the United States and collect \$21 billion to pay the interest on the Government debt, before there is \$1—

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CURTIS. I yield myself 3 additional minutes.

Before there is \$1 to spend on any Government program, pay any salary, support any veterans' hospital, or do anything else that ought to be done by the Government.

There is no way that we can explain away the burden of the interest on the national debt by saying it does not amount to much because the national debt has not grown as fast as our general economy has.

It is a very heavy burden. If it were not for the fact that this Government has not lived within its means in the past, from that \$20 billion we could have enough money for a very sizable tax reduction, and still sufficient revenue to pay for all Government programs.

What we are doing by going on and increasing the debt is mortgaging the future. Taxes are paid by people who toil and earn income, and part of that income has to be taken to pay the interest on past debts. That is not a good system.

Mr. President, I hope that we can put an end to the increasing of the national debt, and I am just optimistic enough to believe that it can be done. I believe that we can not only stop the rising of the debt, but we can go on a pay-as-you-go basis, and little by little pay off this national debt. I think that would provide a great spurt and start for this economy of ours, and it would certainly lessen the burden upon the taxpayers of the future.

Again, I point out that it is by spending that we increase the debt. Today we are paying the fiddler for past debts.

Mr. President, I yield the floor.

Mr. BEALL. Mr. President, I rise in support of this amendment which would provide for a 10-percent increase in social security benefits. In addition, I favor the liberalization of the social security earning test to \$2,400. Indeed, I introduced a similar proposal, H.R. 9509, in the last Congress.

I also strongly support the provision making the increase of social security benefits retroactive to the first of this year. I regard the social security legislation increase as a priority measure before the Congress, for I am aware of the difficulties that many senior citizens are having in making ends meet as they attempt to cope with the rising costs of living.

While inflation erodes the purchasing power of each American, it falls particularly hard on our citizens living on fixed incomes. The average life expectancy at retirement is approximately 15 years. If prices or inflation increase only 2 percent a year, the real value of an individual's pension would still be reduced by 18 percent after a decade; and by 33 percent after two decades. With inflation far exceeding that figure in recent years, it is easy to see why this measure is so important to so many senior citizens.

It also serves to underscore the stake

of our senior citizens in the country's battle against inflation. I also support, and the Congress should enact just as soon as possible, legislation which provides for an automatic cost-of-living adjustment for social security recipients. Such a step, as the President has observed, would make certain that senior citizens never again bear the brunt of inflation.

There is not a day that goes by when I do not receive a letter from a retired citizen of Maryland asking the Congress the simple question: When will Congress pass the social security bill which we have been waiting for and which we desperately need. While it is true that the increase provided in this measure will be made retroactive of the first of the year, nevertheless even with the Senate acting today and assuming prompt House action, it will still be about 3 months before the high social security checks are received by social security recipients. This is because it takes the Social Security Administration this period of time to gear up administratively for paying additional benefits.

So I say to my colleagues that last years delay was a great disappointment to me; my disappointment, however, was minor compared to the disappointment and hardship of our retired citizens. For Congress to further delay would be unconscionable.

Mr. President, the Nation owes a great debt to its senior citizens. They have worked hard all of their lives to help build the great country that we have. They in short have earned a decent retirement and it behoves Congress to pass this measure and send it to the President at the earliest possible date so that this anticipated and much needed additional income will reach the Nation's senior citizens.

Mr. CHURCH. Mr. President, for the 17 million persons 65 and over who now receive social security benefits, the proposed 10-percent increase will mean welcome relief. As chairman of the Senate Committee on Aging, I strongly support this long-overdue raise. Moreover, the retroactive date of this increase—to January 1—can provide further assistance for the aged in their desperate race with inflation. Especially significant is the substantial raise in minimum monthly benefits, from \$64 to \$100.

Welcome as these provisions are, we must remember that today's measure is a stopgap proposal. And we must not lose sight of the urgent need during this Congress for more fundamental reforms to improve our social security program. A few days ago, I outlined proposals for comprehensive social security and medicare revision. Mr. President, I ask unanimous consent that a description of these provisions be included at this point in the RECORD.

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

**SUMMARY OF MAJOR PROVISIONS IN S. 923  
(OMNIBUS SOCIAL SECURITY REFORM)**

**Benefit increases:** 15 percent retroactive to January 1, 1971, and then another 15 percent raise in 1972.

**Cost-of-living adjustments:** Beginning in

1973, benefits would be adjusted automatically on an annual basis for each 3 percent in the cost-of-living.

**Minimum benefits:** \$100 in 1971 for a single person, and then to \$120 in 1972.

**Widow's benefits:** 100 percent at age 65.

**Retirement test:** Increases the annual earnings limitations for persons under 72 from \$1,680 to \$2,000.

**Age 62 computation point for men:** Average earnings for men would be determined over a period of years ending at age 62—the same as now exists for women.

**Lump sum death payments:** Now equal to 3 times the worker's benefit but not greater than \$255. S. 923 would raise the \$255 limit to \$500.

**Disabled child's benefits:** Available for a disabled child of a worker, provided disability begins before age 22 rather than 18 as under existing law.

**Liberalized disability requirements:** S. 923 reduces the waiting period from 6 to 3 months. The requirement that the disability must be expected to last 12 months or result in death would be eliminated. Workers would qualify if unable to engage in substantial gainful activity (by reason of a medically determinable physical or mental impairment) in their regular work or in any other work in which they have engaged with some regularity in the recent past.

**Part B (supplementary medical insurance premiums):** S. 923 eliminates the premium charge for Part B and provides for financing both hospital and medical insurance programs through (1) contributions of employers and employees and (2) a matching contribution by the Federal Government. All moneys would go into a combined trust fund, which would pay the administrative expenses and benefits of both programs. Eligibility requirements for both programs would be identical to that under existing law for Part A.

**Medicare for disabled:** Extends Medicare coverage for disabled Social Security beneficiaries under age 65.

**Drugs:** Extends Medicare coverage for out-of-hospital prescription drugs. Covered drugs would be determined by the Secretary of HEW with the advice of an expert committee provided by the bill. Reimbursement would be made to providers of drugs on the basis of acquisition and dispensing allowances. Beneficiary would be required to make a \$1 copayment per prescription or per refill.

**General revenue financing:** Provides for general revenue financing equaling specified percentages of payroll taxes and gradually increasing over a 10 year period to an amount equal to approximately 1/3 the total cost of the program.

Mr. WILLIAMS. Mr. President, the Senate should act affirmatively today on the proposal to raise social security benefits by 10 percent, raise minimum benefits from \$64 to \$100, and increase earnings limitation to \$2,400.

This action is vitally needed: one out of every four Americans of age 65 and over lives in poverty; approximately 3 million more live in near poverty; and many millions of others know too well what it means to skimp along without necessities in a nation undergoing inflation and recession at one and the same time.

In view of the overwhelming need for immediate relief, today's proposal deserves the support of the Senate.

But it should be recognized clearly for what it is: a holding action until more far-reaching reforms can be enacted on social security and medicare.

It should be remembered that the last congressional action on social security was a stopgap measure, too.

In December 1969, the Congress adopted a 15-percent social security increase to help protect the elderly from the ravages of inflation. But that raise was barely enough to keep pace with the 11-percent rise in the cost of living in 1968 and 1969. And during 1970, the elderly actually fell behind in their struggle with inflation, because the Consumer Price Index increased by nearly 6 percent.

The net impact of these statistics is that a piecemeal, stopgap measure is not the answer to the overall retirement-income crisis now threatening millions of older Americans. Adding a few dollars to social security every 2 or 3 years can provide temporary relief. But much more is needed if we are to come to grips with these major problems. Quite clearly far-reaching action on several fronts is urgently needed if we are to meet the short range and long-term income needs of the retirees of today—as well as those now approaching retirement.

Passage of this amendment, welcome as it is, does not, however, fulfill our mission for those living on limited, fixed incomes. Further major reforms must be acted upon during this Congress.

A few days ago, I sponsored an omnibus measure which would make far-reaching reforms in both the social security and medicare programs. For example, my bill would:

Raise benefits in two steps by 30 percent, 15 percent retroactive to January 1, and then another 15-percent increase in 1972;

Increase minimum monthly benefits also in two steps, to \$100 this year and then to \$120 in 1972;

Provide for automatic adjustments in social security benefits to protect the aged from inflation;

Establish an age-62 computation point for men, the same as now exists for women;

Provide full benefits for widows, instead of only 82½ percent;

Extend medicare coverage to disabled social security beneficiaries under 65 years of age;

Broaden medicare coverage to include out-of-hospital prescription drugs;

Eliminate the \$5.30 monthly premium charge for the elderly for doctor's insurance under medicare; and

Provide for well-conceived and well-timed use of general revenues to finance a portion of the social security and medicare programs.

Mr. President, I again urge prompt and favorable action on these vitally needed improvements when the Senate acts on more comprehensive reform measures during this Congress. With adoption of these reforms, we can establish the broad foundation for a vastly improved social security and medicare system.

Mr. PROUTY. Mr. President, I want to join in strong support for the amendment proposed by the distinguished Senator from Louisiana (Mr. LONG). Millions of older Americans have been waiting far too long for their promised increase in social security benefits.

You will recall, Mr. President, that nearly a year ago the other body passed a

social security bill. With the passage of that bill, the expectations of 22 million older Americans were raised. Unfortunately, we in the Senate, were unable to pass a social security bill until the final days of the 91st Congress. The result, Mr. President, was tremendous disappointment for our senior citizens.

Today, we are restoring faith in older Americans by promptly enacting this amendment. Now, I realize that the amendment before us is not as comprehensive as most of us would like. However, it does face up to the essential problems facing every older American; namely, the need for additional income.

Mr. President, last September I testified before the Senate Finance Committee in support of several amendments I had introduced to the social security bill which had passed the House. First, I asked that the minimum monthly social security payment be raised from \$64 a month to \$100 a month. The amendment before us contains my recommendation.

I sincerely hope, Mr. President, that my colleagues in this body will respond as they did last December and support the \$100 minimum monthly payment for social security recipients. We all know, Mr. President, that social security represents the only source of income for most older Americans. We also know that older Americans can barely exist with \$100 a month income to say nothing of the present minimum monthly social security payment of \$64.

Between 7 and 8 million of our senior citizens will directly benefit by increasing the minimum monthly social security payment. Certainly they will not become affluent Americans because of the \$100 monthly payment, but for many of them the hardship associated with abject poverty will become somewhat less.

Second, Mr. President, last September I urged the Senate Finance Committee to grant a 10-percent across-the-board increase rather than a 5-percent benefit increase which had been passed by the House. The amendment before us also incorporates that recommendation. Last December, my colleagues voted overwhelmingly for the 10-percent benefit increase. and I sincerely hope they will again today.

Finally, Mr. President, the amendment before us deals with the retirement test or earnings limitation under the Social Security Act. Ever since 1953, I have been attempting to have the complete removal of the retirement earnings limitation from the Social Security Act. It perhaps made sense to have such a limitation in the depression year, 1935. It makes absolutely no sense in 1971. Older Americans who are physically able to work should be encouraged to do so, because of the great contributions they can make.

Now I realize, Mr. President, that it is difficult to generate support for the complete elimination of the earnings limitation. Therefore, since 1964, I have been arguing that at the very least an individual receiving social security should be permitted to earn \$200 a month without losing his social security benefits. The amendment before us incorporates my recommendation that

the earnings limitation be raised to \$2,400.

Now, Mr. President, as I said, all of us realize there are many other important aspects of social security and medicare which deserve our prompt consideration. However, I believe the amendment we are now considering meets the most pressing problems facing older Americans.

The benefit increases provided under this amendment will be retroactive to January 1.

I want to congratulate the distinguished chairman of the Senate Finance Committee for taking this action and for his assurances that his committee will soon consider more comprehensive social security and medicare legislation.

Mr. PELL. Mr. President, although the past session of Congress was marked by a number of notable legislative achievements, it was also marked by one very ignoble failure—failure to complete action on the social security bill.

Nearly all of us have been hurt by the rampages of inflation in these past months, however, there are few of us who have carried the burden of inflation with such weight as our senior citizens have. They more than any other group in our country, are hurt by inflation—the cruellest tax of all.

More than half of the income received by elderly people is fixed income, that is, it derives from retirement and welfare programs which do not, for the most part, adjust to inflation.

Over one-quarter of our senior citizens live on income below the official poverty line. Yet, older Americans have to spend proportionately more of their income on food, shelter, and medical care than do other elements of the population.

What, in effect, has been happening is that on the one hand our senior citizens are being squeezed by a loss of value in their fixed income because of inflation; and on the other hand, they are being pressured by an increased need for income to meet their requirements for food, shelter, and health services.

Mr. President, I think the time is long overdue for us to act to lessen the economic burdens of our senior citizens.

I believe the Senate should act now to increase the level of social security benefits received by our senior citizens.

Moreover, I believe we should consider including as many other improvements in the social security program as might be considered legislatively feasible.

In the past sessions of Congress, I have introduced two measures designed to improve the operation of the social security program.

The first measure would increase the amount of money social security beneficiaries could earn and still receive full benefits from \$1,680 to \$2,400.

The second provision would link increases in social security benefits to the cost-of-living index compiled by the Bureau of Labor Statistics. If the Bureau's index reflected a 3-percent rise related to a stated base period then social security benefits would be adjusted upward by the same percentage. This provision would be made self-financing.

Mr. President, I would hope that sim-

ilar provisions for cost-of-living adjustments and liberalization of the outside earnings limitation would be included in the legislation which the Senate might consider at this time to improve the social security program.

Basically similar provisions were included in the legislation which the Senate considered in this past session of Congress.

I believe the principles of such proposals have the support of the Senate.

Mr. President, if the Senate acts now to increase social security benefits, it will be the second time the Senate has passed such legislation.

I would urge our colleagues in the House of Representatives to act quickly without delay in support of our actions, and I would urge the President to act quickly to sign this legislation.

For every day we delay, there is another day in which our senior citizens are denied income which they so desperately need.

Therefore, Mr. President, I would hope that each element of the government here in Washington—the Senate, the House of Representatives, the President, and the Social Security Administration, would act now, in coordination with each other and within their own respective powers, to help our deserving senior citizens better bear the burdens of inflation.

Mr. MANSFIELD. Mr. President, pending before the Senate is an issue about which there can be no dispute. Providing a modest benefit increase for social security pensioners is a proposal that is not just overdue; it is delinquent beyond all justification. Indeed, this increase was overdue last December when the Senate passed social security increases essentially identical to those contained in the pending proposal. The vote then was 8 to 0. I would hope that the Senate's resolve on this issue could again be demonstrated just as resoundingly. Our elderly citizens deserve no less.

It should be noted that inflation has eaten up every penny and more of the last social security increase granted back in 1969. Ten percent beginning this year is thus a minimal and wholly justified increase. The sooner it becomes law together with a higher minimum payment, the better off will be those older Americans whose very survival depends upon this insurance program.

Expedition on this issue is imperative. To assist in this regard, the Majority Policy Committee undertook an examination of means by which an early scheduling date on social security could be reached. To that end, on February 2, it adopted a resolution providing in part, as follows:

Whereas, The adoption by early Spring of the social security measure itself is an objective of great urgency and of the highest priority to those relying upon these annuities, and

Whereas, the welfare reform, foreign trade and social security proposals each involve issues that compel their independent consideration from a procedural standpoint, and

Whereas, simultaneous consideration by the Senate of welfare reform, foreign trade and social security legislation as separate legislative measures would enhance the adoption of each of these measures, especially

enhance the objective of early adoption of social security legislation, be it therefore

*Resolved*, That the Senate Democratic Policy Committee suggests that the Committee on Finance report any recommendations on social security benefit increases, welfare reform and foreign trade as separate legislative measures.

The Policy Committee's action was unanimous in approving that resolution. Two of its members—the distinguished senior Senator from Georgia (Mr. TALMADGE) and the distinguished Senator from Arkansas (Mr. FULBRIGHT)—are members of the Committee on Finance. Senator TALMADGE and a third member of the Policy Committee, the assistant majority leader, the distinguished Senator from West Virginia (Mr. BYRD) were instructed by the Policy Committee to convey this action to the chairman of the Committee on Finance and attempt to work out a mutually agreeable format.

It should be said that the Policy Committee's involvement in this matter was undertaken only because the issue was of the highest national importance. It was undertaken without regard to partisanship in any shape or form. It was undertaken with the hope of achieving an early scheduling date for social security. It was undertaken unanimously and solely in the interest of gaining for our elderly citizens what is only theirs by right.

I commend the chairman of the Committee on Finance for offering this amendment. It demonstrates once again that he is unexcelled in this body in his concern for the aged, for the sick, for the old and the infirm.

I urge the adoption of the amendment.

#### INCREASES OF PUBLIC DEBT LIMIT—AMENDMENTS

AMENDMENTS NOS. 19, 20, AND 21

Mr. HUMPHREY. Mr. President, the Senate today is considering increases in some of the social security benefits that mean so much to the elderly, the disabled and handicapped, the dependent, and others. For many of these Americans, social security stands between them and destitution or welfare.

I support these immediate increases. Their passage is overdue. Further delay cannot be permitted on the passage of these significant portions of what must be eventual and substantial increases of all benefits across the board.

Many social security beneficiaries have only their payments between themselves and destitution or welfare. Their resources are of the most meager. Making increases in payments retroactive is necessary but what this has forced many of our most needy to do is save from income that was badly needed to maintain their previous slim buying power.

Erosion, by inflation, of one's income, when it is around \$80 or \$90 per month, literally can be disastrous. This means at an inflation rate of approximately 6 percent, the minimum beneficiary is losing approximately 10 percent of his income every year. While the dollar loss may seem slight to more prosperous Americans, that \$9 or \$10 loss per month can mean only one nearly adequate meal

every day, instead of one and a half. It can mean no busfare to visit family or friends or even go to Church on Sunday.

So, Mr. President, what we are talking about here today is subsistence. It may, indeed, be all that some receive from all sources, but it remains subsistence.

I wish, however, to underline my concern for the stopgap measures that the Congress has been passing for years. This is not to be considered as criticism of the Senate and House. What has happened is that Congress enacts benefit increases, extends eligibility and lowers income limitations. But by the time we pass the legislation and it is implemented, inflation has already robbed those beneficiaries of increases we hoped to add to their purchasing power.

For these reasons, Mr. President, I have submitted today three amendments. They are uncomplicated in their purpose and uncomplicated in their motivation. The Congress must increase benefits significantly, retroactive to the first of this calendar year, and include a minimum payment. We must tie increases in benefits to increases in the cost of living, though this should not preclude the Congress from increases to basic benefits based on other considerations such as tax base increases, increases in payment percentages or simply upgrading the quality of social security living.

Lastly, we must permit beneficiaries to earn more to supplement their total incomes.

My first amendment would increase basic benefits by 12 percent, retroactive to January 1, 1971. It also provides for a minimum payment of \$100. We have waited far too long to provide this most basic level of subsistence. We are doing it 20 years after it was first responsibly proposed.

My second amendment ties future increases in benefits to increases in the cost of living. However, this should not make this form of increase the sole means of upgrading the system. Tying all increases to the cost of living provides no increase at all. There is no room for increasing the quality of life for those living from their social security benefits.

My third amendment would increase the amount of earnings permitted to be retained without penalty, from \$1,680 to \$2,800. The arguments for this amendment are increasingly sound as the philosophy that social security is a pension plan for all Americans rather than a poverty program that Americans pay for before they become poor. Social security benefits are something we are paying for. They are a right and should be treated as such. Arguments about the actuarial soundness of the system make no sense, when we realize that every earning generation is paying for the benefits of those that have preceded them. America will not cease tomorrow. Social security will continue to grow and be sound as America will continue to grow.

Mr. President, I have long advocated the type of reforms and increases I have proposed today. I urge the Senate to give them careful consideration. I have long

listened to the arguments pro and con on every amendment that has ever been offered on social security. I was here when it was a newly born. We must now help it to a maturity that is a measure of our own concern and maturity as a Nation—a Nation dedicated to a life of quality for all Americans. I realize that some of these amendments will not under the unanimous consent agreement be acted on today. It is imperative that we

act promptly to pass the Long amendment. This is sorely needed. Much of what I propose is covered in part by the Long amendment. I support this constructive proposal, but at a later date I shall seek to amend the Social Security Act to include my proposals.

Mr. President, I ask unanimous consent that the text of my amendments be printed at this point in the RECORD.

There being no objection, the amend-

ments were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 19

At the appropriate place in the bill, insert the following new section:

12-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS WITH A MINIMUM BENEFIT OF \$100

SEC. — (a) (1) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

I					II				
(Primary insurance benefit under 1939 Act, as modified)	(Primary insurance amount under 1969 Act)	(Average monthly wage)	(Primary insurance amount)	(Maximum family benefits)	(Primary insurance benefit under 1939 Act, as modified)	(Primary insurance amount under 1969 Act)	(Average monthly wage)	(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—					If an individual's primary insurance benefit (as determined under subsec. (d)) is—				
At least—	But not more than—	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—	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—	
	\$20.40	\$89.20		\$109	\$100.00				\$150.00
\$26.41	26.94	90.60	\$110	113	101.50				152.80
26.95	27.46	91.90	114	118	103.00				154.50
27.47	28.00	93.30	119	122	104.50				156.80
28.01	28.68	94.70	123	127	106.10				159.20
28.69	29.25	96.20	128	132	107.80				161.70
29.26	29.68	97.50	133	136	109.20				163.80
29.69	30.36	98.80	137	141	110.70				166.10
30.37	30.92	100.30	142	146	112.40				168.60
30.93	31.36	101.70	147	150	113.90				170.00
31.37	32.00	103.00	151	155	115.40				173.10
32.01	32.60	104.50	156	160	117.10				175.70
32.61	33.20	105.80	161	164	118.50				177.80
33.21	33.88	107.20	165	169	120.10				180.20
33.89	34.50	108.60	170	174	121.70				182.60
34.51	35.00	110.00	175	178	123.20				184.80
35.01	35.80	111.40	179	183	124.80				187.20
35.81	36.40	112.70	184	188	126.30				189.50
36.41	37.08	114.20	189	193	127.90				191.90
37.09	37.60	115.60	194	197	129.50				194.30
37.61	38.20	116.90	198	202	131.00				196.50
38.21	39.12	118.40	203	207	132.70				199.10
39.13	39.68	119.80	208	211	134.20				201.30
39.69	40.33	121.00	212	216	135.60				203.40
40.34	41.12	122.50	217	221	137.20				205.80
41.13	41.76	123.90	222	225	138.80				208.20
41.77	42.44	125.30	226	230	140.40				210.60
42.45	43.20	126.70	231	235	141.90				212.90
43.21	43.76	128.20	236	239	143.60				215.40
43.77	44.44	129.50	240	244	145.10				217.70
44.45	44.88	130.80	245	249	146.50				219.80
44.80	45.60	132.30	250	253	148.20				222.30
		133.70	254	258	149.80				224.70
		134.90	259	263	151.10				226.70
		136.40	264	267	152.80				229.20
		137.80	268	272	154.40				231.60
		139.20	273	277	155.90				233.90
		140.60	278	281	157.50				236.30
		142.00	282	286	159.10				238.70
		143.50	287	291	160.80				241.20
		144.70	292	295	162.10				243.20
		146.20	296	300	163.80				245.70
		147.60	301	305	165.40				248.10
		148.90	306	309	166.80				250.20
		150.40	310	314	168.50				252.80
		151.70	315	319	169.90				255.20
		153.00	320	323	171.40				258.40
		154.50	324	328	173.10				262.40
		155.90	329	333	174.70				266.40
		157.40	334	337	176.30				269.60
		158.60	338	342	177.70				273.60
		160.00	343	347	179.20				277.60
		161.50	348	351	180.90				280.80
		162.80	352	356	182.40				281.80
		161.30	357	361	184.10				288.80
		165.60	362	365	185.50				292.00
		166.90	366	370	187.00				296.00
		168.40	371	375	188.70				300.00
		169.80	376	379	190.20				303.20
		171.30	380	384	191.90				307.20
		172.50	385	389	193.20				311.20
		173.90	390	393	194.80				314.40
		175.40	394	398	196.50				318.40

(2) Section 203(a) of such Act is amended by striking out paragraph (2) 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 the fourth month after the month in which the Social Security Amendments of 1971 were enacted on the basis of the wages and self-employment income of such insured individual and at least one such person was so entitled for the month prior to such fourth month on the basis of such wages and self-employment income, such total of benefits for January 1971 or any subsequent month shall not be reduced to less than the larger of—  
 "(A) the amount determined under this subsection without regard to this paragraph, or

"(B) 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 the Social Security Amendments of 1971, for each such person for such month, by 112 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), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for January 1971, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for January 1971, or".

(3) Section 215(b)(4) of such Act is amended by striking out "December 1969" each time it appears and inserting in lieu thereof "December 1970".

(4) Section 215(c) of such Act is amended to read as follows:

**"PRIMARY INSURANCE AMOUNT UNDER 1969 ACT**

"(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 on the basis of the law in effect prior to the enactment of the Social Security Amendments of 1971.

"(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 January 1971, or who died before such month."

(5) The amendments made by this subsection shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970 and with respect to lump-sum death payments under such title in the case of deaths occurring after December 1970.

(f) If an individual was entitled to a disability insurance benefit under section 223 of the Social Security Act for December 1970 and became entitled to old-age insurance benefits under section 202(a) of such Act for January 1971, or he died in such month, 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 the primary insurance amount on which his disability insurance benefit is based.

(b)(1)(A) Section 227(a) of the Social Security Act is amended by striking out "\$46"

and inserting in lieu thereof "\$51.52", and by striking out "\$23" and inserting in lieu thereof "\$25.76".

(B) Section 227(b) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$51.52".

(2)(A) Section 228(b)(1) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$51.52".

(B) Section 228(b)(2) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$51.52", and by striking out "\$23" and inserting in lieu thereof "\$25.76".

(C) Section 228(c)(2) of such Act is amended by striking out "\$23" and inserting in lieu thereof "\$25.76".

(D) Section 228(c)(3)(A) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$51.52".

(E) Section 228(c)(3)(B) of such Act is amended by striking out "\$23" and inserting in lieu thereof "\$25.76".

(3) The amendments made by paragraphs (1) and (2) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.

(c) Prior to January 1, 1972, the Secretary of Health, Education, and Welfare shall make such revisions as may be necessary in the table which appears in section 215(a) of the Social Security Act so as to provide to individuals receiving benefits determined on the basis of such table a 6-percent increase effective with respect to months beginning after December 1971. Any provision of the Social Security Act making reference to such table or any figure contained therein shall be deemed to refer to such table (or the corresponding in such table, as the case may be) as revised by the Secretary pursuant to this subsection.

(d) This section may be cited as the "Social Security Amendments of 1971".

**AMENDMENT No. 20**

At the appropriate place in the bill, insert the following new section:

**COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS**

SEC. — 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) For purposes of this subsection—

"(A) 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

"(B) the term 'base period' means the calendar year 1965.

"(2) As soon after January 1, 1972, 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."

**AMENDMENT No. 21**

At the appropriate place in the bill, insert the following new section:

**INCREASE IN AMOUNT OF OUTSIDE EARNINGS PERMITTED WITHOUT LOSS OF SOCIAL SECURITY BENEFITS**

SEC. — (a) Paragraphs (1), (3), and (4) (B) of subsection (f) of section 203 of the Social Security Act are each amended by striking out "\$140" wherever it appears therein and inserting in lieu thereof "\$233.33 1/4".

(b) Paragraph (1)(A) of subsection (h) of section 203 of such Act is amended by striking out "\$140" and inserting in lieu thereof "\$233.33 1/4".

(c) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1970.

Mr. BYRD of West Virginia. Mr. President, I commend the distinguished Senator from Louisiana (Mr. LONG) for the outstanding work he and the members of his committee have done on the social security amendments now before us.

I am especially pleased that the Finance Committee recommendations include the proposal by the majority leaders and myself to raise from \$64 to \$100 the minimum monthly social security payment. This increase in the minimum monthly benefit is an essential step in making an across-the-board rise in benefits meaningful to those at the bottom of the social security ladder.

The 26 million Americans on social security, including 300,000 West Virginians, are the citizens hardest hit by spiraling inflation. These are fixed-income Americans, who find their monthly social security checks remaining the same, while the cost of essential items rises.

An across-the-board increase of 10 percent will provide little comfort if tacked onto a minimum monthly payment of only \$64. A \$100 basic minimum, although modest to say the least, will better enable social security recipients to meet the increasing cost of living.

Mr. President, if this \$100 minimum is finally enacted into law, about 7.5 million Americans will benefit; and the initial increase in benefits would be over \$2 billion. In my home State of West Virginia, over 70,000 recipients would benefit from a \$19 million increase the first year.

Again, I commend the Finance Committee, and its very capable chairman (Mr. LONG), for moving swiftly and thoroughly to fill a very real need of an important segment of our population.

Mr. LONG. 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. 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. Mr. President, I should like to direct an inquiry to the manager of time in opposition to the amendment. I believe that there is a desire to have a rollcall vote on this amendment, and I do not detect at this moment that there are sufficient Senators in the Chamber to order the yeas and the nays. So I will suggest the absence of a quorum in a few moments for that purpose.

Prior to that, however, I should like to suggest that we yield back the remainder of the time, so that Senators will know that there will be a vote when they come to the Chamber, in order to expedite the proceedings.

Mr. GRIFFIN. Mr. President, how much time is remaining?

The PRESIDING OFFICER. On the amendment there are 7 minutes, and it is controlled by the opposition.

Mr. GRIFFIN. I wonder whether I could suggest to the chairman—I do not know that it would be used, but even if it were used, it would be a very brief period of time—if someone wanted to speak on it, we might hold that in reserve.

Mr. LONG. Mr. President, I suggest the absence of quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. 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. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. GRIFFIN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Missouri (Mr. EAGLETON), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Arkansas (Mr. McCLELLAN), the Senator from New Mexico (Mr. MONTOYA), and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

I also announce that the Senator from North Carolina (Mr. JORDAN) is absent because of illness.

I further announce that, if present and voting, the Senator from Missouri (Mr. EAGLETON), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Okla-

homa (Mr. HARRIS), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUE), the Senator from North Carolina (Mr. JORDAN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Arkansas (Mr. McCLELLAN), the Senator from New Mexico (Mr. MONTOYA), and the Senator from Maine (Mr. MUSKIE) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from Oregon (Mr. PACKWOOD), the Senator from Ohio (Mr. SAXBE), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from South Dakota (Mr. MUNDT), the Senator from Ohio (Mr. SAXBE), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 82, nays 0, as follows:

[No. 20 Leg.]

YEAS—82

Aiken	Ellender	Moss
Allen	Ervin	Nelson
Allott	Fannin	Pastore
Anderson	Fong	Pearson
Baker	Fulbright	Pell
Bayh	Goldwater	Percy
Beall	Griffin	Prouty
Bennett	Gurney	Proxmire
Bentsen	Hansen	Randolph
Bible	Hart	Ribicoff
Boggs	Hatfield	Roth
Brock	Hollings	Schweiker
Brooke	Hruska	Scott
Burdick	Hughes	Smith
Byrd, Va.	Humphrey	Sparkman
Byrd, W. Va.	Jackson	Spong
Cannon	Javits	Stennis
Case	Jordan, Idaho	Stevenson
Chiles	Long	Symington
Church	Magnuson	Taft
Cook	Mansfield	Talmadge
Cooper	Mathias	Thurmond
Cotton	McGee	Tunney
Cranston	McGovern	Weicker
Curtis	McIntyre	Williams
Dole	Metcalf	Young
Dominick	Miller	
Eastland	Mondale	

NAYS—0

NOT VOTING—18

Bellmon	Hartke	Mundt
Buckley	Inouye	Muskie
Eagleton	Jordan, N.C.	Packwood
Gambrell	Kennedy	Saxbe
Gravel	McClellan	Stevens
Harris	Montoya	Tower

So Mr. LONG's amendment was agreed to.

Mr. PEARSON. Mr. President, I am pleased to see this action taken by the Senate today—adding the essentials of the social security bill, as passed by the Senate late in the 91st Congress, to the debt limit increase.

As I have said many times in the past, it is those on fixed incomes which have been hurt most by inflation.

It is my understanding that early House action will be taken on this measure and that within a very few months, the social security checks will reflect these increases which are retroactive to January 1, 1971;

First, a 10-percent across-the-board increase in benefits;

Second, an increase in the minimum monthly benefit to \$100 per month;

Third, a 10-percent increase in the special cash payments made to people age 72 or older; and

Fourth, liberalization of the earnings test from \$1,680 to \$2,400 with a loss of \$1 of benefits for every \$2 earned over that amount.

I was pleased to support this amendment and commend the efforts of the Finance Committee in attaching it to the debt limit bill.

It is also my understanding that the tax base will be raised from \$7,800 to \$9,000 per year, effective January 1, 1972, by this amendment.

RAISING SOCIAL SECURITY PAYMENTS—  
ONLY A BEGINNING

Mr. MCINTYRE. Mr. President, I have voted for the amendment calling for a 10 percent increase in social security payments. I want to emphasize immediately, however, that I am taking this action only with the understanding that this is an interim measure designed to bring immediate relief to our senior citizens who have borne the full brunt of our current economic difficulties.

I do not want my vote to indicate that I believe a 10 percent increase in social security benefits is adequate because I do not think that it is. Nor do I believe that a raise in the minimum monthly payments to \$100 which the amendment calls for is entirely acceptable in view of the fact that the current poverty level for a single person is \$150 a month.

I am sure all of you are aware of my own personal views in this regard. On February 23, I introduced a bill in the Senate which would assure that no one on social security will be forced to live on an income which is less than what is considered to be the minimum above poverty; namely, \$1,800 a year for an individual; \$2,400 a year for two persons; and \$3,000 a year for three or more persons. I hope that adequate consideration can be given this proposal because I believe we have to come to terms with the fact that out of all the groups in our society, only among our senior citizens has the number of persons living on poverty risen.

I personally am committed to the concept of guaranteeing a certain level of income to our senior citizens—if not through social security than through some other means. I recommended the social security approach in my bill because I felt that it was the fastest way to improve the income situation of our elderly.

But I realize that our senior citizens cannot afford to wait while we debate the merits of various approaches to meeting their needs. They are faced with the hard, cold reality of trying to make ends meet on incomes in some cases as low as \$64 a month. In view of this, I feel an overwhelming sense of responsibility to do my part to see that we increase social security benefits as soon as possible. This is why I have voted today to raise the minimum monthly payment to \$100.

I also believe the amendment contains a number of other important provisions and reforms which are long overdue. One of these is a change in the income limitation which so many senior citizens view as a real curtailment on their desire to seek outside employment in order to supplement inadequate income. I think it is unfortunate that the present law only allows a person on social security to earn \$1,680 without suffering a loss in social security payments. We have only to reflect momentarily to realize that a job paying \$1,680 a year is hardly worth the effort. The amendment before us raises the income limitation to the more reasonable level of \$2,400 a year. I have voted for this provision, although I am convinced that we should go farther in liberalizing the retirement test or in some way modifying it to permit our senior citizens to earn an income comparable to what they were used to before retirement.

Frankly, I must reveal my personal disappointment that the bill which cleared the Senate last December did not reach final passage. Since that time, I have received hundreds of letters from senior citizens in New Hampshire indicating how much they had counted on these increases. I do not believe we can ignore their plight any longer. Although I feel that what this amendment calls for is only the bare minimum that is acceptable, I have decided to vote for it because I feel that immediate action is required. I am confident the House will also agree to these provisions and, therefore, we can be assured of enacting a bill before the month is out.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ALLEN. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows: On page 1, line 5, strike "\$400,—" and insert in lieu thereof "\$385,—".

On page 1, line 11, strike "\$30,000,000,000." and insert in lieu thereof "\$25,000,000,000."

The PRESIDING OFFICER. How much time does the Senator from Alabama yield himself?

Mr. ALLEN. Mr. President, I yield myself 10 minutes.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. ALLEN. Mr. President, the amendment which has just been stated by the clerk provides for reducing the requested raise in the debt ceiling from \$35 billion to a raise of \$25 billion. It is accomplished by reducing the amount of the permanent debt ceiling request by \$5 billion and the temporary ceiling request by \$5 billion. Technically it would amount to two separate amendments. Therefore, I ask unanimous consent that the amendments may be considered en bloc.

The PRESIDING OFFICER (Mr. McIntyre). Without objection, it is so ordered.

Mr. ALLEN. Mr. President, 2 years ago, the debt ceiling was raised by \$12 billion. Last year it was raised by \$18 billion. Now, the administration asks that it be raised an additional \$35 billion.

Mr. TALMADGE. Mr. President, will the Senator yield at that point?

Mr. ALLEN. I yield to the distinguished Senator from Georgia.

Mr. TALMADGE. The administration had requested it be raised by \$40 billion. The Ways and Means Committee cut the \$40 billion to \$35 billion, and the Committee on Finance went along with the \$35 billion figure.

Mr. ALLEN. I thank the distinguished Senator from Georgia for making this observation. The administration did, in fact, ask for a \$40 billion increase and the House cut it to \$35 billion. It comes to us from the Committee on Finance at \$35 billion. That, too, is too high.

We hear the amount of the deficit for the fiscal year estimated by the administration at \$18 billion. The projected deficit for the next fiscal year starting July 1 of this year, according to the administration, I believe, is \$11.6 billion.

Mr. President, that is the deficit in the unified budget which includes trust funds, such as the social security, where much more money is taken in than is paid out, and the highway trust fund where much more money is taken in than is paid out.

The true figures each year can be obtained by observing how much the administration requests that the debt ceiling be raised. Those figures are startling, because the deficit in Federal funds for the current fiscal year ending July 1 of this year, leaving out the trust fund, is estimated by the administration at the staggering sum of \$25.5 billion instead of \$18 billion under the unified budget. The deficit estimated in Federal funds in the next fiscal year is at \$23.1 billion so that the administration, by its own figures, is showing that the deficit in Federal funds for this 2-year period will be almost \$50 billion. Actually, it is \$48.6 billion.

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

Mr. ALLEN. I yield to the distinguished Senator from Georgia.

Mr. TALMADGE. Mr. President, the expert professionals that we have on the Joint Committee on Internal Revenue, who have had a much higher batting average on estimates than has the Treasury Department, think that the Treasury Department has overestimated the income for the fiscal year by some \$6 billion; so one can add that figure to what the estimate is, also; and then, of course, if Congress makes appropriations over and beyond what the administration has recommended the deficit would still be further increased.

I think in fiscal year 1972 we are looking toward a minimum deficit of \$30 billion and probably as high as \$35 billion.

Mr. ALLEN. I thank the Senator for this analysis, and for his conclusion.

Mr. President, I ask unanimous consent

that tables 1 through 6 appearing in the committee report be printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1941 TO DATE, AND PROPOSED LIMITATION FOR THE FISCAL YEARS 1971 AND 1972

Fiscal year	Statutory debt limitation		
	Perma- nent	Tempo- rary addi- tional	Total
1941 through Feb. 18.....	\$49	.....	\$49
1941: Feb. 19 through June 30.....	65	.....	65
1942 through Mar. 27.....	65	.....	65
1942: Mar. 28 through June 30.....	125	.....	125
1943 through Apr. 10.....	125	.....	125
1943: Apr. 11 through June 30.....	210	.....	210
1944 through June 8.....	210	.....	210
1944: June 9 through June 30.....	260	.....	260
1945 through Apr. 2.....	260	.....	260
1945: Apr. 3 through June 30.....	300	.....	300
1946 through June 25.....	300	.....	300
1946: June 26 through June 30.....	275	.....	275
1947-54.....	275	.....	275
1955 through Aug. 27.....	275	.....	275
1955: Aug. 28 through June 30.....	275	\$6	281
1956.....	275	6	281
1957.....	275	3	278
1958 through Feb. 25.....	275	.....	275
1958: Feb. 26 through June 30.....	275	5	280
1959 through Sept. 1.....	275	5	280
1959: Sept. 2 through June 29.....	283	5	288
1959: June 30.....	.....	5	290
1960.....	285	10	295
1961.....	285	8	293
1962 through Mar. 12.....	285	13	298
1962: Mar. 13 through June 30.....	285	15	300
1963 through Mar. 31.....	285	23	308
1963: Apr. 1 through May 28.....	285	20	305
1963: May 29 through June 30.....	85	22	307
1964 through Nov. 30.....	285	24	309
1964: Dec. 1 through June 28.....	285	30	315
1964: June 29 and 30.....	285	39	324
1965.....	285	39	324
1966.....	285	43	328
1967 through Mar. 1.....	285	45	330
1967: Mar. 2 through June 30.....	285	51	336
1968 <sup>1</sup> .....	358	.....	358
1969 through Apr. 6.....	358	7	365
1969 after Apr. 6 <sup>1</sup> .....	358	.....	358
1970 through June 30 <sup>1</sup> .....	365	12	377
1971 through June 30 <sup>1</sup> .....	380	15	395
Later years.....	380	.....	380
Proposed:			
From enactment through June 30,			
1972 <sup>1</sup> .....	400	30	430
After June 30, 1972 <sup>1</sup> .....	400	.....	400

<sup>1</sup> Includes FNMA participation certificates issued in fiscal year 1968.

TABLE 2.—FEDERAL FUNDS RECEIPTS AND EXPENDITURES, FISCAL YEAR 1970 ACTUAL AND FISCAL YEARS 1971 AND 1972 ESTIMATES<sup>1</sup>

	[In billions of dollars]		
	1970 actual	1971 budget estimates <sup>2</sup>	1972 budget estimates <sup>2</sup>
Excluding proposed legislation:			
Receipts.....	143.2	139.1	153.6
Expenditures.....	156.3	164.7	176.9
Deficit (—).....	—13.1	—25.5	—23.3
Including proposed legislation:			
Receipts.....	143.2	139.1	153.7
Expenditures.....	156.3	164.7	176.9
Deficit (—).....	—13.1	—25.5	—23.1

<sup>1</sup> Details may not add due to rounding.  
<sup>2</sup> As indicated in the budget document for fiscal year 1972 and adjusted for the intragovernmental transactions.

TABLE 3.—UNIFIED BUDGET RECEIPTS AND EXPENDITURES, FISCAL YEAR 1970 ACTUAL, AND FISCAL YEARS 1971 AND 1972 ESTIMATES<sup>1</sup>

[In billions of dollars]			
	1970 actual	1971 budget estimates <sup>2</sup>	1972 budget estimates <sup>2</sup>
Excluding proposed legislation:			
Receipts.....	193.7	194.0	214.6
Expenditures.....	196.6	212.8	229.2
Deficit (—).....	—2.8	—18.7	—14.7
Including proposed legislation:			
Receipts.....	193.7	194.2	217.6
Expenditures.....	196.6	212.8	229.2
Deficit(—).....	—2.8	—18.6	—11.6

<sup>1</sup> Details may not add due to rounding.  
<sup>2</sup> As indicated in the budget document for fiscal year 1972.

TABLE 4. UNIFIED BUDGET AND FEDERAL FUNDS AND TRUST FUNDS ESTIMATED RECEIPTS FOR FISCAL YEARS 1971 AND 1972 INCLUDING PROPOSED LEGISLATION<sup>1</sup>

[In millions of dollars]				
	Estimates			
	1971		1972	
	Budget <sup>3</sup>	Staff <sup>3</sup>	Budget <sup>2</sup>	Staff <sup>3</sup>
<b>Federal funds:</b>				
Individual income taxes.....	88,300	88,200	93,700	92,300
Corporation income taxes.....	30,100	29,500	36,700	32,800
Excise taxes.....	10,650	10,700	11,115	11,165
Estate and gift taxes.....	3,730	3,700	5,300	5,300
Customs.....	2,490	2,500	2,700	2,600
Miscellaneous receipts.....	3,778	3,678	4,114	4,008
<b>Total.....</b>	<b>139,048</b>	<b>138,278</b>	<b>153,629</b>	<b>148,173</b>
<b>Trust funds:</b>				
Social insurance taxes and contributions.....	48,973	49,070	57,559	57,056
Excise taxes.....	6,150	5,900	6,385	6,273
Miscellaneous receipts.....	22	22	20	20
<b>Total.....</b>	<b>55,145</b>	<b>54,992</b>	<b>63,964</b>	<b>63,349</b>

<sup>1</sup> Receipts from the public only; infragovernmental transfers not included.  
<sup>2</sup> As shown in the budget document for fiscal year 1972.  
<sup>3</sup> Staff of the Joint Committee on Internal Revenue Taxation.

TABLE 5.—ESTIMATES OF PROPOSED REVENUE LEGISLATION, FISCAL YEARS 1971 AND 1972

[In millions of dollars]	
Proposal	Budget revenue estimates <sup>1</sup>
<b>Fiscal year 1971:</b>	
Increase in social security wage base and railroad retirement.....	170
Airway user taxes.....	6
<b>Total, 1971.....</b>	<b>176</b>
<b>Fiscal year 1972:</b>	
Increase in social security wage base and railroad retirement.....	2,856
DISC.....	—200
Extension of interest equalization tax.....	85
Airway user taxes.....	53
Retirement of old currency, etc.....	228
<b>Total, 1972.....</b>	<b>3,022</b>

<sup>1</sup> As indicated in the budget document for fiscal year 1972.

TABLE 6. ESTIMATED DEBT SUBJECT TO LIMIT, FISCAL YEARS 1971 AND 1972

[In billions of dollars]		
	Debt with \$6.0 cash balance	With \$3.0 margin for contingencies
<b>1971</b>		
Mar. 15.....	397.3	.....
Mar. 31.....	395.3	.....
Apr. 15.....	400.8	.....
Apr. 30.....	392.0	.....
May 17.....	397.3	.....
May 31.....	399.4	.....
June 15.....	404.7	.....
June 30.....	396.5	.....
July 15.....	396.5	399.5
July 30.....	403.1	406.1
Aug. 15.....	403.9	406.9
Aug. 31.....	409.3	412.3
Sept. 15.....	409.4	412.4
Sept. 30.....	413.0	415.0
Oct. 15.....	405.3	408.3
Oct. 31.....	410.8	413.8
Nov. 15.....	409.1	412.1
Nov. 30.....	413.0	416.0
Dec. 15.....	413.7	416.7
Dec. 31.....	418.4	421.4
.....	416.1	419.1
<b>1972</b>		
Jan. 17.....	422.5	425.5
Jan. 31.....	414.6	417.6
Feb. 15.....	418.8	421.8
Feb. 29.....	419.4	422.4
Mar. 15.....	426.0	429.0
Mar. 31.....	423.8	426.8
Apr. 17.....	429.7	432.7
Apr. 29.....	419.1	422.1
May 15.....	424.6	427.6
May 31.....	425.9	428.9
June 15.....	430.6	433.6
June 30.....	420.0	423.0

Source: Treasury Department.

Mr. ALLEN. Mr. President, is an increase in the debt limit to \$430 billion, as provided by the bill before us, necessary? Let us examine the figures as shown by the committee report showing that at the end of this fiscal year, through June 30 this year, the Treasury, with a \$6 billion cash balance on hand and with a \$3 billion margin for contingencies. The total debt will be \$399.5 billion, or approximately \$400 billion.

Why, then, raise the debt ceiling to \$430 billion? Going into the next fiscal year the debt, as shown by the administration, will be less than \$400 billion, with a \$9 billion fund in cash balances and contingencies.

Why raise the debt ceiling to \$430 billion? It is not necessary. What will be the effect of setting the debt limit at \$420 billion? It would serve notice on the administration that we do not want to continue to resort to deficit spending, that programs must be cut back, and that we do not approve of the budget of \$229 billion that is being submitted.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. ALLEN. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator is recognized for 2 additional minutes.

Mr. ERVIN. Mr. President, will the Senator yield to me at that point to permit the Senator from North Carolina to answer the question as to why the administration wants a higher debt limit?

Mr. ALLEN. I yield to the Senator from North Carolina.

Mr. ERVIN. The Senator from North

Carolina submits that the administration wants a higher springboard so it can dive deeper into the sea of fiscal irresponsibility.

Mr. ALLEN. I appreciate that reasoning and the statement of the Senator from North Carolina.

Mr. President, the amendment at the desk that we will vote on shortly would still provide for increasing the ceiling on the national debt by the stupendous sum of \$25 billion. The administration has said that is not enough. I submit that the time has come when we will have to call some sort of halt to the fiscal irresponsibility evidenced by this request for a \$35 billion increase in the debt ceiling.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President—

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Who is in charge of the time in opposition?

Mr. BYRD of West Virginia. Mr. President, does the Senator wish to have time yielded in opposition?

Mr. BENNETT. Yes; I would like to have 10 minutes.

Mr. BYRD of West Virginia. Mr. President, in the absence of the able manager of the bill, I yield 10 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Mr. President, the kind of argument we have heard is made every time we face the responsibility of handling the problem created by the existence of the debt ceiling. Just for the record, the Treasury felt that it needed a \$40 billion increase in the debt limit to carry the responsibility that is loaded onto it by this Congress. The House cut that back \$10 billion. This amendment would cut it back \$5 billion.

Mr. ALLEN. The other way around.

Mr. BENNETT. I am sorry. I have the figures, but not in the right order. The House cut it back \$5 billion. This amendment cuts it back an additional \$10 billion, for a total cut of \$15 billion.

There are two things interesting about this. In the first place, as a Republican, we see the sides change on this argument. In the past on occasion the Republicans made the argument against an increase in the limit when the Democratic Secretaries of the Treasury asked for the necessary increase in the debt ceiling. Now the Democrats are making the argument against a Secretary when we have a Republican administration.

The second fact I would like to point out is that the debt ceiling is not, has never been, and will never be an effective deterrent to spending. Spending grows out of the appropriations made by the Congress not debt limitations or the absence of debt limitations.

When we bump up against the debt ceiling we approach the time when the Secretary of the Treasury, who has nothing to do with the appropriations, can no longer pay the bills of the U.S. Government. And this Government can never

allow the day to come when the check of the Secretary of the Treasury is not good, when the Government cannot pay the salaries of its employees, or cannot pay the bills which have been authorized by the Congress and properly authenticated.

Mr. PASTORE. Mr. President, will the Senator yield at that point?

Mr. BENNETT. May I finish, please? I am on limited time.

The effect of this amendment, if it is adopted, will be to force the Secretary of the Treasury to come back to Congress several months earlier to ask for another increase in the debt ceiling than would be the case if the bill as it came from the House were passed.

The point has been made that the Secretary has a daily cash balance of \$6 billion. That balance is divided among accounts in hundreds of banks around the country. If the Secretary of the Treasury has the responsibility of disbursing more than \$200 billion, \$6 billion, which is about 3 percent of the total, is a very small margin when we put it into perspective.

I see no point in cutting this limitation further simply to satisfy our feeling that we have somehow put a greater brake on the administration, when, as a matter of fact, it is we, and not the administration, on whom the brake should be put.

We are putting pressure on the Secretary of the Treasury and saying, "You cannot pay the bills beyond this point." We are not putting pressure on ourselves and saying, "You must not appropriate more money."

So, under the circumstances, in accordance with the statement I made during the colloquy yesterday when we were talking about how this particular bill should be handled on the floor of the Senate, I give notice that, at the proper time, I intend to move to table the amendment of my friend.

I reserve the remainder of my time.

Mr. ALLEN. Mr. President, before yielding to the distinguished Senator from Virginia, I wonder if I might ask a question of my distinguished colleague, the Senator from Utah.

Mr. BENNETT. Mr. President, I shall be happy to respond.

Mr. ALLEN. I might say parenthetically that the junior Senator from Alabama has voted against raising the debt ceiling ever since he has been in the U.S. Senate; but the Senator from Utah seemed somewhat worried over whether the Secretary of the Treasury would be able to pay the bills of the U.S. Government. If the Senator will refer to table 6 on page 6 of the committee report, he will see that it is anticipated that at the end of this fiscal year the total debt will be \$399.5 billion.

Mr. BENNETT. That is correct.

Mr. ALLEN. With a \$3 billion fund for contingencies and a \$6 billion cash balance. The amendment offered by the junior Senator from Alabama would provide for a ceiling of \$420 billion, which would give the Secretary of the Treasury

\$6 billion in cash, \$3 billion in contingencies, and \$20 billion in pocket change.

It does seem that would be sufficient to meet any bills of the U.S. Government with tax receipts rolling in.

Mr. BENNETT. Mr. President, may I ask how much time is remaining?

The PRESIDING OFFICER. The Senator from Utah has remaining 4 minutes of the 10 minutes yielded to him.

Mr. BENNETT. How much time remains on the other side?

The PRESIDING OFFICER. Three minutes remain on the other side.

Mr. BENNETT. I thank the Chair.

The point the Senator from Utah would like to make in response to the question of his friend is that the Secretary of the Treasury does not balance his books and go out of business at the end of the current fiscal year. We are not trying to relate the debt limit ceiling to what the figure will be on July 1 of this year. Hopefully, we want to set it at a point that will carry us well into the next fiscal year, and it is obvious that the figure that will result if his amendment is adopted will not carry us very far into the next fiscal year. As I have said, it will just bring us back here sooner to handle the same problem again.

Mr. ALLEN. Would it not have a restraining effect on the administration and the Congress if they knew there was some smaller limitation on the debt ceiling?

Mr. BENNETT. I think the Senator has answered his own question. He has voted against every other increase in the debt limit, as I understand it, since he has been in the Senate, but the national debt has gone up ever since he has been in the Senate, partly, I am sure, because he has voted for many appropriation bills.

Mr. ALLEN. I thank the Senator.

Mr. President, I believe the distinguished Senator from Virginia (Mr. BYRD) had 30 minutes reserved in his own right. Since there is very little time left, I shall reserve the remainder of my time in order that the Senator from Virginia may be recognized in his own right.

The PRESIDING OFFICER. The Senator from Virginia is recognized. How many minutes does he yield himself?

Mr. BYRD of Virginia. Mr. President, I yield myself 10 minutes.

First, in reply to the comment made by the distinguished Senator from Utah as to the inconsistency of members of the two political parties, I want to say that, so far as the Senator from Virginia is concerned, I voted against the tremendous increase in the debt ceiling sought by President Johnson in 1967, and in presenting an amendment on the floor of the Senate, came within one vote of reducing that ceiling by \$10 billion.

I support the proposal of the distinguished Senator from Alabama to reduce by \$10 billion the proposed increase in the debt ceiling sought by President Nixon.

I think if one studies the table on page 18 of the committee hearings, one will

note that the figure \$420 billion, which is the figure proposed by the Senator from Alabama, will not be approached until February 29 of 1972. That is more than a year off.

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

Mr. BYRD of Virginia. I yield.

Mr. BENNETT. If the Senator will look at that same schedule again, he will find it will be exceeded on December 15.

Mr. BYRD of Virginia. That is only when you take into consideration the \$3 billion of contingencies.

Mr. BENNETT. You have to have a contingency at all times. You cannot afford to use it up and then assume everything will be all right.

Mr. BYRD of Virginia. Mr. President, I shall deal with the contingency problem in a moment.

There may be contingencies from time to time, but Congress is available to act when the contingencies make it necessary for Congress to act.

I submit that it is not necessary to have a \$6 billion balance plus another \$3 billion contingency, and then try today, here in the early part of March of 1971, to set a debt limit for a time way into 1972.

Mr. President, I think the amendment offered by the Senator from Alabama should be agreed to, because the pending legislation would increase the public debt limit to \$430 billion—an increase of \$35 billion above the present debt ceiling.

I think it is important to emphasize, Mr. President, that this proposed increase in the debt ceiling is the largest since World War II.

In response to a question by me, Secretary of the Treasury Connally told the Senate Committee on Finance Monday that the administration expects a \$40 billion increase in the national debt during the next 15 months.

Mr. TALMADGE. Mr. President, will the Senator yield at that point?

Mr. BYRD of Virginia. I am glad to yield to the Senator from Georgia.

Mr. TALMADGE. Is that not the highest increase in the national debt ceiling since World War II?

Mr. BYRD of Virginia. It is the highest increase in the debt ceiling since World War II. The able and distinguished Senator from Georgia put that question to the Secretary of the Treasury, and he confirmed the fact that no administration has ever asked for such an increase in the debt ceiling as is being requested today.

Mr. TALMADGE. I thank the Senator.

Mr. BYRD of Virginia. Mr. President, never have I been more discouraged about the Government's financial position—or more alarmed. During the 12-year period beginning with fiscal year 1961 through the administration's projections for fiscal year 1972, the Government ran a deficit in the Federal funds budget every year.

The cumulative Federal fund deficit for that 12-year period is \$146 billion.

But more to the point are these facts:

The accumulated deficit of the last 3

years of President Johnson's administration totals \$49 billion; the accumulated deficit for the first 3 years of President Nixon's Administration will total at least \$62 billion.

I ask unanimous consent to have printed in the RECORD at this point in my remarks a table captioned "Deficits in Federal Funds, 1961-72," which table shows the Federal fund receipts for each of these years, the Federal fund outlays, and the deficit by year.

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

DEFICITS IN FEDERAL FUNDS, 1961-72  
[In billions of dollars]

	Receipts	Outlays	Deficit
1961.....	75.2	79.3	-4.1
1962.....	79.7	86.6	-6.9
1963.....	83.6	90.1	-6.5
1964.....	87.2	95.8	-8.6
1965.....	90.9	94.8	-3.9
1966.....	101.4	106.5	-5.1
1967.....	111.8	126.8	-15.0
1968.....	114.7	143.1	-28.4
1969.....	143.3	148.8	-5.5
1970.....	143.2	156.3	-13.1
1971 <sup>1</sup> .....	139.1	164.7	-25.6
1972 <sup>1</sup> .....	153.7	176.9	-23.2
12-year total.....	1,324.2	1,469.7	-145.9

<sup>1</sup> Estimated figures.

Mr. BYRD of Virginia. It will be noted from this table that while taxes taken from pockets of the wage-earners doubled during that 12-year period, the deficits have continued and increased.

I ask unanimous consent that another table, captioned "Federal taxes and spending" be printed in the RECORD at this point, the source of the figures being the Office of Budget and Management.

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

FEDERAL TAXES AND SPENDING (ALL YEARS ARE FISCAL YEARS, JULY 1-JUNE 30)  
[Federal fund receipts in billions of dollars]

Fiscal year	1968	1969	1970	1971 (estimate)	1972 (estimate)
Individual income taxes....	69	87	90	88	94
Corporate income taxes....	29	37	33	30	37
Subtotal (income taxes).....	98	124	123	118	131
Excise taxes (excluding highway).....	10	11	11	11	11
Estate and gift.....	3	4	4	4	5
Customs.....	2	2	2	2	2
Miscellaneous.....	3	3	3	4	4
Total Federal fund receipts.....	116	144	143	139	153
Federal fund expenditures in billions: total outlays.....	143	149	156	164	176
Federal fund deficits (-): total deficits.....	-27	-5	-13	-25	-23
Trust fund receipts in billions: total receipts.....	38	44	51	55	64

Fiscal year	1968	1969	1970	1971 (estimate)	1972 (estimate)
Trust fund outlays in billions: total outlays.....	36	36	40	48	53
Trust fund surpluses: total surpluses.....	2	8	11	7	11
"Unified budget" surpluses or deficits (-): total net surplus or deficit (-).....	-25	3	-2	-18	-12

Note: Trust fund totals consist mainly of Social Security contributions and payments.

Source: Office of Management and Budget.

Mr. BYRD of Virginia. The administration asserts that deficits for this year and next year combined will total \$29 billion. But the fact is that the real deficit for these years will total \$48 billion. Were this not the fact, it would not be necessary for the administration to recommend such a tremendous increase in the debt limit.

To understand the actual situation, it is essential to realize that under President Johnson, the Government changed its bookkeeping methods. It inaugurated the so-called unified budget.

Under the unified budget, surpluses in the trust funds—mainly social security—are lumped together with general funds, even though trust funds cannot be used for the general operations of Government.

This reduces the apparent deficit of the Government, but not the real deficit.

Putting aside this sleight-of-hand accounting, we find that actual deficits will reach \$25 billion this year and \$23 billion next year—and this assumes that the Government's financial estimates hold good.

So, according to normal accounting procedures, our Government will run a smashing deficit for the current fiscal year which ends June 30 and another smashing deficit for the following fiscal year. The Federal fund deficit for the 2 years, by the administration's own figures, will total \$48 billion.

In my judgment, the 2-year total will be higher—maybe substantially higher.

With the administration deliberately embarking on a deficit spending program of major magnitude, naturally it seeks an increase in the ceiling on the public debt.

Mr. President, I wish to say at this point that I am inclined to support an increase in the debt ceiling under the conditions existing, but I do not want to support the tremendous increase being sought by this legislation. That is why I am pleased to support the amendment offered by the distinguished Senator from Alabama.

Contrary to many of my colleagues, I believe that Congress should keep a tight ceiling on the debt. The debt limit serves several good purposes.

One main purpose is restraint on the executive branch of the Government, which creates most of the pressure for Government spending.

It is true that the Congress must appropriate the funds for spending programs, but if the executive branch does not show restraint, Congress is at a severe disadvantage.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. BYRD of Virginia. Mr. President, I yield myself 3 additional minutes.

Despite this disadvantage, Congress does usually appropriate less than the executive branch requests.

Contrary to popular belief, the Congress has reduced appropriations below the budget requests from the President nearly every session in recent years.

I do not believe the Congress has made as many reductions in spending as it could have, or should have. But at least it has not increased spending over administration requests.

I cite one example: In fiscal 1969, for which President Johnson's administration prepared the budget, the total reduction by Congress in the Federal funds budget was \$14.5 billion under the budget request sought.

Congress is the arena in which spending requests are debated and brought to the attention of the general public.

That fact suggests another reason why the debt limit is important.

The debt ceiling forces officials of the executive branch to come before the people's representatives in Congress and justify their contemplated use of tax funds.

In this process, public attention is focused on Government spending and on the national debt.

I submit that we need to focus public attention on public spending.

That is in the public interest.

It must never be forgotten that there is only one place the Government can get revenues—and that is from the pockets of the working men and women of our Nation.

These people—the wage earners of the United States—pay the Government's bills.

And it should be noted that one of the biggest items in the budget every year—the second largest nondefense item—is interest on the national debt.

As the national debt increases, the annual interest charges on that debt likewise increase.

I ask unanimous consent to have printed at this point in the RECORD a table showing the annual interest payments on the national debt, paid for by the taxpayers, for fiscal years 1967 through 1972.

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

Interest on the national debt, 1967-72  
[In billions of dollars]

1967.....	\$13.4
1968.....	14.6
1969.....	16.6
1970.....	19.8
1971 (est.).....	20.8
1972 (est.).....	21.2

Mr. BYRD of Virginia. Mr. President, from this table it will be seen that the cost to the taxpayers of the interest on the public debt increased from \$13.4 bil-

lion in fiscal year 1967 to \$21.2 billion for fiscal year 1972, an increase of 59 percent during that short period of time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BYRD of Virginia. I yield myself 3 additional minutes.

I believe that the taxpayers should realize that of every dollar of income tax paid by individuals and corporations, 17 cents goes to pay for interest charges on the national debt.

The huge increase in the cost of government must be paid for either by more taxes, or by more inflation—which is a hidden tax, and the cruelest tax of all.

It now seems certain that a tax increase will sooner or later be necessary because of the deficit financing with which the government has been operating.

In a recent interview, Secretary Connally admitted as much.

He said that while the Treasury will not be seeking any major new or increased taxes this year, "and maybe not next year," he sees little hope for avoiding increases in taxes "down the pike."

Mr. President, I interpret that "down the pike" to mean after next year's election—namely, January of 1973.

In that connection, I ask unanimous consent to have printed at the conclusion of my remarks an article published in the Washington Post of March 10 containing the interview with Secretary Connally.

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

(See exhibit 1.)

Mr. BYRD of Virginia. I am very much concerned about what the financial condition of the U.S. Government will be, and what the situation of the individual American taxpayer will be "down the pike."

It seems evident to me that our present fiscal policies mean that when we get to the point "down the pike" that Mr. Connally is talking about, both the Government and the taxpayer will be in even worse shape than they are today.

Somehow, some day, our political leaders must realize that you cannot go on forever running up huge Government deficits, the result of huge Government spending.

I hope that this realization comes soon. The longer it is delayed, the worse off will be the individual wage earner, the individual American citizen.

Mr. President, I feel that the best interests of our Nation would be served if the Senate were to adopt the amendment offered by the distinguished Senator from Alabama and reduce the increase in the debt ceiling from the amount requested by the administration—namely, a \$430 billion ceiling to \$420 billion.

#### EXHIBIT 1

[From the Washington Post, Mar. 10, 1971]

#### CONNALLY SEES FUTURE TAX RISE, LAW REVISION

(By Hobart Rowen)

Treasury Secretary John Connally said yesterday that to pay or "all the additional things that people want," the government will have to levy higher taxes "not this year, not next year, but somewhere down the pike."

He added that "we're not going to get new

sources of revenue until we have a major overhaul of the tax laws in this country," and that such a revision could include the much-debated value-added tax, "which obviously has some merit."

His basic approach, Connally volunteered in a wide-ranging session with reporters at the Treasury Department, "is that I dislike all taxes. The question is, 'which ones do you dislike the most?'"

On other topics, Connally:

Described himself as "more optimistic" about prospects for economic recovery than he was 60 days ago, but acknowledged that it is not possible to say what "will happen, even what has happened" until the results for the first quarter of the year are apparent some time next month.

Bluntly called on the business community to assume its share of the burden in fighting inflation. To those businessmen "I know casually to well" who complain about the government, "I say: 'What the hell are you doing in your own business?'"

Insisted that the chances of getting the President's revenue-sharing proposals through Congress are not "hopeless," despite the strong opposition of House Ways and Means Committee Chairman Wilbur Mills (D-Ark.).

The new Treasury Secretary reported that a study of tax revision was now going on "in a halting way—it's not under forced draft." He refused to be pinned down more specifically on the value-added tax except to say that "it doesn't have to be regressive—it depends on how it's levied."

Critics have labeled the value-added tax a form of national sales tax that hits hardest at low and middle-income bracket families who must spend the largest part of their income.

Connally's moderately optimistic assessment of the economic outlook, he said, stemmed more from conversations with businessmen and bankers than from current statistical evidence. "I can't prove it, but there is a general feeling of greater confidence and greater assurance than there was at the start of the year," he said.

Yet, he would only summarize the present status of things as going "fairly well to very well." He restated his conviction that the January rate of expansion of the money supply by the Federal Reserve was not sufficient.

He warned against "drawing too much (optimism)" from the recent declines in unemployment (in December and January) because "too short a time" is involved.

He stressed in several ways that the administration was carefully watching economic developments, and was "flexible enough" to take additional measures if its economic forecasts at the start of the year did not work out.

"If I tell you something today," the Secretary said with a smile, "I don't know if it's going to be true 90 days from now. Anything might be subject to change, and in short order."

Connally's account of his pressure on businessmen to "apply leadership" in an anti-inflation role was in response to a question on what he tells businessmen who are anxious about the economy.

He said that businessmen generally had tended to demand government action when they had—by acts of commission and omission—contributed to inflation themselves.

"The truth is," Connally said, "that this is a matter for everyone. The business community has to assume its share of the burden. . . . There have been times when the salaries of top people were going up faster than the wages of their employees, and I think that's inherently wrong."

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. Mr. President, I yield back the remainder of my time.

Mr. BENNETT. Mr. President, I will take just a minute or so, and then I will be prepared to yield back the remainder of my time.

We are hearing many figures. One of the items that needs to be included in the figures taken into account is the record for fiscal 1971, which ends June 30. Since the budget for fiscal year 1971 was submitted in February 1970 outlays have exceeded the initial budget estimate by \$12 billion and revenues have fallen short of the budget estimate by \$8 billion, for a total of a \$20 billion shortfall, from the administration's first estimate of what would be achieved in this budget. A shortfall of anything approaching this would bring us back shortly after the fiscal year is begun if we were to adopt the pending amendment.

I should also like to point out one other figure with respect to this debt ceiling. The debt ceiling is based on the theory that the administration's estimate of income and out-go this time would be accurate. No administration's estimate ever has been accurate; and if they had a shortfall of \$20 billion last year, I am afraid we can expect that there will be a further shortfall this year.

Our staff estimates indicate that the revenue figure for next year, in their opinion, will be \$6 billion below the administration figure. That would wipe out the contingency reserved in these figures and cut in half the amount of cash balance requested by the Treasury.

So I think that prudence and responsibility would dictate the defeat of the Allen amendment.

Mr. President, I yield to the Senator from Louisiana, or yield the floor to him.

Mr. LONG. I yield myself 2 minutes.

Mr. President, there is not 5 cents of expenditures subject to this debt limit which will not be expended subject to an authorization and appropriation voted in the Senate of the United States. Every nickel of it.

When Senators vote to spend the money and then vote to reduce or raise taxes, they voted to spend the money and had a chance to vote on the revenue bills, whether they voted to reduce or raise taxes. Unless we raise the debt limit, we are faced with the situation that the Government cannot pay its bills.

Every Senator has voted to reduce expenditures on something, I am sure. But when a majority of the Senate has voted to pass the authorization and appropriations bills and then votes not to pay them, by voting not to increase the debt limit, that means the Government cannot pay anybody's salary and cannot pay any contractor for working for the Government.

I sometimes think that I would like to wait and see what would happen, if the Government could not pay its bills. If I were President of the United States and that happened, I would say, "The Senate does not want to pay our bills. So nobody gets paid." If I were President of the United States, I would start with myself. I would not ask for a paycheck. Nobody would get paid. Then we would see how long the Senate could hold out. My guess

is that they would hold out for no more than 2 weeks past the first paycheck. I would be willing to make a bet, to bet the seat of my pants against the seat of the pants of the Senator, that the Senate will not be able to hold out beyond the first paycheck. All the post office employees would be calling in. All the other people who work for the various agencies of the Federal Government would be calling in. Someone suggested to me that there could be one good result if the debt limit bill were to fail, and that would be to make Western Union and the A.T. & T. very profitable because there would be so many telegrams showering Senators, and so many outraged telephone calls being made, that these companies would be able to solve all their financial problems.

The PRESIDING OFFICER (Mr. MCINTYRE). All time on the amendment has now expired.

The question is on agreeing to the—

Mr. ALLEN. Mr. President, will the Senator from Louisiana yield me 2 minutes?

Mr. LONG. Mr. President, I yield the Senator 2 minutes on the bill.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 2 minutes.

Mr. ALLEN. Mr. President, I would like to mention to the Senator from Louisiana that the Senate and House have not already passed these bills. The Senator overlooks the fact that the debt limit increase is an increase that applies up to July 1 of 1972. I do not believe we have appropriated for anything in fiscal year 1972. If the Senator will look at the table in his own committee report, he will see that it is projected that the total debt of the United States at the end of this fiscal year will be \$399.5 billion. That includes \$3 billion for contingencies, and \$6 billion cash balance; whereas the amendment before us would provide for a debt ceiling of \$420 billion. There does not seem to be any indication that there is not going to be money to pay the appropriations, because the debt limit is designed to cover appropriations for the next fiscal year as well, and the Senate and the Congress could and should cut down on the budget request. Has the Senator considered that point?

Mr. LONG. Well, Senator, if the Senate does not want to pass the appropriation bills for the coming year, then this debt limit will not give us any problem. But we are proposing a bill to provide the Government with the essentials it needs to operate for 1 year. In my statement, I said that I strongly doubted whether we had provided enough anyway, because in my judgment, and I think that the record will prove this—we will have to take a look at it a year from now—usually spending is underestimated by the Budget Bureau, but the income is overestimated. The staff estimates that those in the administration have been optimistic about the level of economic activity and tax receipts and that tax receipts will fall \$6 billion short of what is anticipated. In addition, it is likely expenditures will be greater than anticipated—one indication of that is the so-

cial security bill which is one of the areas where Congress wants to spend more money. So, with less revenue and more expenditures than anticipated, even this increase in the debt limit will probably not be enough.

The PRESIDING OFFICER (Mr. BEALL). The time on the amendment has now expired.

Mr. ALLEN. Mr. President, will the Senator from Louisiana yield me 2 more minutes on the bill?

Mr. LONG. I yield the Senator from Alabama 2 minutes on the bill.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 2 additional minutes.

Mr. ALLEN. In all likelihood, however, under the amendment now under consideration, allowing for a debt ceiling of \$420 billion, any appropriations heretofore made by Congress can be paid in full without exceeding the debt limit; is that not correct?

Mr. LONG. Probably not, but the amendment almost certainly would stop spending from appropriations that are forecast for the coming year. If Congress does not want to appropriate the money, the honest thing to do is not to do so. That is better than passing a law saying we cannot appropriate above a certain amount, but later do so, and give the President the power to spend the money whether he wants to or not. Experience shows that debt limitations have not stopped spending in the past and I see no reason why they will in the future.

Mr. BENNETT. Mr. President, I move to lay the amendment of the Senator from Alabama on the table.

Mr. ALLEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. BEALL). The question is on agreeing to the motion of the Senator from Utah to lay the amendment of the Senator from Alabama on the table.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Missouri (Mr. EAGLETON), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Indiana (Mr. HARTKE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONTROYA), the Senator from Maine (Mr. MUSKIE), and the Senator from Illinois (Mr. STEVENSON) are necessarily absent.

I also announce that the Senator from North Carolina (Mr. JORDAN) is absent because of illness.

I further announce that, if present and voting, the Senator from Oklahoma (Mr. HARRIS) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from Oregon (Mr.

PACKWOOD), the Senator from Ohio (Mr. SAXBE), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is detained on official business.

If present and voting, the Senator from South Dakota (Mr. MUNDT) and the Senator from Alaska (Mr. STEVENS) would each vote "yea."

On this vote, the Senator from Texas (Mr. TOWER) is paired with the Senator from New York (Mr. BUCKLEY). If present and voting, the Senator from Texas would vote "yea" and the Senator from New York would vote "nay."

The result was announced—yeas 49, nays 31, as follows:

[No. 21 Leg.]

YEAS—49

Aiken	Griffin	Nelson
Allott	Hart	Pastore
Anderson	Hatfield	Pearson
Baker	Hruska	Percy
Beall	Humphrey	Prouty
Bennett	Inouye	Randolph
Bible	Jackson	Ribicoff
Boggs	Javits	Schweiker
Brooke	Jordan, Idaho	Scott
Burdick	Long	Smith
Cannon	Magnuson	Taft
Care	Mansfield	Tunney
Cooper	Mathias	Weicker
Cranston	McGee	Williams
Dole	McIntyre	Young
Fong	Mondale	
Gambrell	Moss	

NAYS—31

Allen	Eastland	Pell
Bayh	Ellender	Proxmire
Brock	Ervin	Roth
Byrd, Va.	Fannin	Sparkman
Byrd, W. Va.	Fulbright	Spong
Chiles	Gurney	Stennis
Church	Hansen	Symington
Cook	Hollings	Talmadge
Cotton	Hughes	Thurmond
Curtis	Metcalf	
Dominick	Miller	

NOT VOTING—20

Bellmon	Hartke	Muskie
Bentsen	Jordan, N.C.	Packwood
Buckley	Kennedy	Saxbe
Eagleton	McClellan	Stevens
Goldwater	McGovern	Stevenson
Gravel	Montoya	Tower
Harris	Mundt	

So Mr. BENNETT's motion to table Mr. ALLEN's amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ERVIN. Mr. President, I move that the pending bill, H.R. 4690, be committed to the Committee on Finance with instructions to the committee that the committee eliminate from the bill the provisions providing for an increase in the debt limit and forthwith return the other provisions of the bill to the Senate for its consideration.

I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays are ordered.

Mr. COTTON. Mr. President, may we have the motion read? Will the Senator send the motion to the desk?

Mr. ERVIN. Mr. President, I suggest the absence of a quorum so that I can reduce the motion to writing.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ERVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, so ordered.

Mr. ERVIN. Mr. President, I have reduced my motion to writing and notwithstanding my high respect for the reading ability of the clerk I will read my own writing first.

The PRESIDING OFFICER. Without objection, the Senator may proceed.

Mr. ERVIN. The Senator from North Carolina moves that the pending bill, H.R. 4690, as amended, be committed to the Committee on Finance with instructions that the committee delete from the bill the provisions for an increase in the public debt limit and forthwith return the bill with all its other provisions intact to the Senate.

Mr. President, as I understand, I have an order for the yeas and nays on this motion.

The PRESIDING OFFICER. The Senator is correct.

Mr. ERVIN. Mr. President, I yield to myself such portion of the 15 minutes at my disposal as I may use.

Mr. BYRD of West Virginia. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ERVIN. Mr. President, when I came to the Senate in 1954 the public debt limit of the United States was \$275 billion.

With the provisions relating to its permanent and temporary limits, the national debt limit now amounts to \$395 billion, an increase of \$120 billion since I came to the Senate 17 years ago.

The Senator from North Carolina is not subject to the charge that he is responsible for a single penny of the increase in the debt limit. The Senator from North Carolina has always believed that the Federal Government should have enough courage and enough intelligence to cut its expenditures so that they will not exceed its income, or, in the alternative, increase its income by taxation so that its income will cover its expenditures.

With the exception of voting for the Tax Reform Act of 1969 and certain accelerated depreciation allowances, the Senator from North Carolina has voted against every proposal made since he came to the Senate to reduce Federal taxes, because the Senator from North Carolina believes in the principle of honesty embodied in the assertion that an individual or a government ought to be just before it is generous.

We have a disgraceful record of deficit spending. When we reach June 30, 1972, we will mark the end of an era of 43 years in which the expenditures of the Federal Government have exceeded its income 35 times. In other words, at that point we will mark the end of an era in which this Government had a balanced budget only eight times in 43 years. And on those eight occasions when the Federal Government did balance its budget, it had surpluses which approximated \$19 billion. All of that surplus in those 8

years is going to be largely exceeded by the amount of the deficit in the fiscal year which ends on June 30, 1971.

We used to call this deficit spending, and everyone admitted that deficits fueled the fires of inflation; that it robbed those who had made any savings such as life insurance and the like of what they had saved through inflation. But the President has changed the name from deficit spending. He calls it a full employment budget.

Mr. President, in my book, a jimsonweed smells just as rank, regardless of what name one gives it. It does not keep deficit spending from being deficit spending by calling it a full employment budget.

It is just like the unified budget we have. It is just something to hide governmental iniquity from people who are susceptible to being deceived.

I recognize that if we do not grant some increase in the national debt limit within a reasonable time there will be danger of chaos. We spent 7 weeks of this session in considering a matter of little importance as compared with the matter of our fiscal state; that is, a change in the Senate rules. Surely, the Congress could postpone immediate action on the national debt and take a few days to consider whether or not its fidelity to the task entrusted to it by the people of the United States does not require it to be honest enough with its people to levy enough taxes to pay the expenditures it authorizes, or courageous enough to cut those expenditures to an amount which its income will pay.

The trouble with deficit financing, the trouble with a so-called full employment budget, is that it robs the past and it robs the future. We have robbed the American people of billions and billions and billions of dollars of their savings by deficit financing. In so doing we have robbed them of their past. Now it is proposed that they be robbed of their future by refusing to pay the expenses we authorize. Moreover, it is proposed that our children and our children's children be robbed of their future earnings to satisfy the actual or supposed needs of the present.

I have told this story once before on the floor of the Senate, but it illustrates the fiscal folly which has characterized the Federal Government for the past 41 years, and will characterize it for the next 2 years, making a total of 43 years. The story goes that many, many years ago a Member of the British Parliament offered a bill to provide for the issuance of an enormous amount of bonds whose proceeds were to be immediately expended to satisfy some of the real or the supposed needs of that generation. The bill provided that there should be no payments on the principal of the bonds for 50 years.

A Member of the British Parliament who entertained the economic philosophy of the Senator from North Carolina arose and stated his opposition to the bill saying, "This bill is not fair to posterity." The author of the bill got up and said, "Posterity has never done anything for me and I do not propose to do anything for posterity, and, further-

more, posterity can't vote in the next election."

That is a complete picture of the financial operations of the Federal Government during the period of 43 years next preceding July 1, 1972.

As I say, we ought to quite the practice of financing our Government through deficits, and we ought to quit trying to disguise deficit financing by calling it a full employment budget. We ought to be financially honest. We ought to be courageous enough to either out a pattern to suit the cloth, or to get a little more cloth at the expense of the taxpayers.

The Senator from Louisiana talked about betting the seat of his pants on some proposition. The thing that concerns the Senator from North Carolina is that the taxpayers have just about lost their pants. Let us send this measure back to the committee, let the committee delete the provisions relating to the debt limit, and let us pass the bill with the other provisions, and then give some serious study as to how much longer we are going to continue to rob the American people of their past and of their future.

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

Mr. ERVIN. I yield to the distinguished Senator from New Mexico.

Mr. ANDERSON. I wonder what the Senator from North Carolina proposes to do about this situation. There is trouble; we have bills to pay, and the crisis will not be delayed for 60 days, it will be here next week.

Mr. ERVIN. I say to the Senator from New Mexico that if we can spend 7 weeks here agitating about a rule change, we might spend a week deciding whether after 43 disgraceful years of fiscal folly we are going to make a reasonable effort to set the Nation's financial house in order.

Mr. ANDERSON. Did not the Senator vote for these appropriation bills?

Mr. ERVIN. Not for many of them. No Senator can wave his gory locks at the Senator from North Carolina and say that he is responsible for a single penny of the increase in the debt limit. If a majority of the Senate and the House of Representatives had voted as I have since I got here, we would not have had this increase of \$120 billion in the national debt limit. On the contrary, we would have had some money to apply on the retirement of the national debt, and to render a debt limit of less than \$275 billion sufficient.

Mr. ANDERSON. What does the Senator suggest we do from here on out?

Mr. ERVIN. I would suggest that we ought to sit down and consider one of two propositions.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ERVIN. I ask unanimous consent to answer that question for 20 seconds.

Mr. LONG. I yield the Senator 2 minutes on the bill.

Mr. ERVIN. We ought to either resolve, here and now, that we are going to collect enough taxes from the taxpayers to pay in full the moneys we appropriate, or we ought to decide to cut

those appropriations so that they will be met by the tax moneys which come into the Treasury under existing law.

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

Mr. ERVIN. I have no more time.

Mr. DOMINICK. Will the Senator from Louisiana yield me 2 minutes on the bill? I wish to support the position of the Senator from North Carolina.

Mr. LONG. I yield the Senator 2 minutes.

The PRESIDING OFFICER. On the amendment, or on the bill?

Mr. LONG. On the bill.

Mr. DOMINICK. I thank the Senator from Louisiana. I just wish to express a position here. I intend to support the Senator from North Carolina, perhaps not for exactly the reasons he has stated, but I think my reasons are worth stating.

I have been here for only 10 years, not nearly as long as the Senator from North Carolina. Each year, we have had either one or two increases in the national debt limit, either temporary or permanent.

It seems to me that we ought to do one of two things. We either ought to abide by the limit we set, and make our expenditures that way, or we ought to abolish the legislative limit on the amount of the debt. Otherwise, we go through this procedure year after year, getting nowhere.

I intend to support the position of the Senator from North Carolina because I think we just go through a charade every year, without accomplishing anything.

Mr. ERVIN. Mr. President, that is exactly the reason that I make this proposal, that we sit down and consider this matter, and quit robbing our people, of their past savings, through inflation, and of their future earnings by deficit spending.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I yield myself 5 minutes.

I have been here now for 23 years. When I first came here, I heard the old saying that the sure way to be reelected is to vote for every appropriation, and against every tax. That is said to be good politics; and that same logic is prevailing here—to spend money and refuse to provide any tax and also to refuse to vote to pay the bills when they come due.

But, may I say, in 23 years of service here in the Senate, I have not found here anyone who ever fooled anyone else about the debt limit. Just go back and check it. When has anyone ever asked, "Why did you want to vote to raise the debt limit?" No one has ever asked me that question in 23 long years. In some cases, I have voted against increases in the debt limit because I wanted to vote against the foreign aid program, and thought that that might be a good way to protest foreign aid.

But if anyone ever had asked me, I should have told him, "Look, it was not my idea to have a foreign aid program, or to vote for a number of these things, but all of that was done and the money was spent. Then questions come up: do

we pay our debts, do we pay the Government employees for their month's work, do we pay the contractor who has performed on a solemn contract of the Government? Because if we do not either raise the taxes to pay them, or, having failed to raise taxes, raise the debt limit, we cannot pay them."

Mr. ERVIN. Mr. President, will the Senator yield for a question?

Mr. LONG. Permit me to explain my position, and then I shall be happy to yield.

If the Senator is successful in what he is trying to do, defeat this debt limit bill, it will mean that in 1 week the Government can no longer pay its bills.

When I referred to betting the seat of my pants, Mr. President, I was referring to a tradition between LSU and Tulane University, in connection with their football games. It used to be that every time, when the game was over, everyone would get out on the football field and fight over taking the goalposts home, so the schools started what they thought was a better tradition, which was that the captains of the respective teams would bet the seats of their pants.

So, for the last 20 years, the Tulane captain would appear at the LSU locker room when the game was over, and the LSU captain would ceremoniously remove the seat of this pants and have it framed for all eternity, because Tulane lost every game for 20 years in a row.

So, as a sporting proposition, I tell the Senator from North Carolina that I will bet the seat of my pants against the seat of his that if his amendment succeeds—and this richest Nation on earth should officially declare itself bankrupt and cannot even pay the postal worker his hard-earned monthly check—I am willing to bet we cannot hold out for a month, to the date of the second paycheck. I bet the Senator the seat of my pants—and he can take it off right here on the floor of the Senate—if he can hold out 2 months doing that. We are not fooling anyone, not a soul on earth.

It is true that the Government is in debt, but look how we are doing, compared to others. Private individuals have problems with their budgets. From 1946, at the end of World War II, until today, individual debt in this country has increased from \$60 billion to \$555 billion, more than an 800-percent increase in terms of dollars.

Goodness knows, corporations are concerned about debt. But what has happened to them? Their corporate debt, in dollars, went up from \$109 billion to \$861 billion—an increase of 700 percent.

How about State and local governments? They do not want to go in debt unnecessarily, but their debt went from \$16 billion up to \$137 billion—almost an 800-percent increase in the debt they owe.

How about the Federal Government? On outstanding Federal agency debts, the increase has been from \$260 billion to \$382 billion—an increase of about 45 percent. So we did almost 20 times as well in that respect as State govern-

ments, almost 20 times as well as individuals. About 15 times as well as corporations. If we are compared to anyone else, we did just great. But, no, we have to have this annual flagellation and have this effort to officially declare ourselves bankrupt because of our profligate ways, when Senators themselves, by majority vote, voted to pass these appropriation bills and spend that money.

Mr. President, I think it is a rather foolish thing to try to declare Uncle Sam bankrupt by an act of Congress. Why do we have a debt limit? Because when we exceed it, we would like to look at our fiscal position.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG. I yield myself 2 additional minutes.

To see where we stand, to go forward from here and take a look at what the budget would be for the following year.

Mr. President, having voted to spend the money, with a projection that this would mean the Government would be in debt, the time comes to extend the debt limit. If we fail to pass it and to provide an adequate increase in the debt limit, the Government would be in a difficult and an embarrassing position by an act of folly on the part of Congress. I cannot support that.

If the Senator wanted to vote against the debt limit bill, I do not know why he does not vote against it. We gave him a yea and nay vote on the social security bill so that he could say that he is for the social security increase. We gave him a yea and nay vote on the debt limit itself. Why does he not move to strike sections 1 and 2 of the bill and disassociate the Committee on Finance from something we think is a foolish thing to do?

Mr. ERVIN. Mr. President, will the Senator yield, so that the Senator from North Carolina can explain to the Senator from Louisiana why the Senator from North Carolina takes the position he does?

Mr. LONG. I yield.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. LONG. I yield myself 3 additional minutes.

Mr. ERVIN. The Senator from Louisiana has put the Senator from North Carolina and every other Member of the Senate, by his amendment, in quite a quandary. I have always voted against an increase in the debt limit. I favor the social security bill. Under the Senate rules, I cannot vote half of a "yea" in favor of the social security bill and half of a "nay" against the debt limit provisions. So the Senator has put me in a position in which I cannot express my true sentiments with reference to this matter. To my mind, that is a very unfortunate situation.

Mr. LONG. It seems to me that the Senator expressed himself in favor of the social security increase when he voted for the social security amendment, and he can express himself as being against the debt limit by voting against the bill. If he wished, he could also express himself against it by moving to strike sections 1 and 2 of the bill.

Mr. ERVIN. I may move that if the bill is not recommitted. I do not want to trespass upon the preserves of the Committee on Finance. I would rather for its members to do the striking.

Mr. LONG. If we think it is a foolish thing, why should we be required to be associated with it? Why not let it be the Senator's own handiwork?

In any event, Mr. President, whether it be the motion or the amendment that should be defeated, I think Senators are anxious to vote. Some have made plans to be elsewhere.

I yield back the remainder of my time. The PRESIDING OFFICER. All time on the motion to recommit has been yielded back.

The question is on agreeing to the motion of the Senator from North Carolina. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Missouri (Mr. EAGLETON), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Indiana (Mr. HARTKE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTROYA), the Senator from Maine (Mr. MUSKIE), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from North Carolina (Mr. JORDAN) is absent because of illness.

I further announce that, if present and voting, the Senator from Oklahoma (Mr. HARRIS) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from Oregon (Mr. PACKWOOD), the Senator from Ohio (Mr. SAXBE), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

If present and voting, the Senator from New York (Mr. BUCKLEY), the Senator from South Dakota (Mr. MUNDT), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) would each vote "nay."

The result was announced—yeas 16, nays 63, as follows:

[No. 22 Leg.]

YEAS—16

Allen	Ellender	Roth
Brock	Ervin	Spong
Byrd, Va.	Fulbright	Talmadge
Cook	Gambrell	Thurmond
Cotton	Hollings	
Dominick	Proxmire	

NAYS—63

Aiken	Beall	Brooke
Allott	Bennett	Burdick
Anderson	Bentsen	Byrd, W. Va.
Baker	Bible	Cannon
Bayh	Boggs	Case

Chiles	Humphrey	Pearson
Church	Inouye	Pell
Cooper	Jackson	Percy
Cranston	Javits	Prouty
Curtis	Jordan, Idaho	Randolph
Dole	Long	Ribicoff
Eastland	Magnuson	Schweiker
Fannin	Mansfield	Scott
Fong	Mathias	Smith
Griffin	McGee	Sparkman
Gurney	McIntyre	Stennis
Hansen	Miller	Stevenson
Hart	Mondale	Symington
Hatfield	Moss	Taft
Hruska	Nelson	Tunney
Hughes	Pastore	Weicker

NOT VOTING—21

Bellmon	Jordan, N.C.	Muskie
Buckley	Kennedy	Packwood
Eagleton	McClellan	Saxbe
Goldwater	McGovern	Stevens
Gravel	Metcalfe	Tower
Harris	Montoya	Williams
Hartke	Mundt	Young

So Mr. ERVIN's motion to recommit the bill (H.R. 4690) was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. BYRD of Virginia. Mr. President, I yield back the remainder of my time.

Mr. TALMADGE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. 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 assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Missouri (Mr. EAGLETON), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Indiana (Mr. HARTKE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTROYA) and the Senator from Maine (Mr. MUSKIE) are necessarily absent.

I also announce that the Senator from North Carolina (Mr. JORDAN) is absent because of illness.

I further announce that, if present and voting, the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS) and the Senator from New Mexico (Mr. MONTROYA) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from Oregon (Mr. PACKWOOD), the Senator from Ohio (Mr. SAXBE), the Senator from Alaska (Mr. STEVENS) and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is detained on official business.

If present and voting, the Senator from

New York (Mr. BUCKLEY), the Senator from South Dakota (Mr. MUNDT), the Senator from Ohio (Mr. SAXBE), and the Senator from Alaska (Mr. STEVENS) would each vote "yea."

On this vote, the Senator from Texas (Mr. TOWER) is paired with the Senator from Arizona (Mr. GOLDWATER). If present and voting, the Senator from Texas would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 80, nays 0, as follows:

[No. 23 Leg.]

YEAS—80

Aiken	Eastland	Moss
Allen	Ellender	Nelson
Allott	Ervin	Pastore
Anderson	Fannin	Pearson
Baker	Fong	Pell
Bayh	Gambrell	Percy
Beall	Griffin	Prouty
Bennett	Gurney	Proxmire
Bentsen	Hansen	Randolph
Bible	Hart	Ribicoff
Boggs	Hatfield	Roth
Brock	Hollings	Schweiker
Brooke	Hruska	Scott
Burdick	Hughes	Smith
Byrd, Va.	Humphrey	Sparkman
Byrd, W. Va.	Inouye	Spong
Cannon	Jackson	Stennis
Case	Javits	Stevenson
Chiles	Jordan, Idaho	Symington
Church	Long	Taft
Cook	Magnuson	Talmadge
Cooper	Mansfield	Thurmond
Cotton	Mathias	Tunney
Cranston	McGee	Weicker
Curtis	McIntyre	Williams
Dole	Miller	Young
Dominick	Mondale	

NAYS—0

NOT VOTING—20

Bellmon	Hartke	Mundt
Buckley	Jordan, N.C.	Muskie
Eagleton	Kennedy	Packwood
Fulbright	McClellan	Saxbe
Goldwater	McGovern	Stevens
Gravel	Metcalfe	Tower
Harris	Montoya	

So the bill (H.R. 4690) was passed.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I ask unanimous consent that the bill (H.R. 4690) be printed with the amendments of the Senate.

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

Mr. LONG. Mr. President, I move that the Senate insist on its amendment and request a conference with the House on the disagreeing votes thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the presiding officer appointed Mr. LONG, Mr. ANDERSON, Mr. TALMADGE, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

# H. R. 4690

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IN THE SENATE OF THE UNITED STATES

MARCH 12, 1971

Ordered to be printed with the amendment of the Senate

[Insert the part printed in italic]

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## AN ACT

To increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That the first sentence of section 21 of the Second Liberty  
4       Bond Act (31 U.S.C. 757b) is amended by striking out  
5       “\$380,000,000,000” and inserting in lieu thereof “\$400,-  
6       000,000,000”.

7       SEC. 2. (a) During the period beginning on the date  
8       of the enactment of this Act and ending on June 30, 1972,  
9       the public debt limit set forth in the first sentence of section  
10      21 of the Second Liberty Bond Act shall be temporarily  
11      increased by \$30,000,000,000.

1 (b) Effective on the date of the enactment of this Act,  
2 section 2 of Public Law 91-301 is hereby repealed.

3 SEC. 3. The first section of the Second Liberty Bond Act  
4 (31 U.S.C. 752) is amended by adding at the end of the  
5 second paragraph the following new sentence: "Bonds herein  
6 authorized may be issued from time to time at a rate or rates  
7 of interest exceeding  $4\frac{1}{4}$  per centum per annum, but the ag-  
8 gregate face amount of bonds issued pursuant to this sentence  
9 shall not exceed \$10,000,000,000."

10 SEC. 4. (a) Effective with respect to obligations issued  
11 after March 3, 1971, the following provisions of law are  
12 hereby repealed:

13 (1) Section 14 of the Second Liberty Bond Act  
14 (31 U.S.C. 765); and

15 (2) Section 6312 of the Internal Revenue Code of  
16 1954 (relating to payment by United States notes and  
17 certificates of indebtedness), and the item relating to  
18 such section 6312 in the table of sections for subchapter  
19 B of chapter 64 of such Code.

20 (b) The Second Liberty Bond Act is amended by add-  
21 ing at the end thereof the following new section:

22 "SEC. 27. In the case of obligations issued after March 3,  
23 1971, under this Act or under any other provision of law, the  
24 terms and conditions of issue shall not permit the redemp-  
25 tion before maturity of such obligation in payment of any

1 tax imposed by the United States in any amount above the  
 2 fair market value of such obligation at the time of such  
 3 redemption. This section shall not apply to any Treasury  
 4 bill which is issued under the authority of section 5.”

5 **TITLE II—AMENDMENTS TO THE SOCIAL**  
 6 **SECURITY ACT**

7 **INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY**  
 8 **INSURANCE BENEFITS**

9 **SEC. 201. (a) Section 215(a) of the Social Security**  
 10 **Act is amended by striking out the table and inserting in lieu**  
 11 **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 1939 Act)	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 sub- sec. (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—		
-----	\$29.84	\$9.00 or less	-----	\$113	\$100.00	\$160.00
\$29.65	27.48	91.90	\$114	118	101.10	161.70
27.47	25.00	93.30	119	122	102.70	164.10
25.01	22.68	94.70	123	127	104.20	166.30
22.69	20.25	96.20	128	132	105.90	168.90
20.26	17.88	97.50	133	136	107.30	171.00
17.89	15.38	98.80	137	141	108.70	173.10
15.39	12.92	100.30	142	146	110.40	175.60
12.93	10.38	101.70	147	150	111.90	177.90
10.39	7.80	102.00	151	155	113.30	179.00
7.81	5.20	104.60	156	160	115.00	182.50
5.21	2.60	105.80	161	164	116.40	184.60
2.61	0.00	107.20	165	169	118.00	187.00
0.01		108.60	170	174	119.50	189.30
		110.00	175	178	121.00	191.50
		111.40	179	183	122.60	193.90
		112.70	184	188	124.00	196.00
		114.20	189	193	125.70	198.60
		115.60	194	197	127.80	200.90
		116.90	198	202	129.20	202.90
		118.40	203	207	130.30	205.60
		119.80	208	211	131.80	207.70
		121.00	212	216	133.10	209.70
		122.50	217	221	134.80	212.90
		123.80	222	225	136.30	214.60
		125.30	226	230	137.90	216.90
		126.70	231	235	139.40	219.10
		128.20	236	239	141.10	221.70
		129.60	240	244	142.60	224.00
		130.80	245	249	143.90	226.90
		132.30	250	253	145.60	229.70

"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 1969 Act)	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—		
		\$133.70	\$254	\$258	\$147.10	\$227.10
		134.90	259	263	148.40	231.60
		136.40	264	267	150.10	235.00
		137.80	268	272	151.00	239.40
		139.20	273	277	153.20	243.81
		140.60	278	281	154.70	247.30
		142.00	282	286	156.20	251.70
		143.50	287	291	157.90	256.10
		144.70	292	295	159.20	259.60
		146.20	296	300	160.90	264.00
		147.60	301	305	162.40	268.40
		148.90	306	309	163.80	272.00
		150.40	310	314	165.50	276.40
		151.70	315	319	166.90	280.80
		153.00	320	325	168.30	284.30
		154.60	324	328	170.00	287.70
		155.90	329	333	171.60	291.10
		157.40	334	337	173.20	296.60
		158.60	338	342	174.50	301.00
		160.00	343	347	176.00	305.40
		161.50	348	351	177.70	308.90
		162.80	352	356	179.10	313.30
		164.30	357	361	180.80	317.70
		165.60	358	365	182.20	321.20
		166.90	359	370	183.60	325.60
		168.40	371	375	185.30	330.00
		169.40	376	379	186.80	333.60
		171.30	380	384	188.50	338.00
		172.50	385	389	189.80	342.40
		173.50	390	393	191.30	346.80
		175.40	394	398	193.00	350.30
		176.70	399	403	194.40	354.70
		178.20	404	407	196.10	358.20
		179.40	408	412	197.40	362.60
		180.70	413	417	198.80	367.00
		182.00	418	421	200.20	370.50
		183.40	422	426	201.80	374.90
		184.60	427	431	203.10	379.30
		185.90	428	436	204.50	383.70
		187.30	429	440	205.10	388.10
		188.50	431	445	207.40	392.50
		189.80	432	450	208.80	396.90
		191.20	433	454	210.40	401.30
		192.40	434	459	211.70	405.70
		193.70	435	464	213.10	410.10
		195.00	436	468	214.50	414.50
		196.40	437	473	215.10	418.90
		197.60	438	478	217.40	423.30
		198.90	439	482	218.80	427.70
		200.30	440	487	220.40	432.10
		201.50	441	492	221.70	436.50
		202.80	442	496	223.10	440.90
		204.20	443	501	224.70	445.30
		205.40	444	506	226.00	449.70
		206.70	445	510	227.40	454.10
		208.00	446	515	228.80	458.50
		209.30	447	520	230.30	462.90
		210.60	448	524	231.70	467.30
		211.90	449	529	233.10	471.70
		213.30	450	534	234.70	476.10
		214.50	451	538	236.00	480.50
		215.80	452	543	237.40	484.90
		217.20	453	548	239.00	489.30
		218.40	454	553	240.30	493.70
		219.70	455	558	241.70	498.10
		220.80	456	560	242.90	502.50
		222.00	457	563	244.20	506.90
		223.10	458	567	245.50	511.30
		224.30	459	570	246.80	515.70
		225.40	460	574	248.00	520.10
		226.60	461	577	249.30	524.50
		227.70	462	581	250.60	528.90
		228.80	463	584	251.80	533.30
		230.00	464	588	253.00	537.70
		231.20	465	591	254.40	542.10
		232.40	466	595	255.60	546.50
		233.50	467	598	256.80	550.90
		234.60	468	602	258.10	555.30

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND  
MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1959 Act, as modified)		II (Primary insurance amount under 1969 Act)	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 sub- sec. (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—		
		\$235.80	\$303	\$605	\$259.40	\$458.10
		236.80	606	609	260.60	459.80
		238.10	610	612	262.00	461.20
		239.20	615	616	263.20	462.80
		240.40	617	620	264.60	464.70
		241.60	621	623	265.70	466.00
		242.70	624	627	267.00	467.80
		243.80	628	630	268.80	469.40
		245.00	631	634	269.60	471.70
		246.10	635	637	270.80	473.90
		247.30	638	641	272.10	476.80
		248.40	642	644	273.30	478.30
		249.60	645	648	274.60	480.60
		250.70	649	650	275.80	482.70
			651	655	276.80	484.40
			656	660	277.80	486.20
			661	665	278.80	487.90
			666	670	279.80	489.70
			671	675	280.80	491.40
			676	680	281.80	493.20
			681	685	282.80	494.90
			686	690	283.80	496.70
			691	695	284.80	498.40
			696	700	285.80	500.20
			701	705	286.80	501.90
			706	710	287.80	503.70
			711	715	288.80	505.40
			716	720	289.80	507.20
			721	725	290.80	508.90
			726	730	291.80	510.70
			731	735	292.80	512.40
			736	740	293.80	514.20
			741	745	294.80	515.90
			746	750	295.80	517.70"

1           (b) Section 203(a) of such Act is amended by striking  
2 out paragraph (2) and inserting in lieu thereof the following:  
3           “(2) when two or more persons were entitled  
4 (without the application of section 202(j)(1) and  
5 section 223(b)) to monthly benefits under section 202  
6 or 223 for January 1971 on the basis of the wages and  
7 self-employment income of such insured individual and  
8 at least one such person was so entitled for December  
9 1970 on the basis of such wages and self-employment  
10 income, such total of benefits for January 1971 or any

1       *subsequent month shall not be reduced to less than the*  
2       *larger of—*

3               *“(A) the amount determined under this sub-*  
4               *section without regard to this paragraph, or*

5               *“(B) an amount equal to the sum of the*  
6               *amounts derived by multiplying the benefit amount*  
7               *determined under this title (including this subsec-*  
8               *tion, but without the application of section 222(b),*  
9               *section 202(q), and subsections (b), (c), and (d)*  
10              *of this section), as in effect prior to the enactment*  
11              *of the Social Security Amendments of 1971, for*  
12              *each such person for such month, by 110 percent*  
13              *and raising each such increased amount, if it is not*  
14              *a multiple of \$0.10, to the next higher multiple of*  
15              *\$0.10;*

16       *but in any such case (i) paragraph (1) of this subsec-*  
17       *tion shall not be applied to such total of benefits after the*  
18       *application of subparagraph (B), and (ii) if section*  
19       *202(k)(2)(A) was applicable in the case of any such*  
20       *benefits for January 1971, and ceases to apply after*  
21       *such month, the provisions of subparagraph (B) shall*  
22       *be applied, for and after the month in which section*  
23       *202(k)(2)(A) ceases to apply, as though paragraph*  
24       *(1) had not been applicable to such total of benefits for*  
25       *January 1971, or”.*

1       (c) Section 215(b)(4) of such Act is amended by  
2 striking out "December 1969" each time it appears and  
3 inserting in lieu thereof "December 1970".

4       (d) Section 215(c) of such Act is amended to read as  
5 follows:

6           "Primary Insurance Amount Under 1969 Act

7       "(c)(1) For the purposes of column II of the table  
8 appearing in subsection (a) of this section, an individual's  
9 primary insurance amount shall be computed on the basis of  
10 the law in effect prior to the enactment of the Social Security  
11 Amendments of 1971.

12       "(2) The provisions of this subsection shall be appli-  
13 cable only in the case of an individual who became entitled  
14 to benefits under section 202(a) or section 223 before  
15 January 1971, or who died before such month."

16       (e) The amendments made by this section shall apply  
17 with respect to monthly benefits under title II of the Social  
18 Security Act for months after December 1970 and with re-  
19 spect to lump-sum death payments under such title in the case  
20 of deaths occurring after December 1970.

21       (f) If an individual was entitled to a disability insur-  
22 ance benefit under section 223 of the Social Security Act for  
23 December 1970 and became entitled to old-age insurance  
24 benefits under section 202(a) of such Act for January 1971,  
25 or he died in such month, then, for purposes of section 215

1 (a) (4) of the Social Security Act (if applicable), the amount  
2 in column IV of the table appearing in such section 215(a)  
3 for such individual shall be the amount in such column on  
4 the line on which in column II appears his primary insurance  
5 amount (as determined under section 215(c) of such Act)  
6 instead of the amount in column IV equal to the primary  
7 insurance amount on which his disability insurance benefit is  
8 based.

9 INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS

10 AGE 72 AND OVER

11 SEC. 202. (a) (1) Section 227(a) of the Social Security  
12 Act is amended by striking out "\$46" and inserting in lieu  
13 thereof "\$48.30", and by striking out "\$23" and inserting in  
14 lieu thereof "\$24.20".

15 (2) Section 227(b) of such Act is amended by striking  
16 out "\$46" and inserting in lieu thereof "\$48.30".

17 (b) (1) Section 228(b) (1) of such Act is amended by  
18 striking out "\$46" and inserting in lieu thereof "\$48.30".

19 (2) Section 228(b) (2) of such Act is amended by  
20 striking out "\$46" and inserting in lieu thereof "\$48.30",  
21 and by striking out "\$23" and inserting in lieu thereof  
22 "\$24.20".

23 (3) Section 228(c) (2) of such Act is amended by  
24 striking out "\$23" and inserting in lieu thereof "\$24.20".

1       (4) Section 228(c)(3)(A) of such Act is amended  
2 by striking out "\$46" and inserting in lieu thereof "\$48.30".

3       (5) Section 228(c)(3)(B) of such Act is amended  
4 by striking out "\$23" and inserting in lieu thereof "\$24.20".

5       (c) The amendments made by subsections (a) and (b)  
6 shall apply with respect to monthly benefits under title II  
7 of the Social Security Act for months after December 1970.

8                   LIBERALIZATION OF EARNINGS TEST

9       SEC. 203. (a)(1) Paragraphs (1) and (4)(B) of  
10 section 203(f) of the Social Security Act are each amended  
11 by striking out "\$140" and inserting in lieu thereof "\$200".

12       (2) Paragraph (1)(A) of section 203(h) of such Act  
13 is amended by striking out "\$140" and inserting in lieu  
14 thereof "\$200".

15       (3) Paragraph (3) of section 203(f) of such Act is  
16 amended to read as follows:

17               “(3) For purposes of paragraph (1) and sub-  
18 section (h), an individual's excess earnings for a tax-  
19 able year shall be 50 per centum of his earnings for  
20 such year in excess of the product of \$200 multiplied  
21 by the number of months in such year. The excess  
22 earnings as derived under the preceding sentence, if not  
23 a multiple of \$1, shall be reduced to the next lower  
24 multiple of \$1.”



1       (3)(A) Section 213(a)(2)(ii) of such Act is amended  
2 by striking out "after 1967" and inserting in lieu thereof  
3 "after 1967 and before 1972, or \$9,000 in the case of a  
4 calendar year after 1971".

5       (B) Section 213(a)(2)(iii) of such Act is amended  
6 by striking out "after 1967" and inserting in lieu thereof  
7 "after 1967 and beginning before 1972, or \$9,000 in the  
8 case of a taxable year beginning after 1971".

9       (4) Section 215(e)(1) of such Act is amended by  
10 striking out "and the excess over \$7,800 in the case of any  
11 calendar year after 1967" and inserting in lieu thereof "the  
12 excess over \$7,800 in the case of any calendar year after  
13 1967 and before 1972, the excess over \$9,000 in the case of  
14 any calendar year after 1971".

15       (b)(1)(A) Section 1402(b)(1)(E) of the Internal  
16 Revenue Code of 1954 (relating to definition of self-employ-  
17 ment income) is amended by inserting "and beginning be-  
18 fore 1972" after "1967", and by striking out "; or" and  
19 inserting in lieu thereof "; and".

20       (B) Section 1402(b)(1) of such Code is further  
21 amended by adding at the end thereof the following new  
22 subparagraph:

23               “(F) for any taxable year beginning after  
24               1971, (i) \$9,000, minus (ii) the amount of the

1           wages paid to such individual during the taxable  
2           year; or”

3           (2) Section 3121(a)(1) of such Code (relating to  
4 definition of wages) is amended by striking out “\$7,800”  
5 each place it appears and inserting in lieu thereof “\$9,000”.

6           (3) The second sentence of section 3122 of such Code  
7 (relating to Federal service) is amended by striking out  
8 (c) and inserting in lieu thereof “\$9,000”.

9           (4) Section 3125 of such Code (relating to returns  
10 in the case of governmental employees in Guam, American  
11 Samoa, and the District of Columbia) is amended by strik-  
12 ing out “\$7,800” where it appears in subsections (a), (b),  
13 and (c) and inserting in lieu thereof “\$9,000”.

14           (5) Section 6413(c)(1) of such Code (relating to  
15 special refunds of employment taxes) is amended—

16           (A) by inserting “and prior to the calendar year  
17 1972” after “after the calendar year 1967”;

18           (B) by inserting after “exceed \$7,800” the fol-  
19 lowing: “or (E) during any calendar year after the  
20 calendar year 1971, the wages received by him during  
21 such year exceed \$9,000,”; and

22           (C) by inserting before the period at the end  
23 thereof the following “and before 1972, or which ex-  
24 ceeds the tax with respect to the first \$9,000 of such  
25 wages received in such calendar year after 1971”.

1       (6) Section 6413(c)(2)(A) of such Code (relating  
2 to refunds of employment taxes in the case of Federal em-  
3 ployees) is amended by striking out "or \$7,800 for any  
4 calendar year after 1967" and inserting in lieu thereof  
5 "\$7,800 for the calendar year 1968, 1969, 1970, or 1971,  
6 or \$9,000 for any calendar year after 1971".

7       (7) Section 6654(d)(2)(B)(ii) of such Code (relat-  
8 ing to failure by individual to pay estimated income tax) is  
9 amended by striking out "\$6,600" and inserting in lieu  
10 thereof "\$9,000".

11       (c) The amendments made by subsections (a)(1)  
12 and (a)(3)(A), and the amendments made by subsec-  
13 tion (b) (except paragraphs (1) and (7) thereof), shall  
14 apply only with respect to remuneration paid after Decem-  
15 ber 1971. The amendments made by subsections (a)(2),  
16 (a)(3)(B), (b)(1), and (b)(7) shall apply only with  
17 respect to taxable years beginning after 1971. The amend-  
18 ment made by subsection (a)(4) shall apply only with  
19 respect to calendar years after 1971.

20                                   CHANGES IN TAX SCHEDULES

21       SEC. 205. (a)(1) Section 3101(a) of such Code (re-  
22 lating to rate of tax on employees for purposes of old-age,  
23 survivors, and disability insurance) is amended by striking  
24 out "and" at the end of paragraph (3) and by striking out  
25 paragraph (4) and inserting in lieu thereof the following:

1           “(4) with respect to wages received during the cal-  
2           endar years 1973, 1974, and 1975, the rate shall be  
3           5.0 percent;

4           “(5) with respect to wages received during the  
5           calendar years 1976, 1977, 1978, 1979, and 1980, the  
6           rate shall be 5.3 percent; and

7           “(6) with respect to wages received after Decem-  
8           ber 31, 1980, the rate shall be 5.6 percent.”

9           (2) Section 3111(a) of such Code (relating to rate of  
10          tax on employers for purposes of old-age, survivors, and  
11          disability insurance) is amended by striking out “and” at  
12          the end of paragraph (3) and by striking out paragraph (4)  
13          and inserting in lieu thereof the following:

14           “(4) with respect to wages paid during the calen-  
15           dar years 1973, 1974, and 1975, the rate shall be 5.0  
16           percent;

17           “(5) with respect to wages paid during the calen-  
18           dar years 1976, 1977, 1978, 1979, and 1980, the rate  
19           shall be 5.3 percent; and

20           “(6) with respect to wages received after Decem-  
21           ber 31, 1980, the rate shall be 5.6 percent.”

22          (b) The amendments made by subsection (a)(1) shall  
23          apply only with respect to taxable years beginning after  
24          December 31, 1971. The remaining amendments made by

1 *this section shall apply only with respect to remuneration*  
 2 *paid after December 31, 1971.*

3 *ALLOCATION TO DISABILITY INSURANCE TRUST FUND*

4 *SEC. 206. Section 201(b)(1) of the Social Security*  
 5 *Act is amended—*

6 *(1) by striking out “and (D)” and inserting in*  
 7 *lieu thereof “(D)”;* and

8 *(2) by striking out “after December 31, 1969, and*  
 9 *so reported,” and inserting in lieu thereof the following:*  
 10 *“after December 31, 1969, and before January 1, 1973,*  
 11 *and so reported, (E) 1.10 per centum of the wages (as*  
 12 *so defined) paid after December 31, 1972, and before*  
 13 *January 1, 1981, and so reported, and (F) 1.25 per*  
 14 *centum of the wages (as so defined) paid after December*  
 15 *31, 1980, and so reported.”.*

16 *SHORT TITLE*

17 *SEC. 207. This title may be cited as the “Social Security*  
 18 *Amendments of 1971”.*

Passed the House of Representatives March 3, 1971.

Attest: W. PAT JENNINGS,  
Clerk.

Passed the Senate with an amendment March 12, 1971.

Attest: FRANCIS R. VALEO,  
Secretary.

92<sup>d</sup> CONGRESS  
1<sup>st</sup> SESSION

# H. R. 4690

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## AN ACT

To increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MARCH 12, 1971

Ordered to be printed with the amendment of the Senate



# Congressional Record

PROCEEDINGS AND DEBATES OF THE 92<sup>d</sup> CONGRESS, FIRST SESSION

Vol. 117

WASHINGTON, MONDAY, MARCH 15, 1971

No. 35

## House of Representatives

MONDAY, MARCH 15, 1971

### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Arrington, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4690. An act to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 4690) entitled "An act to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. ANDERSON, Mr. TALMADGE, Mr. BENNETT, and Mr. CURTIS to be the conferees on the part of the Senate.

\* \* \* \* \*

### APPOINTMENT OF CONFEREES ON H.R. 4690, INCREASING PUBLIC DEBT LIMIT

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4690) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference requested by the Senate.

H 1511

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none, and appoints the following conferees: Messrs. MILLS, WATTS, ULLMAN, BYRNES of Wisconsin, and BETTS.

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**PUBLIC DEBT; SOCIAL SECURITY BENEFIT INCREASE**

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MARCH 16, 1971.—Ordered to be printed

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Mr. MILLS, from the committee of conference,  
submitted the following

**CONFERENCE REPORT**

[To accompany H.R. 4690]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4690) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

***TITLE II—AMENDMENTS TO THE SOCIAL SECURITY ACT  
INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS***

*SEC. 201. (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 1969 Act)	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—		
	\$16.20	\$64.00 or less		\$76	\$70.40	\$106.60
\$16.21	16.84	65.00	\$77	78	71.50	107.30
16.85	17.60	66.40	79	80	73.10	108.70
17.61	18.40	67.70	81	81	74.50	111.80
18.41	19.24	68.90	82	83	75.80	113.70
19.25	20.00	70.30	84	85	77.40	116.10
20.01	20.64	71.60	86	87	78.80	118.20
20.65	21.28	72.80	88	89	80.10	120.20
21.29	21.88	74.20	90	90	81.70	122.60
21.89	22.28	75.50	91	92	83.10	124.70
22.29	22.68	76.80	93	94	84.50	126.80
22.69	23.08	78.00	95	96	85.80	128.70
23.09	23.44	79.40	97	97	87.40	131.10
23.45	23.76	80.80	98	99	88.90	133.40
23.77	24.20	82.30	100	101	90.60	135.90
24.21	24.60	83.60	102	102	91.90	137.90
24.61	25.00	84.90	103	104	93.40	140.10
25.01	25.48	86.40	105	106	95.10	142.70
25.49	25.98	87.80	107	107	96.60	144.90
25.99	26.40	89.20	108	109	98.20	147.30
26.41	26.84	90.60	110	113	99.70	149.60
26.85	27.48	91.90	114	118	101.10	151.70
27.47	28.00	93.30	119	122	102.70	154.10
28.01	28.68	94.70	123	127	104.20	156.30
28.69	29.25	96.20	128	132	105.90	158.90
29.26	29.68	97.60	133	136	107.30	161.00
29.69	30.36	98.80	137	141	108.70	163.10
30.37	30.92	100.30	142	145	110.40	165.60
30.93	31.36	101.70	147	150	111.90	167.90
31.37	32.00	103.00	151	155	113.30	170.00
32.01	32.60	104.60	156	160	115.20	172.60
32.61	33.20	106.80	161	164	116.40	174.60
33.21	33.88	107.20	166	169	118.00	177.00
33.89	34.60	108.60	170	174	119.50	179.30
34.61	35.00	110.00	175	178	121.00	181.60
35.01	35.80	111.40	179	183	122.60	183.90
35.81	36.40	112.70	184	188	124.00	186.00
36.41	37.08	114.20	189	193	125.70	188.60
37.09	37.60	115.60	194	197	127.20	190.80
37.61	38.20	116.90	198	202	128.60	192.90
38.11	39.12	118.40	203	207	130.30	195.60
39.13	39.68	119.80	208	211	131.80	197.70
39.69	40.33	121.00	212	216	133.10	199.70
40.34	41.12	122.60	217	221	134.80	202.20
41.13	41.76	123.90	222	225	136.30	204.50
41.77	42.44	125.30	226	230	137.90	206.90
42.45	43.20	126.70	231	235	139.40	209.10
43.21	43.78	128.20	236	239	141.10	211.70
43.77	44.44	129.60	240	244	142.50	214.80
44.45	44.88	130.80	245	249	143.90	219.20
44.89	45.60	132.30	250	253	145.60	222.70
		133.70	254	258	147.10	227.10
		134.90	259	263	148.40	231.60
		136.40	264	267	150.10	235.00
		137.80	268	272	151.60	239.40
		139.20	273	277	153.20	243.80
		140.60	278	281	154.70	247.30
		142.00	282	286	156.20	251.70
		143.60	287	291	157.90	256.10
		144.70	288	295	159.20	259.60

"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 1939 Act)	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—		
		\$148.20	\$286	\$300	\$160.00	\$864.00
		147.60	301	305	162.40	868.40
		148.80	306	309	163.80	872.00
		150.40	310	314	165.60	876.40
		151.70	315	319	166.80	880.80
		153.00	320	323	168.30	884.30
		154.60	324	328	170.00	888.70
		155.80	329	333	171.50	893.10
		157.40	334	337	173.20	896.60
		158.60	338	342	174.60	901.00
		160.00	343	347	176.00	906.40
		161.60	348	351	177.70	908.90
		162.80	352	356	179.10	913.30
		164.30	357	361	180.80	917.70
		165.60	362	365	182.20	921.20
		166.80	366	370	183.60	925.60
		168.40	371	375	185.30	930.00
		169.80	376	379	186.80	933.60
		171.30	380	384	188.60	938.00
		172.60	385	389	189.80	942.40
		173.90	390	393	191.30	945.90
		175.40	394	398	193.00	950.30
		176.70	399	402	194.40	954.70
		178.20	404	407	196.10	958.20
		179.40	408	412	197.40	962.60
		180.70	413	417	198.80	967.00
		182.00	418	421	200.20	971.40
		183.40	422	426	201.80	974.90
		184.60	427	431	203.10	979.30
		185.80	432	436	204.60	983.70
		187.30	437	440	206.10	988.10
		188.60	441	445	207.40	987.70
		189.80	446	450	208.80	989.90
		191.20	451	454	210.40	991.60
		192.40	455	459	211.70	993.90
		193.70	460	464	213.10	996.00
		195.00	465	468	214.60	997.80
		196.40	469	473	216.10	1000.00
		197.60	474	478	217.40	1002.80
		198.90	479	482	218.80	1004.00
		200.30	483	487	220.40	1006.80
		201.60	488	492	221.70	1008.40
		202.80	493	496	223.10	1010.10
		204.20	497	501	224.70	1012.30
		205.40	502	506	226.00	1014.60
		206.70	507	510	227.40	1016.30
		208.00	511	515	228.80	1018.60
		209.30	516	520	230.30	1020.70
		210.60	521	524	231.70	1022.40
		211.90	525	529	233.10	1024.60
		213.30	530	534	234.70	1028.90
		214.60	535	538	236.00	1029.60
		215.80	539	543	237.40	1030.80
		217.20	544	548	238.00	1032.00
		218.40	545	553	240.30	1035.60
		219.70	554	558	241.70	1036.60
		220.00	557	560	242.90	1038.90
		222.00	561	563	244.20	1039.60
		223.10	564	567	245.60	1041.40
		224.30	568	570	246.80	1042.70
		225.40	571	574	248.00	1044.40

"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 1948 Act)	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—		
		\$226.60	\$576	\$577	\$249.30	\$445.80
		227.70	578	581	250.60	447.60
		228.40	582	584	251.80	448.80
		230.00	585	588	253.00	450.00
		231.20	589	591	254.40	451.60
		232.30	592	595	255.60	453.70
		233.60	596	598	256.90	455.00
		234.60	599	602	258.10	456.80
		235.80	605	605	259.40	458.10
		236.90	606	609	260.60	459.80
		238.10	610	612	262.00	461.90
		239.20	613	616	263.20	463.90
		240.40	617	620	264.60	464.70
		241.60	621	623	265.70	466.00
		242.70	624	627	267.00	467.80
		243.80	628	630	268.20	469.40
		245.00	631	634	269.60	471.70
		246.10	635	637	270.80	473.80
		247.30	638	641	272.10	476.80
		248.40	642	644	273.30	478.30
		249.60	645	648	274.60	480.60
		249.60	649	652	275.80	482.70
		250.70	653	656	276.60	484.10
			657	660	277.40	485.60
			661	665	278.40	487.20
			666	670	279.40	489.00
			671	675	280.40	490.70
			676	680	281.40	492.60
			681	685	282.40	494.80
			686	690	283.40	496.00
			691	695	284.40	497.70
			696	700	285.40	499.60
			701	705	286.40	501.80
			706	710	287.40	503.00
			711	715	288.40	504.70
			716	720	289.40	506.60
			721	725	290.40	508.20
			726	730	291.40	510.00
			731	735	292.40	511.70
			736	740	293.40	513.60
			741	745	294.40	515.80
			746	750	295.40	517.00"

(b) Section 203(a) of such Act is amended by striking out paragraph (2) 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 January 1971 on the basis of the wages and self-employment income of such insured individual and at least one such person was so entitled for December 1970 on the basis of such wages and self-employment income, such total of benefits for January 1971 or any subsequent month shall not be reduced to less than the larger of—

“(A) the amount determined under this subsection without regard to this paragraph, or

“(B) 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 amendment of this subsection in March 1971, for each such person for such month, by 110 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), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for January 1971, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for January 1971, or”.

(c) Section 215(b)(4) of such Act is amended by striking out “December 1969” each time it appears and inserting in lieu thereof “December 1970”.

(d) Section 215(c) of such Act is amended to read as follows:

“Primary Insurance Amount Under 1969 Act

“(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 on the basis of the law in effect prior to the amendment of this subsection in March 1971.

“(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 on which this subsection was amended in March 1971, or who died before such date.”

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970 and with respect to lump-sum death payments under such title in the case of deaths occurring in and after the month in which this Act is enacted.

(f) If an individual was entitled to a disability insurance benefit under section 223 of the Social Security Act for December 1970 on the basis of an application filed in or after the month in which this Act is enacted, and became entitled to old-age insurance benefits under section 202(a) of such Act for January 1971, 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(c) 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 the primary insurance amount on which his disability insurance benefit is based.

(g) Notwithstanding the provisions of sections 2(a)(10), 402(a)(7), 1002(a)(8), 1402(a)(8), and 1602(a)(13) and (14) of the Social Security Act, each State, in determining need for aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title

IV, of such Act, may disregard (and the plan may be deemed to require the State to disregard), in addition to any other amounts which the State is required or permitted to disregard in determining such need, any amount paid to an individual under title II of such Act (or under the Railroad Retirement Act of 1937 by reason of the first proviso in section 3(e) thereof), in any month after the month in which this Act is enacted, to the extent that (1) such payment is attributable to the increase in monthly benefits under the old-age, survivors, and disability insurance system for January, February, March, or April 1971 resulting from the enactment of this title, and (2) the amount of such increase is paid separately from the rest of the monthly benefit of such individual for January, February, March, or April 1971.

**INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER**

SEC. 202. (a)(1) Section 227(a) of the Social Security Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30", and by striking out "\$23" and inserting in lieu thereof "\$24.20".

(2) Section 227(b) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30".

(b)(1) Section 228(b)(1) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30".

(2) Section 228(b)(2) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30", and by striking out "\$23" and inserting in lieu thereof "\$24.20".

(3) Section 228(c)(2) of such Act is amended by striking out "\$23" and inserting in lieu thereof "\$24.20".

(4) Section 228(c)(3)(A) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30".

(5) Section 228(c)(3)(B) of such Act is amended by striking out "\$23" and inserting in lieu thereof "\$24.20".

(c) The amendments made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.

**INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES**

SEC. 203. (a)(1)(A) Section 209(a)(5) of the Social Security Act is amended by inserting "and prior to 1972" after "1967".

(B) Section 209(a) of such Act is further amended by adding at the end thereof the following new paragraph:

"(6) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$9,000 with respect to employment has been paid to an individual during any calendar year after 1971, is paid to such individual during any such calendar year;"

(2)(A) Section 211(b)(1)(E) of such Act is amended by inserting "and beginning prior to 1972" after "1967", 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 subparagraph:

"(F) For any taxable year beginning after 1971, (i) \$9,000, 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 1967" and inserting in lieu thereof "after 1967 and before 1972, or \$9,000 in the case of a calendar year after 1971".

(B) Section 213(a)(2)(iii) of such Act is amended by striking out "after 1967" and inserting in lieu thereof "after 1967 and beginning before 1972, or \$9,000 in the case of a taxable year beginning after 1971".

(4) Section 215(e)(1) of such Act is amended by striking out "and the excess over \$7,800 in the case of any calendar year after 1967" and inserting in lieu thereof "the excess over \$7,800 in the case of any calendar year after 1967 and before 1972, and the excess over \$9,000 in the case of any calendar year after 1971".

(b)(1)(A) Section 1402(b)(1)(E) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting "and beginning before 1972" after "1967", 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 subparagraph:

“(F) for any taxable year beginning after 1971, (i) \$9,000, minus (ii) the amount of the wages paid to such individual during the taxable year; or”.

(2) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "\$7,800" each place it appears and inserting in lieu thereof "\$9,000".

(3) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "\$7,800" and inserting in lieu thereof "\$9,000".

(4) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "\$7,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "\$9,000".

(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 1972" after "after the calendar year 1967";

(B) by inserting after "exceed \$7,800," the following: "or (E) during any calendar year after the calendar year 1971, the wages received by him during such year exceed \$9,000,"; and

(C) by inserting before the period at the end thereof the following: "and before 1972, or which exceeds the tax with respect to the first \$9,000 of such wages received in such calendar year after 1971".

(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 \$7,800 for any calendar year after 1967" and inserting in lieu thereof "\$7,800 for the calendar year 1968, 1969, 1970, or 1971, or \$9,000 for any calendar year after 1971".

(7) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "\$6,600" and inserting in lieu thereof "\$9,000".

(c) The amendments made by subsections (a)(1) and (a)(3)(A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1971. The amendments made by subsections (a)(2), (a)(3)(B), (b)(1),

and (b)(7) shall apply only with respect to taxable years beginning after 1971. The amendment made by subsection (a)(4) shall apply only with respect to calendar years after 1971.

CHANGES IN TAX SCHEDULES

SEC. 204. (a)(1) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out "and" at the end of paragraph (3), and by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar years 1973, 1974, and 1975, the rate shall be 5.0 percent; and

"(5) with respect to wages received after December 31, 1975, the rate shall be 5.15 percent."

(2) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out "and" at the end of paragraph (3), and by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar years 1973, 1974, and 1975, the rate shall be 5.0 percent; and

"(5) with respect to wages paid after December 31, 1975, the rate shall be 5.15 percent."

(b) The amendments made by subsection (a)(1) shall apply only with respect to taxable years beginning after December 31, 1971. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1971.

And the Senate agree to the same.

Mr. MILLS,  
Mr. WATTS,  
Mr. ULLMAN,  
Mr. BYRNES of Wisconsin,  
Mr. BETTS,

*Managers on the Part of the House.*

Mr. LONG,  
Mr. ANDERSON,  
Mr. TALMADGE,  
Mr. BENNETT,  
Mr. CURTIS,

*Managers on the Part of the Senate.*

## JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4690) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

### INCREASE IN SOCIAL SECURITY BENEFITS

The Senate amendment added to the House bill a new title II increasing social security benefits and making related changes in the OASDI program.

#### 1. *OASDI benefit increase*

The Senate amendment increases regular OASDI benefits by 10 percent with a minimum primary insurance amount of \$100 a month beginning January 1971.

The Senate amendment provides that families coming on the rolls after the effective date of the benefit increase, as well as families already on the rolls on such effective date, will be guaranteed the full amount of the 10-percent increase. When social security benefits have been increased in the past, the family maximum amounts have not been increased since they were based on a percentage of the worker's average monthly wage, which does not change with a benefit increase. The Senate amendment would change the basic nature of the family maximum by making it a percentage of the primary insurance amount rather than a percentage of the worker's average monthly wage. The Senate amendment would eliminate a problem which has arisen whenever social security benefits have been increased in the past. Those families whose benefits are limited by the family maximum and who came on the rolls after the effective date of a benefit increase have not shared in the percentage increase enacted. Those families on the rolls prior to the effective date of a benefit increase have been granted the benefit increase under a saving clause which has accompanied every recent benefit increase.

The conference agreement accepts a 10-percent benefit increase (including the increase in family maximum benefits) as in the Senate amendment, but with the 10-percent increase applied to the minimum benefit with a resulting minimum benefit of \$70.40 rather than \$100.

The managers believe that it is not necessary to increase the minimum benefit amount beyond the 10 percent provided in the conference agreement at this time since the Committee on Ways and Means is presently considering social security legislation, and it is the understanding of the managers that the minimum benefit is among a number of proposals included in that consideration.

Under the conference agreement each State is permitted (in determining the need of its public assistance recipients) to disregard any retroactive payment of the OASDI benefit increase provided by the bill for the months of January through April of 1971 which is expected to be paid out (by separate check) in June.

TABLE I.—ILLUSTRATIVE MONTHLY BENEFITS PAYABLE UNDER PRESENT LAW AND UNDER THE CONFERENCE AGREEMENT

Average monthly earnings	Benefit amount			
	Worker		Couple	
	Present law	Conference agreement	Present law	Conference agreement
\$76.....	\$64.00	\$70.40	\$96.00	\$105.60
\$114.....	91.90	101.10	137.90	151.70
\$150.....	101.70	111.90	152.60	167.90
\$250.....	132.30	145.60	198.50	218.40
\$350.....	161.50	177.70	242.30	266.60
\$450.....	189.80	208.80	284.70	313.20
\$550.....	218.40	240.30	327.60	360.50
\$650.....	250.70	275.80	376.10	413.70
\$750.....	( <sup>1</sup> )	295.40	( <sup>1</sup> )	443.10

<sup>1</sup> Not applicable, since the highest possible average earnings is \$650.

### 2. Increase in benefits for certain individuals age 72 and over

The Senate amendment provides a 5-percent increase in the special benefits payable to certain individuals age 72 and over who are not insured for regular benefits. This increase would be effective for January 1971 and would raise payments from \$46 to \$48.30 for individuals and from \$69 to \$72.50 for couples.

The conference agreement accepts the provision of the Senate amendment.

### 3. Liberalization of earnings test

Under present law, a beneficiary may earn up to \$1,680 annually (or up to \$140 in a month) with no reduction in social security benefits. Each \$2 earned between \$1,680 and \$2,880 results in a \$1 reduction in benefits; each \$1 earned above \$2,880 reduces benefits by \$1. The Senate amendment would make two changes, effective January 1971:

(a) Beneficiaries could earn up to \$2,400 annually (up to \$200 in 1 month) with no reduction in benefits.

(b) For all earnings above \$2,400, benefits would be reduced \$1 for each \$2 earned.

This provision is omitted from the conference substitute.

It is the understanding of the managers that the House will be considering this matter in connection with social security legislation now pending before the Committee on Ways and Means and they expect that the legislation reported out by the Committee on Ways and Means will provide for an increase in the earnings test.

### 4. Changes in social security taxes

The cost of the Senate amendment would be met by increasing the tax base from \$7,800 to \$9,000 a year, beginning January 1972, and by increasing the tax rates on employers and employees. The tax base would similarly be increased for the self employed, although the tax rates for them scheduled in present law would not be raised.

Under present law, the OASDI tax rate is scheduled to remain at 4.6 percent through 1972 and to increase to 5 percent in 1973 and thereafter. Under the Senate-passed amendment, the rates would increase to 5 percent in 1973 (as under present law), to 5.3 percent in 1976, and to 5.6 percent in 1981.

The allocation of taxable wages to the disability insurance trust fund would be increased under the Senate amendment from 1.1 percent today to 1.25 percent beginning in 1981.

The conference agreement includes the increase in the tax base from \$7,800 to \$9,000 a year effective January 1972 provided under the Senate amendment.

Omission of the provisions of the Senate amendment providing a \$100 minimum primary insurance amount and increasing the earnings limit reduces the cost of the amendment. Therefore, the conference agreement provides for an increase in taxes in 1976 and after from 5 percent to 5.15 percent for employers and employees. This change results in keeping the program on an actuarially sound basis.

In addition, the conference agreement omits the change in the allocation to the disability insurance trust fund.

TABLE II.—SOCIAL SECURITY TAX RATES AND MAXIMUM ANNUAL SOCIAL SECURITY TAXES FOR EMPLOYEES, EMPLOYERS, AND SELF-EMPLOYED

	Employees and employers, each				Self-employed			
	OASDI (percent)	HI (percent)	Total (percent)	Maximum tax	OASDI (percent)	HI (percent)	Total (percent)	Maximum tax
<b>Present law: <sup>1</sup></b>								
1971-72.....	4.6	0.6	5.2	\$405.60	6.9	0.6	7.5	\$585.00
1973-75.....	5.0	.65	5.65	440.70	7.0	.65	7.65	596.70
1976-79.....	5.0	.7	5.7	444.60	7.0	.7	7.7	600.60
1980-86.....	5.0	.8	5.8	452.40	7.0	.8	7.8	608.40
1987 and after.....	5.0	.9	5.9	460.20	7.0	.9	7.9	616.20
<b>Conference agreement:</b>								
1971.....	4.6	.6	5.2	405.60	6.9	.6	7.5	585.00
1972 <sup>2</sup> .....	4.6	.6	5.2	468.00	6.9	.6	7.5	675.00
1973-75 <sup>2</sup> .....	5.0	.65	5.65	508.50	7.0	.65	7.65	688.50
1976-79 <sup>2</sup> .....	5.15	.7	5.85	526.50	7.0	.7	7.7	693.00
1980-86 <sup>2</sup> .....	5.15	.8	5.95	535.50	7.0	.8	7.8	702.00
1987 and after <sup>2</sup> .....	5.15	.9	6.05	544.50	7.0	.9	7.9	711.00

<sup>1</sup> Tax rates apply to annual earnings up to \$7,800.

<sup>2</sup> Tax rates apply to annual earnings up to \$9,000.

#### ACTUARIAL COST ESTIMATES

The old age, survivors, and disability insurance system, as modified by the conference agreement, has an estimated long-range cost that is in close balance with income. The old age and survivors insurance portion of the program has an actuarial imbalance of -0.06 percent of taxable payroll while the DI portion has an imbalance of -0.04 percent of taxable payroll. As a whole, the OASDI system has an actuarial imbalance of -0.10 percent of taxable payroll, which is within the acceptable limit of variation for long-range financing. Accordingly, the OASDI system as modified by the conference agreement is actuarially sound.

The combined employer-employee rate for the old age, survivors, and disability insurance system is compared with present law in the following table:

TABLE III.—OLD AGE, SURVIVORS, AND DISABILITY INSURANCE COMBINED EMPLOYER-EMPLOYEE RATE

Calendar year	Present law (percent)	Conference agreement (percent)
1971-72.....	9.2	9.2
1973-75.....	10.0	10.0
1976 and after.....	10.0	10.3

The allocation to the disability insurance program would under the conference agreement be exactly as under the present law—namely 1.1 percent of taxable payroll for all future years.

The self-employed rate for OASDI will also be the same under the conference agreement as under present law—namely 6.9 percent in 1971-72 and 7 percent thereafter.

The following table traces the changes in actuarial balance of the OASDI system from its situation under present law, according to the latest estimates, to that under the conference agreement:

TABLE IV.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY SYSTEM AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATES, PRESENT LAW AND CONFERENCE AGREEMENT

	[In percent]		
	OASI	DI	Total
Actuarial balance of present system changes.....	+0.29	+0.05	+0.34
\$9,000 earnings base in 1972.....	+ .25	+ .02	+ .27
10-percent-benefit increase.....	- .78	- .10	- .88
Liberalized maximum family benefits.....	- .05	- .01	- .06
Revised contribution schedule.....	+ .23	.00	+ .23
Total effect of amendments.....	- .35	- .09	- .44
Actuarial balance under the conference agreement.....	- .06	- .04	- .10

Additional OASDI benefit payments resulting from the conference agreement, for selected years in the short-run future, are shown in the following table, by provision.

TABLE V.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1971, 1972 AND 1975  
[In millions of dollars]

	1971	1972	1975
General 10-percent benefit increase.....	3,120	3,572	3,994
5-percent increase in special payments to noninsured and transitional insured persons aged 72 and over.....	16	14	8
Liberalized family maximum benefits.....	20	63	152
Total.....	3,156	3,649	4,154

The following table shows short-range estimates of the progress of the OASI and DI trust funds, combined, under present law, and under the system as modified by the conference agreement:

TABLE VI.—PROGRESS OF THE OASI AND DI TRUST FUNDS, COMBINED, UNDER PRESENT LAW AND UNDER THE SYSTEM AS MODIFIED BY THE AMENDMENTS, CALENDAR YEARS 1971-75

[In billions of dollars]

Calendar year	Income		Outgo	
	Present law	Conference agreement	Present law	Conference agreement
1971.....	41.9	41.8	35.3	38.4
1972.....	45.7	47.7	36.9	40.6
1973.....	52.1	55.3	38.4	42.3
1974.....	55.3	58.9	39.9	44.0
1975.....	58.4	62.3	41.5	45.7
	Net increase in funds		Assets, end of year	
	Present law	Conference agreement	Present law	Conference agreement
1971.....	6.6	3.4	44.7	41.4
1972.....	8.9	7.2	53.5	48.6
1973.....	13.7	13.0	67.3	61.6
1974.....	15.4	14.9	82.6	76.5
1975.....	16.9	16.6	99.5	93.1

Mr. MILLS,  
 Mr. WATTS,  
 Mr. ULLMAN,  
 Mr. BYRNES OF WISCONSIN,  
 Mr. BETTS,  
*Managers on the Part of the House.*

Mr. LONG,  
 Mr. ANDERSON,  
 Mr. TALMADGE,  
 Mr. BENNETT,  
 Mr. CURTIS,  
*Managers on the Part of the Senate.*

○



# House of Representatives

TUESDAY, MARCH 16, 1971

CONFERENCE REPORT (H. REPT. No. 92-42)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4690) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

## TITLE II—AMENDMENTS TO THE SOCIAL SECURITY ACT

### INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

SEC. 201. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

## CONFERENCE REPORT ON H.R. 4690, INCREASING PUBLIC DEBT LIMIT AND AMENDING SOCIAL SECURITY ACT

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 4690) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes:

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I					II										
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1969 act)		III (Average monthly wage)	IV (Primary insurance amount)	V (Maximum family benefits)	(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)		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—	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—		
At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		At least—	But not more than—	At least—	But not more than—	At least—	But not more than—		At least—	But not more than—
-----	\$16.20	\$64.00	or less	-----	\$76	\$70.40	\$105.60	-----	\$37.61	\$38.20	\$116.90	\$198	\$202	\$128.60	\$192.90
\$16.21	16.84	65.00	79	\$77	78	71.50	107.30	\$38.21	39.12	118.40	203	207	130.30	195.50	
16.85	17.60	66.40	81	79	80	73.10	109.70	39.13	39.68	119.80	208	211	131.80	197.70	
17.61	18.40	67.70	82	81	81	74.50	111.80	39.69	40.33	121.00	212	216	133.10	199.70	
18.41	19.24	68.90	83	82	83	75.80	113.70	40.34	41.12	122.50	217	221	134.80	202.20	
19.25	20.00	70.30	84	83	84	77.40	116.10	41.13	41.76	123.90	222	225	136.30	204.50	
20.01	20.64	71.60	85	84	85	78.80	118.20	41.77	42.44	125.30	226	230	137.90	206.90	
20.65	21.28	72.80	86	85	86	80.10	120.20	42.45	43.20	126.70	231	235	139.40	209.10	
21.20	21.88	74.20	87	86	87	81.70	122.60	43.21	43.76	128.20	236	239	141.10	211.70	
21.89	22.28	75.50	88	87	88	83.10	124.70	43.77	44.44	129.50	240	244	142.50	214.80	
22.29	22.68	76.80	89	88	89	84.50	126.80	44.45	44.88	130.80	245	249	143.90	219.20	
22.69	23.08	78.00	90	89	90	85.80	128.70	44.89	45.60	132.30	250	253	145.60	222.70	
23.09	23.44	79.40	91	90	91	87.40	131.10			133.70	254	258	147.10	227.10	
23.45	23.76	80.80	92	91	92	88.90	133.40			134.90	259	263	148.40	231.50	
23.77	24.20	82.30	93	92	93	90.60	135.90			136.40	264	267	150.10	235.00	
24.21	24.60	83.50	94	93	94	91.90	137.90			137.80	268	272	151.60	239.40	
24.61	25.00	84.90	95	94	95	93.40	140.10			139.20	273	277	153.20	246.80	
25.01	25.48	86.40	96	95	96	95.10	142.70			140.60	278	281	154.70	247.30	
25.49	25.92	87.80	97	96	97	96.60	144.90			142.00	282	286	156.20	251.70	
25.93	26.40	89.20	98	97	98	98.20	147.30			143.50	287	291	157.90	256.10	
26.41	26.94	90.60	99	98	99	99.70	149.60			144.70	292	295	159.20	259.60	
26.95	27.46	91.90	100	99	100	101.10	151.70			146.20	296	300	160.90	264.00	
27.47	28.00	93.30	101	100	101	102.70	154.10			147.60	301	305	162.40	268.40	
28.01	28.68	94.70	102	101	102	104.20	156.30			148.90	306	309	163.80	272.00	
28.69	29.25	96.20	103	102	103	105.90	158.90			150.40	310	314	165.50	276.40	
29.26	29.68	97.50	104	103	104	107.30	161.00			151.70	315	319	166.90	280.80	
29.69	30.36	98.80	105	104	105	108.70	163.10			153.00	320	323	168.30	284.30	
30.37	30.92	100.30	106	105	106	110.40	165.60			154.50	324	328	170.00	288.70	
30.93	31.36	101.70	107	106	107	111.90	167.90			155.90	329	333	171.50	293.10	
31.37	32.00	103.00	108	107	108	113.30	170.00			157.40	334	337	173.20	296.60	
32.01	32.60	104.50	109	108	109	115.00	172.50			158.60	338	342	174.50	301.00	
32.61	33.20	105.80	110	109	110	116.40	174.60			160.00	343	347	176.00	305.40	
33.21	33.88	107.20	111	110	111	118.00	177.00			161.50	348	351	177.70	308.90	
33.89	34.50	108.60	112	111	112	119.50	179.30			162.80	352	356	179.10	313.30	
34.51	35.00	110.00	113	112	113	121.00	181.50			164.30	357	361	180.80	317.70	
35.01	35.80	111.40	114	113	114	122.60	183.90			165.60	362	365	182.20	321.20	
35.81	36.40	112.70	115	114	115	124.00	186.00			166.90	366	370	183.60	325.60	
36.41	37.08	114.20	116	115	116	125.70	188.60			168.40	371	375	185.30	330.00	
37.09	37.60	115.60	117	116	117	127.20	190.80			169.80	376	379	186.80	334.60	
			118	117	118					171.30	380	384	188.50	338.00	

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I					II					
(Primary insurance benefit under 1939 act, as modified)	(Primary insurance amount under 1967 act)	(Average monthly wage)	(Primary insurance amount)	(Maximum family benefits)	(Primary insurance benefit under 1939 act, as modified)	(Primary insurance amount under 1967 act)	(Average monthly wage)	(Primary insurance amount)	(Maximum family benefits)	
If an individual's primary insurance benefit (as determined under subsec. (d)) is—					If an individual's primary insurance benefit (as determined under subsec. (d)) is—					
But not more than—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	But not more than—		Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	
At least—	(c) is—	At least—	But not more than—		At least—	(c) is—	At least—	But not more than—		
	\$172.50	\$385	\$393	\$189.80	\$342.40	\$226.60	\$575	\$577	\$249.30	\$445.80
	173.90	390	393	191.30	345.90	227.70	578	581	250.50	447.50
	175.40	394	398	193.00	350.30	228.90	582	584	251.80	448.80
	176.70	399	403	194.40	354.70	230.00	585	588	253.00	450.60
	178.20	404	407	196.10	358.20	231.20	589	591	254.40	451.90
	179.40	408	412	197.40	362.60	232.30	592	595	255.60	453.70
	180.70	413	417	198.80	367.00	233.50	596	598	256.90	455.00
	182.00	418	421	200.20	370.50	234.60	599	602	258.10	456.80
	183.40	422	426	201.80	374.90	235.80	603	605	259.40	458.10
	184.60	427	431	203.10	379.30	236.90	606	609	260.60	459.80
	185.90	432	436	204.50	383.70	238.10	610	612	262.00	461.20
	187.30	437	440	206.10	385.50	239.20	613	616	263.20	462.90
	188.50	441	445	207.40	387.70	240.40	617	620	264.50	464.70
	189.80	446	450	208.80	389.90	241.50	621	623	265.70	466.00
	191.20	451	454	210.40	391.60	242.70	624	627	267.00	467.80
	192.40	455	459	211.70	393.80	243.80	628	630	268.20	469.40
	193.70	460	464	213.10	396.00	245.00	631	634	269.50	471.70
	195.00	465	468	214.50	397.80	246.10	635	637	270.80	473.90
	196.40	469	473	216.10	400.00	247.30	638	641	272.10	476.20
	197.60	474	478	217.40	402.20	248.40	642	644	273.30	478.30
	198.90	479	482	218.80	404.00	249.60	645	648	274.60	480.60
	200.30	483	487	220.40	406.20	250.70	649	652	275.80	482.70
	201.50	488	492	221.70	408.40		653	656	276.60	484.10
	202.80	493	496	223.10	410.10		657	660	277.40	485.50
	204.20	497	501	224.70	412.30		661	665	278.40	487.20
	205.40	502	506	226.00	414.50		666	670	279.40	489.00
	206.70	507	510	227.40	416.30		671	675	280.40	490.70
	208.00	511	515	228.80	418.50		676	680	281.40	492.50
	209.30	516	520	230.30	420.70		681	685	282.40	494.20
	210.60	521	524	231.70	422.40		686	690	283.40	496.00
	211.90	525	529	233.10	424.60		691	695	284.40	497.70
	213.30	530	534	234.70	426.80		696	700	285.40	499.50
	214.50	535	538	236.00	428.60		701	705	286.40	501.20
	215.80	539	543	237.40	430.80		706	710	287.40	503.00
	217.20	544	548	239.00	433.00		711	715	288.40	504.70
	218.40	549	553	240.30	435.20		716	720	289.40	506.50
	219.70	554	556	241.70	436.50		721	725	290.40	508.20
	220.80	557	560	242.90	438.30		726	730	291.40	510.00
	222.00	561	563	244.20	439.60		731	735	292.40	511.70
	223.10	564	567	245.50	441.40		736	740	293.40	513.50
	224.30	568	570	246.80	442.70		741	745	294.40	515.20
	225.40	571	574	248.00	444.40		746	750	295.40	517.00

(b) Section 203(a) of such Act is amended by striking out paragraph (2) 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 January 1971 on the basis of the wages and self-employment income of such insured individual and at least one such person was so entitled for December 1970 on the basis of such wages and self-employment income, such total of benefits for January 1971 or any subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) 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 amendment of this subsection in March 1971, for each such person for such month, by 110 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), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for January 1971, and ceases to

apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for January 1971, or".

(c) Section 215(b)(4) of such Act is amended by striking out "December 1969" each time it appears and inserting in lieu thereof "December 1970".

(d) Section 215(c) of such Act is amended to read as follows:

"PRIMARY INSURANCE AMOUNT UNDER 1969 ACT

"(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 on the basis of the law in effect prior to the amendment of this subsection in March 1971.

"(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 on which this subsection was amended in March 1971, or who died before such date."

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970 and with respect to lump-sum death payments under such title in the case of deaths occurring in and after the month in which this Act is enacted.

(f) If an individual was entitled to a disability insurance benefit under section 223

of the Social Security Act for December 1970 on the basis of an application filed in or after the month in which this Act is enacted, and became entitled to old-age insurance benefits under section 202(a) of such Act for January 1971, 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(c) 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 the primary insurance amount on which his disability insurance benefit is based.

(g) Notwithstanding the provisions of sections 2(a)(10), 402(a)(7), 1002(a)(8), 1402(a)(8), and 1602(a)(13) and (14) of the Social Security Act, each State, in determining need for aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, of such Act, may disregard (and the plan may be deemed to require the State to disregard), in addition to any other amounts which the State is required or permitted to disregard in determining such need, any amount paid to an individual under title II of such Act (or under the Railroad Retirement Act of 1937 by reason of the first proviso in section 3(e) thereof), in any month after the month in which this Act is enacted, to the extent that (1) such payment is attributable to the increase in monthly benefits under the old-age, survivors, and disability insurance system for

January, February, March, or April 1971 resulting from the enactment of this title, and (2) the amount of such increase is paid separately from the rest of the monthly benefit of such individual for January, February, March, or April 1971.

**INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER**

SEC. 202. (a) (1) Section 227(a) of the Social Security Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30", and by striking out "\$23" and inserting in lieu thereof "\$24.20".

(2) Section 227(b) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30".

(b) (1) Section 228(b) (1) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30".

(2) Section 228(b) (2) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30", and by striking out "\$23" and inserting in lieu thereof "\$24.20".

(3) Section 228(c) (2) of such Act is amended by striking out "\$23" and inserting in lieu thereof "\$24.20".

(4) Section 228(c) (3) (A) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30".

(5) Section 228(c) (3) (B) of such Act is amended by striking out "\$23" and inserting in lieu thereof "\$24.20".

(c) The amendments made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.

**INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES**

SEC. 203. (a) (1) (A) Section 209(a) (5) of the Social Security Act is amended by inserting "and prior to 1972" after "1967".

(B) Section 209(a) of such Act is further amended by adding at the end thereof the following new paragraph:

"(6) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$9,000 with respect to employment has been paid to an individual during any calendar year after 1971, is paid to such individual during any such calendar year;".

(2) (A) Section 211(b) (1) (E) of such Act is amended by inserting "and beginning prior to 1972" after "1967", 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 subparagraph:

"(F) For any taxable year beginning after 1971, (i) \$9,000, 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 1967" and inserting in lieu thereof "after 1967 and before 1972, or \$9,000 in the case of a calendar year after 1971".

(B) Section 213(a) (2) (iii) of such Act is amended by striking out "after 1967" and inserting in lieu thereof "after 1967 and beginning before 1972, or \$9,000 in the case of a taxable year beginning after 1971".

(4) Section 215(e) (1) of such Act is amended by striking out "and the excess over \$7,800 in the case of any calendar year after 1967" and inserting in lieu thereof "the excess over \$7,800 in the case of any calendar year after 1967 and before 1972, and the excess over \$9,000 in the case of any calendar year after 1971".

(b) (1) (A) Section 1402(b) (1) (E) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting "and beginning before 1972" after "1967", 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 subparagraph:

"(F) for any taxable year beginning after 1971, (i) \$9,000, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(2) Section 3121(a) (1) of such Code (relating to definition of wages) is amended by striking out "\$7,800" each place it appears and inserting in lieu thereof "\$9,000."

(3) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "\$7,800" and inserting in lieu thereof "\$9,000".

(4) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "\$7,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "\$9,000".

(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 1972" after "after the calendar year 1967";

(B) by inserting after "exceed \$7,800," the following: "or (E) during any calendar year after the calendar year 1971, the wages received by him during such year exceed \$9,000;"; and

(C) by inserting before the period at the end thereof the following: "and before 1972, or which exceeds the tax with respect to the first \$9,000 of such wages received in such calendar year after 1971".

(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 \$7,800 for any calendar year after 1967" and inserting in lieu thereof "\$7,800 for the calendar year 1968, 1969, 1970, or 1971, or \$9,000 for any calendar year after 1971".

(7) Section 6654(d) (2) (B) (ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "\$6,600" and inserting in lieu thereof "\$9,000".

(c) The amendments made by subsections (a) (1) and (a) (3) (A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1971. The amendments made by subsections (a) (2), (a) (3) (B), (b) (1), and (b) (7) shall apply only with respect to taxable years beginning after 1971. The amendment made by subsection (a) (4) shall apply only with respect to calendar years after 1971.

**CHANGES IN TAX SCHEDULES**

SEC. 204. (a) (1) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out "and" at the end of paragraph (3), and by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar years 1973, 1974, and 1975, the rate shall be 5.0 percent; and

"(5) with respect to wages received after December 31, 1975, the rate shall be 5.15 percent."

(2) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out "and" at the end of paragraph (3), and by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar years 1973, 1974, and 1975, the rate shall be 5.0 percent; and

"(5) with respect to wages paid after December 31, 1975, the rate shall be 5.15 percent."

(b) The amendments made by subsection (a) (1) shall apply only with respect to taxable years beginning after December 31, 1971. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1971. And the Senate agree to the same.

Mr. MILLS,  
Mr. WATTS,  
Mr. ULLMAN,  
Mr. BYRNES of Wisconsin,  
Mr. BETTS,

*Managers on the Part of the House.*

Mr. LONG,  
Mr. ANDERSON,  
Mr. TALMADGE,  
Mr. BENNETT,  
Mr. CURTIS,

*Managers on the Part of the Senate.*

**JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE**

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4690) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

**INCREASE IN SOCIAL SECURITY BENEFITS**

The Senate amendment added to the House bill a new title II increasing social security benefits and making related changes in the OASDI program.

**1. OASDI benefit increase**

The Senate amendment increases regular OASDI benefits by 10 percent with a minimum primary insurance amount of \$100 a month beginning January 1971.

The Senate amendment provides that families coming on the rolls after the effective date of the benefit increase, as well as families already on the rolls on such effective date, will be guaranteed the full amount of the 10-percent increase. When social security benefits have been increased in the past, the family maximum amounts have not been increased since they were based on a percentage of the worker's average monthly wage, which does not change with a benefit increase. The Senate amendment would change the basic nature of the family maximum by making it a percentage of the primary insurance amount rather than a percentage of the worker's average monthly wage. The Senate amendment would eliminate a problem which has arisen whenever social security benefits have been increased in the past. Those families whose benefits are limited by the family maximum and who came on the rolls after the effective date of a benefit increase have not shared in the percentage increase enacted. Those families on the rolls prior to the effective date of a benefit increase have been granted the benefit increase under a saving clause which has accompanied every recent benefit increase.

The conference agreement accepts a 10-percent benefit increase (including the increase in family maximum benefits) as in the Senate amendment, but with the 10-percent increase applied to the minimum benefit with a resulting minimum benefit of \$70.40 rather than \$100.

The Managers believe that it is not necessary to increase the minimum benefit amount beyond the 10 percent provided in the conference agreement at this time since the Committee on Ways and Means is presently considering social security legislation, and it is the understanding of the Managers that the minimum benefit is among a number of proposals included in that consideration.

Under the conference agreement each State is permitted (in determining the need of its public assistance recipients) to disregard any retroactive payment of the OASDI benefit increase provided by the bill for the months of January through April of 1971 which is expected to be paid out (by separate check) in June.

TABLE 1.—ILLUSTRATIVE MONTHLY BENEFITS PAYABLE UNDER PRESENT LAW AND UNDER THE CONFERENCE AGREEMENT

Average monthly earnings	Benefit amount			
	Worker		Couple	
	Present law	Conference agreement	Present law	Conference agreement
\$76	\$64.00	\$70.40	\$96.00	\$105.60
\$114	91.90	101.10	137.90	151.70
\$150	101.70	111.90	152.60	167.90
\$250	132.30	145.60	198.50	218.40
\$350	161.50	177.70	242.30	266.60
\$450	189.80	208.80	284.70	313.20
\$550	218.40	240.30	327.60	360.50
\$650	250.70	275.80	376.10	413.70
\$750	(1)	295.40	(1)	443.10

1 Not applicable, since the highest possible average earnings is \$650.

2. Increase in benefits for certain individuals age 72 and over

The Senate amendment provides a 5-percent increase in the special benefits payable to certain individuals age 72 and over who are not insured for regular benefits. This increase would be effective for January 1971 and would raise payments from \$46 to \$48.30 for individuals and from \$69 to \$72.50 for couples.

The conference agreement accepts the provision of the Senate amendment.

3. Liberalization of earnings test

Under present law, a beneficiary may earn up to \$1,680 annually (or up to \$140 in a month) with no reduction in social security benefits. Each \$2 earned between \$1,680 and \$2,880 results in a \$1 reduction in benefits; each \$1 earned above \$2,880 reduces benefits by \$1. The Senate amendment would make two changes, effective January 1971:

(a) Beneficiaries could earn up to \$2,400

annually (up to \$200 in 1 month) with no reduction in benefits.

(b) For all earnings above \$2,400, benefits would be reduced \$1 for each \$2 earned.

This provision is omitted from the conference substitute.

It is the understanding of the managers that the House will be considering this matter in connection with social security legislation now pending before the Committee on Ways and Means and they expect that the legislation reported out by the Committee on Ways and Means will provide for an increase in the earnings test.

4. Changes in social security taxes

The cost of the Senate amendment would be met by increasing the tax base from \$7,800 to \$9,000 a year, beginning January 1972, and by increasing the tax rates on employers and employees. The tax base would similarly be increased for the self-employed, although the tax rates for them scheduled in present law would not be raised.

Under present law, the OASDI tax rate is scheduled to remain at 4.6 percent through 1972 and to increase to 5 percent in 1973 and thereafter. Under the Senate-passed amendment, the rates would increase to 5 percent in 1973 (as under present law), to 5.3 percent in 1976, and to 5.6 percent in 1981.

The allocation of taxable wages to the disability insurance trust fund would be increased under the Senate amendment from 1.1 percent today to 1.25 percent beginning in 1981.

The conference agreement includes the increase in the tax base from \$7,800 to \$9,000 a year effective January 1972 provided under the Senate amendment.

Omission of the provisions of the Senate amendment providing a \$100 minimum primary insurance amount and increasing the earnings limit reduces the cost of the amendment. Therefore, the conference agreement provides for an increase in taxes in 1976 and after from 5 percent to 5.15 percent for employers and employees. This change results in keeping the program on an actuarially sound basis.

In addition, the conference agreement omits the change in the allocation to the disability insurance trust fund.

The allocation to the Disability Insurance program would under the conference agreement be exactly as under the present law—namely, 1.1 percent of taxable payroll for all future years.

The self-employed rate for OASDI will also be the same under the conference agreement as under present law—namely 6.9 percent in 1971-72 and 7.0 percent thereafter.

The following table traces the changes in actuarial balance of the OASDI system from its situation under present law, according to the latest estimates, to that under the conference agreement:

TABLE 4. CHANGES IN ACTUARIAL BALANCE OF OLD-AGE SURVIVORS, AND DISABILITY SYSTEM AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATES, PRESENT LAW AND CONFERENCE AGREEMENT

	OASI	DI	Total
Actuarial balance of present system			
changes:			
\$9,000 earnings base in 1972	+0.29	+0.05	+0.34
10-percent benefit increase	+0.25	+0.02	+0.27
Liberalized maximum family benefits	-0.78	-0.10	-0.88
Revised contribution schedule	-0.05	-0.01	-0.06
	+0.23	0.00	+0.23
Total effect of amendments	-0.35	-0.09	-0.44
Actuarial balance under the conference agreement	-0.06	-0.04	-0.10

Additional OASDI benefit payments resulting from the conference agreement, for selected years in the shortrun future, are shown in the following table, by provision:

TABLE 5.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1971, 1972, AND 1975

	[In millions of dollars]		
	1971	1972	1975
General 10 percent benefit increase	\$3,120	\$3,572	\$3,994
5 percent increase in special payments to noninsured and transitional insured persons aged 72 and over	16	14	8
Liberalized family maximum benefits	20	63	152
Total	3,156	3,649	4,154

The following table shows short-range estimates of the progress of the OASI and DI Trust Funds, combined, under present law, and under the system as modified by the conference agreement:

TABLE 6.—PROGRESS OF THE OASI AND DI TRUST FUNDS COMBINED, UNDER PRESENT LAW AND UNDER THE SYSTEM AS MODIFIED BY THE AMENDMENTS, CALENDAR YEARS 1971-75

Calendar year	[In billions]			
	Income		Outgo	
	Present law	Conference agreement	Present law	Conference agreement
1971	\$41.9	\$41.8	\$35.3	\$38.4
1972	45.7	47.7	36.9	40.6
1973	52.1	55.3	38.4	42.3
1974	55.3	58.9	39.9	44.0
1975	58.4	62.3	41.5	45.7

TABLE 2.—SOCIAL SECURITY TAX RATES AND MAXIMUM ANNUAL SOCIAL SECURITY TAXES FOR EMPLOYEES, EMPLOYERS AND SELF-EMPLOYED

	Employees and employers, each				Self-employed			
	OASDI (percent)	HI (percent)	Total (percent)	Maximum tax	OASDI (percent)	HI (percent)	Total (percent)	Maximum tax
	Present law: 1							
1971-72	4.6	0.6	5.2	\$405.60	6.9	0.6	7.5	\$585.00
1973-75	5.0	.65	5.65	440.70	7.0	.65	7.65	596.70
1976-79	5.0	.7	5.7	444.60	7.0	.7	7.7	600.60
1980-86	5.0	.8	5.8	452.40	7.0	.8	7.8	608.40
1987 and after	5.0	.9	5.9	460.20	7.0	.9	7.9	616.20
Conference agreement:								
1971	4.6	.6	5.2	405.60	6.9	.6	7.5	585.00
1972	4.6	.6	5.2	468.00	6.9	.6	7.5	675.00
1973-75	5.0	.65	5.65	508.50	7.0	.65	7.65	688.50
1976-79	5.15	.7	5.85	526.50	7.0	.7	7.7	693.00
1980-86	5.15	.8	5.95	535.50	7.0	.8	7.8	702.00
1987 and after	5.15	.9	6.05	544.50	7.0	.9	7.9	711.00

1 Tax rates apply to annual earnings up to \$7,800.

2 Tax rates apply to annual earnings up to \$9,000.

ACTUARIAL COST ESTIMATES

The Old-Age, Survivors, and Disability Insurance system, as modified by the conference agreement, has an estimated long-range cost that is in close balance with income. The Old-Age, and Survivors Insurance portion of the program has an actuarial imbalance of -0.06 percent of taxable payroll while the DI portion has an imbalance of -0.04 percent of taxable payroll. As a whole, the OASDI system has an actuarial imbalance of -0.10 percent of taxable payroll, which is within the acceptable limit of variation for long-range financing. Accordingly, the OASDI system as modified by the conference agreement is actuarially sound.

The combined employer-employee rate for

the Old-Age, Survivors, and Disability Insurance system is compared with present law in the following table:

TABLE 3.—OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Calendar year	[In percent]	
	Combined employer-employee rate	
	Present law	Conference agreement
1971 to 1972	9.2	9.2
1973 to 1975	10.0	10.0
1976 and after	10.0	10.3

Net increase in funds

Assets, end of year

Calendar year	Net increase in funds		Assets, end of year	
	Present law	Conference agreement	Present law	Conference agreement
1971	\$6.6	\$3.4	\$44.7	\$41.4
1972	8.9	7.2	53.5	48.6
1973	13.7	13.0	67.3	61.6
1974	15.4	14.9	82.6	76.5
1975	16.9	16.6	99.5	93.1

Mr. MILLS,  
Mr. WATTS,  
Mr. ULLMAN,  
Mr. BYRNES of Wisconsin,  
Mr. BETTS,

*Managers on the Part of the House.*

Mr. LONG,  
Mr. ANDERSON,  
Mr. TALMADGE,  
Mr. BENNETT,  
Mr. CURTIS,

*Managers on the Part of the Senate.*

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H.R. 4690) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes, and further, that all points of order against the report be waived.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. GROSS. Mr. Speaker, reserving the right to object, I think that this proposal is of such importance that it deserves an explanation before granting the privilege of waiving all points of order, as well as the immediate consideration which, of course, sets aside the 3-day rule.

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I am glad to yield to my friend, the gentleman from Arkansas.

Mr. MILLS. Mr. Speaker, I appreciate the gentleman from Iowa, my good friend, yielding to me. I must agree, Mr. Speaker, with the comment raised by the gentleman that this is an unusual procedure that I am asking for today. I want to do this in order to obtain prompt consideration by the House on the several matters that are involved in this legislation.

First of all, Mr. Speaker, let me call attention to the fact that the debt ceiling requires immediate action, as the debt is now at the existing ceiling. It should be borne in mind that we are spending at the rate of about \$4 billion a week.

Mr. GROSS. If the gentleman will pardon my interruption, did he say this Government is spending at the rate of \$4 billion per week?

Mr. MILLS. That is correct. That is the rate of our spending at the present time. If we do not approve the legislation today, so that it can be promptly approved by the other body and sent to the President so he will be in a position to sign it as soon as possible, in my opinion there could be bills presented to the Treasury for the remainder of this week that the Treasury will not be able to pay.

Now, if I may proceed further, the

only thing involved in the conference report itself is the increase in social security payments retroactive to January 1, 1971, of 10 percent across the board, plus a 5-percent increase for those who are 72 years of age, and not entitled to regular social security benefits. That is all that is in the conference report, except of course the financing provisions are also in it. We will raise on January 1, 1972, the existing \$7,800 taxable wage base to \$9,000. This was recommended by the administration to go into effect at an earlier date, but the Senate fixed it at January 1, 1972, and it was impossible for us to move it to an earlier date. That would have been beyond the power of the conference committee.

Now the reason we must have waivers of points of order on the conference report and the reason I am asking for that is because under the House rules the 10-percent social security amendment is not germane to the bill that the House passed—that bill dealt only with the debt ceiling. So anyone could make a point of order and it would have stood. Then it might have to go to the Committee on Rules and the legislation could not otherwise be considered prior to Friday. In my opinion, under those circumstances, it could not then become law until, possibly, sometime next week because the manager of the Senate conferees advised us he would not be in town after tonight. So I hope we can get this matter disposed of here so they can dispose of it on the Senate side and the President can sign it as soon as it is sent to him. We should not get into this impasse of the Treasury possibly not being able to pay its bills for the rest of the week.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman.

Mr. BYRNES of Wisconsin. I do not think there is any disagreement among the Members with regard to the items in this particular conference report.

In the first place, the debt ceiling provisions of the bill really were not in conference. The two Houses acted identically with respect to those items. If that is all there was involved, we would not even be considering a conference report—

Mr. MILLS. The gentleman is correctly stating the situation.

Mr. BYRNES of Wisconsin. The bill would automatically be sent to the President. We would receive the Senate message and send the bill down to the President.

The situation has been complicated by the fact that the Senate added some social security amendments. The only amendment retained by the conferees and before the House 10-percent across-

the-board increase in benefits and the correlative financing, and the 5-percent increase in the special benefits paid from the general fund to certain individuals over age 72. I do not think there is anybody on this floor who would vote against the 10-percent increase retroactive to January 1. I think there is general agreement that this is desirable and that it is needed.

Under the former rules of the House, we would simply have brought the bill back to the House. Somebody could have raised the question asking us to explain why we accepted something that was not germane and we would have had to explain the situation just as we are explaining it now. We think while it is not germane, it is a matter that both Houses are in agreement on and favorable consideration in this context would expedite matters. The only reason for the present procedure is because the new rules we adopted provide a special procedure on nongermane amendments added by the Senate. If we were to follow the procedure of the new rules, it would delay both the 10-percent across-the-board social security increase and also, very importantly, the increase in borrowing authority that we know we must provide the executive branch. If we do not act now it is going to cause the Treasury some costly operations in the next few days, which we might just as well avoid by taking this procedure.

So, Mr. Speaker, I would plead with any Member of the House not to impose hurdles at this time on this most important legislation. It is important so far as both aspects of the bill are concerned—one, relating to the borrowing authority and, the other, relating to the increase in benefits for our elderly people who are dependent upon their social security check.

Mr. MILLS. Mr. Speaker, will the gentleman from Iowa yield further?

Mr. GROSS. I am glad to yield to the gentleman.

Mr. MILLS. Mr. Speaker, I would like to make the record very clear that all that is involved in a vote on this conference report is the 10-percent across-the-board increase in social security retroactive to January 1, 1971, the increase in the special payments for persons age 72 and over, plus the tax provisions that continue to keep the fund actuarially sound. When a Member votes on this, that is all he is voting on.

Mr. GROSS. Of course, the gentleman understands that when a Member votes for this proposal, it may be construed that by indirection he is voting for an increase in the debt ceiling.

Mr. MILLS. Oh, I would not interpret it that way.

Mr. GROSS. And I voted against an increase in the debt ceiling.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I do not think that this is an appropriate rationale, frankly, I will say to the gentleman, because if it were not for the 10-percent proposal, the across-the-board increase in social security benefits, this matter would not be before the House; no further action in that area by the Congress would be needed. The only reason the issue is before the House is the 10-percent across-the-board increase.

Mr. GROSS. Yes, but the gentleman from Wisconsin is overlooking the fact that there may be a vote on the passage of this conference report, and I want the record to show that I am unalterably opposed to this increase in the debt ceiling, and so voted when that issue alone was before the House a few days ago.

I am going to withdraw my reservation of objection and will vote for the conference report only because I believe an increase in benefits to social security beneficiaries is justified. But I just do not like this method of doing business even though the Government is about to exceed the debt ceiling.

Mr. MILLS. Mr. Speaker, will the gentleman yield further?

Mr. GROSS. I yield to the gentleman from Arkansas, and then I will withdraw my reservation.

Mr. MILLS. I agree with everything the gentleman has said. Certainly it is only because of what the gentleman has observed that I have asked for this unusual procedure.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk proceeded to read the statement.

Mr. MILLS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers on the part of the House be dispensed with. We have discussed it fully.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. The gentleman from Arkansas is recognized.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. VANIK. I would like to ask the distinguished chairman, for my benefit and for the benefit of other Members of the House, what is planned with respect to the need for increased retirement benefits, the need for an increase in the

minimum and the need to provide widows with their full entitlement?

Mr. MILLS. I appreciate the gentleman asking me that question. Let me respond hurriedly to the gentleman. We asked the Members of the Senate conference group to recede from the amendments relating to the retirement test and the minimum benefit because those matters are presently being considered in connection with H.R. 1, which is before the Ways and Means Committee. We wanted them to let us initiate any action which might be taken on these matters rather than having it initiated on the Senate side. I, of course, do not purport to say what, if any, action we may or may not take. We viewed the 10 percent as a matter of immediate urgency, or immediate necessity, but the other matters we do have time to consider later.

Mr. VANIK. I thank the gentleman.

Mr. FULTON of Tennessee. Mr. Speaker, my sentiments on this bill with the amendment to increase social security benefits by 10 percent are mixed.

On the one hand, I am delighted we have brought the matter to a final vote in the house and that these increases now are a near certainty.

On the other hand, I am very disappointed that the increase is only 10 percent. An increase of 15 to 20 percent is needed and certainly could be economically justified in the wake of inflation which has continued over the past 15 months while social security benefits have remained fixed.

Also there is no provision in this legislation to deal with the much needed rise in the minimum monthly benefit. This 10-percent increase will bring the minimum benefit to just over \$70 a month which simply is not adequate. It has been pretty well established that the minimum benefit floor today should be no less than \$100.

Finally, no provision is made in this legislation for a further easing of the overstringent earnings limitation which restricts annual outside earnings to \$1,680. Legislation passed by the House and Senate last year would have eased the limitation of \$2,000 and \$2,400, respectively. However, this legislation died before final action could be taken.

Therefore, Mr. Speaker, I view this legislation which we approve today as simply a stopgap measure. We must further this year complete these unfinished tasks which are required to bring social security benefits in tune with the economics of our times. We must increase benefits an additional 5 to 10 percent; we must raise the basic minimum to no less than \$100 per month; and we must ease the outside earnings limitation. I believe the committee can do this and am hopeful that we will.

Mr. ADDABBO. Mr. Speaker, I am pleased to support the 10-percent increase in social security for more than 26 million beneficiaries of social security benefits. While approval of this legislation is not as comprehensive as most of us would like, it is a further indication that the Congress is aware of the fact that our country owes a great debt to our senior citizens and proposes to take appropriate action. I am hopeful that the

Ways and Means Committee in its consideration of H.R. 1 will recommend further increases and reforms, in meeting the realistic needs of our people. People living on fixed incomes are the forgotten people of the inflationary period and it is up to the Congress to restore their purchasing power and to help them meet today's high costs of living.

Though I may not agree fully with the other conditions of this conference report relative to the national debt ceiling and interest on bonds, I feel the importance of this social security increase surpasses all other considerations.

I would urge the President to act quickly to sign this legislation so that this much needed income will become available to our retired citizens.

Mr. DONOHUE. Mr. Speaker, as one who sponsored legislation to provide a 10-percent across-the-board, retroactive to January 1, 1971, increase in social security benefits with minimum payments of \$100 and an increase in the income earnings limitation to at least \$2,400, I intend to support this conference report on H.R. 4690 and I most earnestly urge its approval by the very great majority of the House membership.

Although the overall benefits contained in this conference report are not increased and expanded as much as many of us would like, and have advocated, the basic increase of 10 percent and the special increase for those persons over 72 not eligible for full social security payments does offer a timely measure of financial assistance and morale encouragement to the more than 26 million Americans who need such assistance pretty desperately in this time of continuing inflation and ever higher living costs.

Also our action here today, making the increased benefits retroactive to January 1, 1971, will enable these additional benefits to reach social security recipients much earlier than they could obtain them otherwise. The representatives of the Social Security Administration have indicated that procedures would be initiated to have the higher payment checks reach the recipients on the usual June payment date and the retroactive portion would also be paid by separate check sometime in June. Needless to say, these increased benefits will be, as a matter of absolute necessity, immediately used by the recipients and our lagging and sagging economy can certainly use the strengthening impact of this increased consumer purchasing power.

Although I and many of my colleagues are impelled to support this conference measure we do not and we will not, by any means, accept this bill as the only and final legislative gesture of assistance to our older citizens who are trying to live upon social security benefits. I shall maintain my own efforts, and I am certain that many others will also, to obtain, as a matter of simple equity, an increase in minimum payments to \$100 a month, the inclusion of an escalator clause tying benefit levels to the cost-of-living advances and an increase, pending complete elimination, of the earnings income limitation to at least \$2,400. These are wholesome legislative objec-

tives for the economic benefit of the people in this country who are suffering the greatest from the inflationary factors that are making it increasingly more difficult for them to live at a minimum of economic security within the wealthiest country in the world.

As we take this first step in this new 92d Congress to give a little help to so many millions of our older citizens who are experiencing tremendous difficulties in just meeting payments for the basic necessities of life, let us pledge ourselves to legislatively work together to at least obtain these limited further objectives before the first year of this new Congress has ended.

Mrs. HECKLER of Massachusetts. Mr. Speaker, just last week I addressed this body asking that it reject the notion that vitally important social security legislation be tied to any other matter.

In condemning this kind of parliamentary gamesmanship, I asked why cannot the Congress simply honor the Nation's commitment to its retired citizens free and clear of legislative maneuvering?

Today, we are faced with precisely the situation I feel we must avoid. A 10-percent increase in social security benefits is attached to the conference report on the debt limitation bill.

The increase in benefits for social security recipients is immediately and desperately needed but the other improved benefits we have worked so hard to obtain for our senior citizens are not included in the bill and we are prohibited from offering amendments to add them. These improvements include the automatic cost-of-living clause, the increase in the limitation on the national debt when it was originally before the House. The bill authorizes the largest increase in the national debt limitation since the requirements of World War II. The proposed increase of \$35 billion is based on imprecise and vague substantiation and I opposed it to demonstrate my feeling that we must reorder our national priorities in such a way as to gain the greatest overall benefits from the resources available. I believe we are spending far too much on nonessential or unnecessary activities.

Nonetheless, despite the fact that the rationale for such a historic increase in the debt limitation is weak and unconvincing, I shall vote affirmatively for the pending bill because the social security increase is so desperately needed.

In announcing my vote, I want to register my complete disrespect for the parliamentary maneuvering which has joined these two totally unrelated items. Tying them together in an appalling misuse of the legislative process.

The Congress must face issues head on if it is to become more responsible. We are being unfair to older Americans and unworthy of the Congress if we must rely on a parliamentary gimmick to meet the urgent needs of social security recipients. This increase is long overdue and should not have to be brought in through the back door.

Mr. REID of New York. Mr. Speaker, I wish to go on record in support of the conference report on H.R. 4690, which includes a 10-percent across-the-board

rise in social security benefits, retroactive to January 1, 1971.

I regret that I missed the vote on this important issue, due to my attendance in New York City of the funeral of Mr. Whitney Young, Jr., executive director of the National Urban League. Had I been here 30 minutes earlier, I would of course have voted "aye." I might add that I find it shocking that the House today lacked the courtesy to await the completion of funeral services prior to taking up legislation. Such hasty and impulsive procedure strikes me as a sign of the insensitivity of this body to the death of a fine and great American. Indeed, it will not reassure the poor—irrespective of color—nor indeed black Americans, for all of whom Whitney Young gave his life.

I have long supported a cross-the-board rise in social security benefits. However, let me at this time express my strong disappointment over the failure of the House conferees to rectify some of the inadequacies of our present system. I strongly commend the Senate for increasing the earnings limitation to \$2,400 annually from the present \$1,680. I have in the past advocated complete removal of this income limitation, as I believe that social security benefits should be treated as the end result of a bought and paid for retirement program—totally independent of present efforts to supplement it and not as something to be taken away as punishment for still wishing to be a productive member of society.

The \$1,200 per year minimum in benefits for an individual and \$1,800 for a couple, approved by the Senate but rejected by the conference committee, would not have even brought affected senior citizens up to the current official poverty levels of \$1,840 per individual and \$2,383 per couple per year.

The right of an individual to confidently look forward to living out his retirement years in reasonable economic comfort should be a paramount goal of our society, and I urge that in the future we face the economic plight of many of our senior citizens, and act accordingly.

Mr. MINISH. Mr. Speaker, I rise in support of the conference report providing a 10-percent across-the-board increase in social security benefits.

My colleague, Chairman MRLLS of the Ways and Means Committee, has stated that comprehensive improvements in the social security system will be considered later in the session. In view of this fact, I am pleased to support today's across-the-board increase knowing full well how necessary it is for social security beneficiaries.

I, nonetheless, intend to press further for a much needed increase in the social security minimum payment, an increase in the earnings limitation, automatic adjustments in benefits, equal treatment for working wives as well as coverage of prescription drugs under medicare.

However, today's action will assure that our senior citizens receive much needed retroactive benefits to help equalize their standard of living in spite of the steep inflation they have experienced. Social security recipients have paid into the social security fund to protect themselves during their later years. Their in-

vestment in their own economic protection must not be in vain.

Mr. PICKLE. Mr. Speaker I am pleased the bill granting the long overdue increase in social security benefits passed today and I want to take this means to register my support. Unfortunately, I was not able to be present to cast my vote in favor of the bill because my plane from Texas was delayed for over an hour. Had I been here my vote would have been a strong "aye" and I want the record to so read.

The strong vote in favor of this bill, 358 to 3, shows that Congress realizes that those on fixed incomes such as social security have suffered the most from inflation and that they need relief. The 10 percent increase is retroactive to January 1, 1971, and recipients should start getting the back payment sometime in May. The increase itself will show in the May check which is received around the 1st of June.

I regret that the House conferees did not agree to the Senate provision that would have raised the ceiling from \$1,680 to \$2,400 per year on the amount social security recipients can earn without reducing their benefits. I have introduced a bill in the House that would raise the ceiling to \$2,400. The Ways and Means Committee will consider raising the ceiling on outside earnings and the minimum payment in H.R. 1, the comprehensive social security bill, which is pending.

Again I salute the passage of the 10-percent increase as a signal from Congress that we will not allow our senior citizens to become forgotten Americans.

Mr. ANDERSON of Illinois. Mr. Speaker, I wish to applaud the action taken by the House today in approving the 10-percent increase in social security benefits. It is on our senior citizens that our inflationary economy inflicts the severest hardships since it is this group that must remain on a fixed income in the face of rising prices. The many people for whom social security is the sole source of income must struggle to maintain an adequate standard of living. A great deal of procrastination and delay has characterized congressional action on this measure and I am most pleased that we have finally enacted legislation that is so desperately needed by our older Americans.

I feel that I must, however, register my displeasure with several omissions from this measure. At present, the outside earning limitation for those who collect social security is \$1,680, a figure which I feel is grossly unfair to our many senior citizens who are physically able, and who are willing to work. By placing the limitation at such a low level, we are providing a disincentive for many to work to their maximum capabilities. I have introduced a bill, H.R. 565, which would raise this limitation to \$3,000. I believe that this is a much more equitable and realistic figure and I strongly urge my colleagues on the Ways and Means Committee to include this in future social security legislation.

There is one more provision which I believe must be enacted; namely, an automatic cost-of-living escalator. My bill

would provide for an automatic increase in benefits if, over a 3-month period, the cost of living increases 3 percent or more. This would help insure that our senior citizens would be able to adequately provide for themselves in times of sudden shifts in the economy. I would hope that the Ways and Means Committee would also carefully consider this recommendation.

I realize that the Ways and Means Committee will be continuing hearings on other social security measures as well as on amendments to the medicare program. In connection with this last point, I would like to draw your attention to a bill I have introduced, H.R. 3230, which would allow the services of a chiropractor to be included as an item for reimbursement under the medicare program. There are many older people who derive great benefits from chiropractic care but, at present, this is not covered by medicare. I, therefore, hope that this bill receives serious thought by the Ways and Means Committee in its future deliberations.

Mr. BADILLO. Mr. Speaker, I am pleased to support this conference report and its provision for a 10-percent increase in social security benefits retroactive to January 1. The speed with which this measure has been brought to final passage is entirely appropriate, for the inflation which continues to plague our economy strikes hardest at our older Americans living on fixed incomes.

However, I am not pleased with the fact that this conference report omits two vital provisions of the Senate-passed bill—an increase in new monthly minimum benefits of \$100 for individuals and \$150 for couples and an increase in the ceiling on permissible outside earnings for social security recipients to \$2,400 a year. In my view, these increases were necessary and proper.

I am well aware of the argument that our social security system must remain actuarially sound—that the sanctity of the trust fund must be preserved. But I believe the time has come to go beyond that trust fund and to use general revenues to meet the urgent needs of our senior citizens.

With Senator HARRISON WILLIAMS of New Jersey, I have sponsored legislation that would bring social security benefits up to date. I sincerely hope that Congress will not rest on its laurels with the benefits contained in this conference report, but will go beyond them later this year and enact the broad revisions our social security system requires if it is truly to keep pace with the economic realities of our times.

Mr. CLEVELAND. Mr. Speaker, today, at long last, Congress is completing action on an overdue increase in social security benefits. The need for an increase is unquestioned. It is regrettable that this has taken so long, and that the increase passed is inadequate. An increase of 10 percent does not meet all of the needs of our senior citizens. The bill we act on now does nothing to raise the earnings limit; it does not provide for future automatic cost-of-living increases; and it does not sufficiently increase the current minimum level of

benefits which is disgracefully low. These were all included in the bill passed by the House last May and for which I voted.

In addition to being inadequate in amount and scope, today's action is procedurally outrageous. Last year the Senate held hostage the House-passed bill providing comprehensive reforms. In fact, it delayed acting on it for so long that the bill died when the session ended in December. Now, the Senate has tacked this important issue onto a bill providing for yet another increase in the debt limit.

I have consistently voted against increases in the debt limit. My record on that is clear. But I have also consistently urged and voted for increases in social security benefits. In this case, the need of our retired citizens is so great that my choice is clear, so I shall vote for the entire bill.

I deplore the procedure used by the Senate in this case. I also deplore the fact that the Senate dawdled and procrastinated on this issue so long that after 8 months of doing nothing, it used this method of achieving an inadequate answer to a serious problem. It could have easily passed a good bill providing not only an increase, but the other needed reforms. It is a sad commentary that we act in this manner on an important issue. The need for meaningful congressional reform is again clearly demonstrated.

Mr. McCORMACK. Mr. Speaker, while I want to be recorded in support of the increase in social security benefits included in the bill before us today, I want to object to the method by which we are forced to accept undesirable legislation in order to support an inadequate increase in benefits.

It is my belief, as expressed in a letter some 55 of my colleagues and I sent to the distinguished chairman of the Ways and Means Committee, the gentleman from Arkansas (Mr. MILLS), in January, that the rate of benefits should be increased by 15 percent rather than 10. In addition, we proposed setting a minimum of \$100 a month for individual payments and permitting persons receiving social security benefits to earn up to \$2,400 a year without loss of some of their benefits.

It is disappointing that the conferees saw fit to drop these provisions, and I feel that before this Congress finally adjourns sine die, corrective action will have to be taken.

It would have been preferable had we been given the opportunity to debate and vote on the social security increases by themselves and not have the whole thing handed to us to take or leave. I find it particularly distasteful to be placed in a position of seemingly approving an inflationary increase in interest rates on long-term Government bonds simply because social security increases have been made part of an inseparable package.

Mr. COTTER. Mr. Speaker, I rise in support of the bill H.R. 4690. Appended to this routine bill to raise the debt ceiling are the Social Security Amendments of 1970.

I am not completely satisfied with the bill. The provision which removed the 4¼-interest ceiling on long-term bonds

I opposed when the bill was in the House. This feature remains in the bill and I am still opposed to it.

The greatest concern in this bill is the increase in social security benefits. I would be less than completely candid if I said I was happy with the limited social security provisions in this bill. But I do believe that increased social security payments should be speedily enacted. Therefore, I will support this conference report which includes a 10-percent increase in social security benefits.

Mr. Speaker, I feel that H.R. 4521, which I introduced, is a better bill. It would provide a 15-percent increase in benefits, raise the permissible outside earnings to \$2,500, provide an automatic cost-of-living feature, and provide a minimum payment of \$100. I am hopeful that this Congress will again take up social security legislation in the near future to include these essential features.

Mr. LATTA. Mr. Speaker, I rise in support of this measure as it is the only bill before the House. It is not the bill I would like before the House today. It is the result of a conference committee's efforts and they do not always reflect the wishes of this body. Let me also point out that had it not been for the delaying tactics of the Senate, this 10-percent social security increase would have been enacted last year.

The record is clear. On May 21, 1970, nearly a year ago, the House passed legislation which provided for the increase I trust we will approve today. In addition, the bill featured a provision for an automatic cost-of-living increase.

However, the other body delayed passage of the measure until December 29, 1970. As finally passed by the Senate it included nearly 100 differences from the version this body passed. Due to the wide range of differences, agreement was impossible in the short time the 91st Congress remained in session.

The result: further delay of the increase in social security benefits so needed by the nearly 27 million Americans depending on social security to meet their living costs.

I am disappointed at the decision of the conferees in rejecting provisions that would have increased the minimum monthly payment to \$100 and that would have increased to \$2,400 from \$1,680 the outside income allowed without a cut in benefits.

These are matters that should be rectified as early as possible.

Our obligation to the senior citizens of America is clear.

We are talking about the people who through hard work made the United States the richest, most affluent Nation on the face of the earth. Their generation experienced the hardships of the great depression. Their generation filled the ranks of our armies in World War I, and bore the burden and the costs of, first, defeating Hitler's Germany and the other Fascist powers, and then, of containing the world ambitions of communism.

We owe them more than they are receiving.

Today they are in a desperate plight. They are caught between the fryingpan of low, fixed income and the fire of in-

flation. Despite the best efforts of the Nixon administration, inflation continues nearly unabated.

It is a small thing for us to increase social security benefits by 10 percent. They are entitled to much more.

Mr. Speaker, again, I emphasize the need to pass this measure. Although it is not enough, it will help a little.

Mrs. ABZUG. Mr. Speaker, I vote "yes" today on the adoption of the conference report to accompany H.R. 4690 increasing the public debt limit and including the social security amendments, because the elderly in this country so desperately need whatever assistance they can get, and they need it now.

So I reluctantly cast my vote for the 10-percent increase, for the same reason I reluctantly cosponsored legislation calling for the increase—because a 10-percent increase is better than no increase.

But the need is for a 15-percent increase in social security benefits going up to 20 percent next year; the need is for minimum payments of at least \$100 a month; \$120 is more realistic.

For many people social security is the only check they get after they are 65, and \$100 a month scarcely approaches adequacy and is hardly a good return on a lifetime investment in the labor market.

I vote "yes" today, but I will take whatever measures are appropriate to bring the real needs of the elderly before the Ways and Means Committee to assure a 15-percent increase in social security benefits this year, and minimum payments of \$120 a month.

Mr. NIX. Mr. Speaker, there are moments when I am genuinely impressed with the speed with which the House of Representatives can be moved to act on matters of urgent public importance.

Less than 24 hours elapsed from the time a House-Senate conference committee submitted and this body approved a 10-percent across-the-board increase in social security benefits. It will indeed be welcome news and bring a measure of relief to the Nation's 26 million beneficiaries, many of whom are struggling to make ends meet on limited, fixed incomes.

As pleased as I am by this action today, I must confess that I anxiously await legislation to extend and increase the base at these benefits. Unfortunately, such provisions were stricken in conference in an effort to expedite passage of the 10-percent increase and raise the Federal debt ceiling.

Specifically, I refer to such provisions as would increase the amount of outside earnings permitted without reduction of social security benefits; raise minimum benefits to \$100 for individuals and \$150 for couples, and make special payments to persons 72 or older who do not qualify for regular benefits. There is also the very real need to consider an early additional across-the-board boost as the 10-percent raise approved today has barely kept pace with the cost-of-living increases since the last hike in benefits.

While I sympathize with the good intentions of the Ways and Means Committee to draft comprehensive legislation

to cover revenue sharing, welfare reform, and social security benefit extensions, I empathize as strongly with those we are trying to help and who need that help now.

Let us hope that today's action is a harbinger of an even broader commitment.

Mr. PEPPER. Mr. Speaker, I am gratified that the House has moved swiftly to ratify yesterday's conference committee agreement to include a 10-percent increase in social security benefits in the legislation to raise the limit on the Federal debt.

It is unfortunate that the senior citizens of America have had to wait these additional months, since the failure of social security legislation in the legislative log jam last year, for the increases which they so desperately need. The inflation since the last social security increase has virtually eaten up the 10-percent increase which we are now granting. This increase is overdue as a bare minimum for action on benefits.

We must, Mr. Speaker, look upon this action as only a first step in the fulfillment of our responsibilities to our senior citizens in the 92d Congress. We must move ahead with dispatch to more comprehensive legislation to improve the provisions of the social security program.

I will certainly insist that we provide at least another 5-percent increase in benefits retroactive to January 1 of this year. I believe it should be another 15-percent increase, for a total increase of 25 percent over the wholly inadequate level of benefits in the past.

I will also keep up my fight to see that our senior citizens are permitted to earn as much as they can without losing any of their monthly benefits. If this is not possible in this session, I will press for the highest figure we can get as an earnings limitation—whether that may be \$2,000 or \$2,400 or more.

I had hoped that we would, at last, raise the minimum benefit to \$100 a month in the legislation we are approving today. I certainly hope we will establish this minimum for one person and a \$150 minimum for a couple in the more comprehensive legislation we must enact later this year.

It is essential also, I think, that we permit widows to obtain a full benefit if they are willing to delay their retirement until age 65. This 100-percent provision is one which is overdue and should be a priority item in the next legislation.

There are many other provisions which should be improved in the social security program. We must provide a means of keeping our senior citizens abreast of the rising cost of living. But for this to be meaningful, we must first assure that the level of benefits provides a decent standard of living. That must be our first commitment—to provide a decent standard of living for our retired citizens in their remaining years—and then to provide automatic increases to preserve for them this standard of living. Anything less will be a failure in our obligation.

This Nation owes a great debt to the millions of men and women who have helped to build its great industrial and economic strength. We owe them a deep

debt of gratitude for their contributions to making this a sound society as well as a strong economy. I feel, therefore, that we should repay this debt with a comprehensive social security program which will permit them to enjoy just that—security—the security to which they are entitled on the basis of their contributions to the growth and development of this great and wealthy and free land.

Mr. ANDERSON of California. Mr. Speaker, I rise in support of this long overdue measure which provides a 10-percent across-the-board increase in social security benefits, and a 5-percent increase in special payments to persons 72 years and over. In addition, this bill provides that the 10-percent social security increase be retroactive to January 1, 1971.

This action is vitally needed. One out of every four Americans, of age 65 and over, lives in poverty; approximately 3 million more live in near poverty; and many millions of others know too well what it means to skimp along without necessities in a nation undergoing inflation.

Presently, 26 million social security beneficiaries are waiting for this increase in their benefits by \$5 billion, and I am hopeful that the Social Security Administration will expedite this matter so that the beneficiaries can get their retroactive checks by June.

Mr. Speaker, welcome as these provisions are, we must remember that today's measure is a stopgap proposal. And, we must not lose sight of the urgent need for more fundamental reforms to improve our social security program.

Mr. Speaker, adding a few dollars to social security every 2 or 3 years can provide temporary relief, but much more is needed, if we are to come to grips with these major problems.

We must increase benefits by no less than an additional 10 percent as soon as possible.

We must increase minimum monthly benefits to \$100 this year and then \$120 in 1972.

We must provide for automatic adjustments in social security benefits to protect the aged from inflation.

We must broaden medicare coverage to include out-of-hospital prescription drugs.

We must liberalize the disability provisions to include social security beneficiaries under 65.

We must provide hospital insurance benefits for certain uninsured groups.

We must increase the amount of money social security beneficiaries may earn and still receive full benefits.

Mr. Speaker, I support this 10-percent increase, but we must recognize it as a holding action until more far-reaching reforms can be enacted on social security and medicare.

Mr. VANIK. Mr. Speaker, the action of the House today on this proposal to increase social security benefits by 10 percent retroactive to January 1, 1971, is long overdue and complies substantially with the promise of this Congress to act on this matter early in the session.

This action today insures that increased benefit checks and the payment

of the retroactive benefit will be delivered to beneficiaries in the first week of June. The check for retroactive benefits will be mailed out in a separate check later in the month of June. This delay between law and benefits results from the problem of preparing social security computers to issue checks to 26 million beneficiaries.

The 10-percent increase in social security benefits across the board will result in an increased benefit payout of \$3.6 billion per year to the elderly. It is a considerable improvement over the Nixon administration's request that the social security benefit be limited to 6 percent. The cost of living of the elderly has risen well over 6 percent and is very closely related to the 10-percent increase. Meanwhile, upward pressures on the cost of living continue without Government restraint.

In my county—Cuyahoga County—there are presently about 220,000 social security beneficiaries of all types receiving between \$25 and \$27 million in benefits per month. The 10-percent increase, in the conference report before us today, and which will undoubtedly be approved, will mean nearly \$2.7 million extra a month in Cuyahoga County alone.

As our work in the Ways and Means Committee continues on social security improvements, I will vigorously endeavor to increase the minimum payment to \$10 per month and to increase the retirement test to \$2,400. For the greater part, the elderly who continue to work do so because they must. They are among the working poor. Many elderly on social security are also receiving old-age assistance to supplement low social security payments. The present retirement test of \$1,680 is a tremendous burden on the elderly working poor who draw low social security benefits. This group can only be reached by a higher minimum payments and an increase in the retirement test.

Elderly citizens generally continue to work because and to the extent that it is necessary for survival. Until social security benefits reach a level which can insure a decent standard of living for the elderly, it is absolutely essential to liberalize the retirement test to permit an acceptable standard of life.

It is also essential to provide a surviving spouse with 100 percent of the worker's benefit upon his death. When one of the household partners is deceased, the surviving partner is left with the full cost of household maintenance. This problem must be recognized by the Congress.

It is also my hope that this legislation will include improvements to the medicare program. The \$50 deduction on medical bills prevents medical utilizations which would prevent or reduce long-term hospitalizations and long-term illness.

The hospitalization coverage should include hospital outpatient services to prevent the unnecessary hospitalization of patients in order to obtain the use of laboratory and testing services. This type of service would provide better health care and economies in the Nation's medical service.

There are also extended complaints in my community about the arbitrary cut-back in allowances for medical services. In my community, where hundreds of doctors refuse new patients, where many doctors insist on an initial visit fee of \$50 to \$75, the medical carrier often allows only \$8 on a \$10 doctor's bill for an office visit. The patient pays the \$50 deductible and then must pay the \$2 differential on the \$10 bill and in addition must pay 20 percent of the allowed payment or an additional \$160. The patient thus pays \$3.60 of the \$10 doctor bill, while the medicare carrier pays \$6.40. The paperwork in this kind of transaction may run to more than the claim. The goals of medicare should be to provide quality health service without red-tape or frustrating delay.

It is my hope that our amendments to medicare will encourage health maintenance, the prevention of illness, and a full and prompt recognition of reasonable claims for service.

Medicare must be made into an effective and viable system as a necessary step to the development of a comprehensive health program to serve all groups of citizens. This challenge must be met in the bill which Ways and Means reports out.

It is my hope, therefore, that as the Ways and Means Committee continues its consideration of H.R. 1, the Social Security and Family Assistance Plan Amendments of 1971, that these additional provisions can be considered and adopted in whole or in part.

Mr. RANDALL. Mr. Speaker, I rise in enthusiastic support of the conference report to accompany H.R. 4690. I have long and consistently worked for and supported more realistic benefits for those who must depend upon social security payments. In the recent past, I have introduced bills to increase these benefits, to liberalize the bases on which benefits are computed, and to build automatic cost-of-living increases into the social security benefit structure. My record in this area is so well established by the legislation I have introduced and the bills I have supported as to make it unnecessary for me to take this time to express how gratifying it is that a shortcut has been agreed to by which long overdue increases in social security benefits can be speeded up. Nevertheless, I cannot let this moment pass without adding my voice to those who acclaim the conference report now before the House.

At the same time, I want to make it abundantly clear why I voted for H.R. 4690—to increase the Federal debt limit—when that bill was before the House on March 3. The fact that such a desirable addition as increased social security benefits was made to this bill in the Senate has nothing to do with my vote today to agree to the conference report.

I remain as much concerned as any of my colleagues about the level of our national debt. It has never been easy for me to vote to increase the debt limit. In each of the last several years I have voted against a sufficient number of spending proposals to have made debt

limit increases unnecessary, if I had been on the winning side every time.

But, if I had voted against a higher ceiling on our national debt on March 3, I could not undo the actions of those who voted to spend the money that created this debt. By voting down the bill to increase the debt limit, the Federal Government could not meet its bills as they accrue, and in private business that is called involuntary bankruptcy.

What would be a few of the consequences our country would face, if the present debt limit is not increased? One good place to start is in the matter of payments to social security annuitants, which we are increasing today.

Highly qualified economists tell us that the fund from which social security payments are made is actuarially sound; that there are adequate sums deposited in that fund from deductions made in earnings and contributions by employers to meet all foreseeable demands. Nevertheless, the Social Security Administration employs thousands of persons on the Government payroll to ascertain the amount of benefits and see that benefit checks are prepared and mailed in timely fashion at the first of each month. The cost of buying or leasing and then servicing and maintaining hundreds of big computers for use in this task is a staggering amount. Space must be purchased or rented for housing the workers in national social security headquarters and the dozens of field service offices located throughout the country.

Without an increase in the limit, we would exceed the present debt authority, including the contingency cushion, sometime this month. There would be no money to pay these Social Security Administration workers; no money to pay the rent on the quarters they occupy; no funds for paying for the computers and other mailing machinery. It might happen there would not even be enough money to pay the salaries of the postmen who deliver the checks.

No one should conclude that this is an extreme example. Not only could such a condition occur, but it would be multiplied by other similar instances throughout the Government. For another example, payments to contractors on Government work would have to be suspended; defaults would be taken on amounts due suppliers of goods and services to our Government. Schools that are dependent upon the Federal Government for funds promised by the various aid to education enactments would be left emptyhanded, their teachers unpaid. Foreign governments, to which we have made commitments under the various aid programs voted by a majority of my colleagues—but opposed by a substantial minority including myself—would be stood up. Overseas holders of U.S. currencies would stampede our depositories with immediate demands for redemption of this currency in gold.

Our fightingmen in Vietnam, who have not been defeated by either the enemy or by those who misguidedly advocate withdrawal without honor, would be left abandoned on the battlefields by those in their Congress who, by voting against a higher debt limit, would take away

their subsistence and their ammunition. A vote against the debt limit would be a cruel way to vote against the war.

Some of us who are opposed to indebtedness are prone to lose the proper perspective in which to consider the subject of the debt ceiling. To vote against raising the ceiling is not an economy vote. The money has already been spent.

Corporations hate debt. Investors look carefully before buying the stock of companies with heavy debt. But since 1946, corporate debt in America has increased from \$109 billion to \$861 billion, 700 percent. That increase is recognizable in the farflung production-distribution complex of the Nation, which represents the greatest industrial growth any country in the world has ever known.

But a quick look at our Federal debt will reveal it has increased from \$300 billion in the first half of 1946 to about \$395 billion today. Therefore, our national debt has increased only 32 percent during the same period corporate debt was increasing 700 percent.

To make this comparison the more startling, it must be remembered that while we were increasing our debt limit only 35 percent in a 25-year period, we were also experiencing the same inflationary influences at the Government level as were experienced by corporations.

Since 1946, we have fought a war in Korea, and in Southeast Asia we are now involved in the most expensive war in history. We have sent more than \$120 billion in aid to foreign countries. Many billions of dollars have been spent in revolutionary new educational programs, for hospital and other medical facility construction. More than \$10 billion has been spent on poverty wars and on regional development. Some \$40 billion has been spent on space exploration and in putting the first and only men on the moon. All this has been done and is being done within a debt limit that has increased only 35 percent.

I did not vote for many of these programs. On the other hand, many of my colleagues did not vote for some of the programs I supported, such as large education expenditures and money for cancer and other health research. But the point is that there were a sufficient number of Senators and Representatives in favor of all these programs to obligate our Government for vast amounts of expenditures. If the Congress were to fail now to increase the Federal debt limit sufficiently to enable us to satisfy the obligations arising from all of these programs, we would be guilty of a serious breach of faith at home and abroad. Increasing the debt limit at this time is nothing more than fulfillment of our responsibilities to make the money available to pay for those programs and services undertaken by our Government under authority granted by the laws passed by a majority of this Congress.

It has been said that increasing the debt limit has become an annual, or a semiannual or biannual exercise by this Congress, that it can be expected that another request to increase the debt limit will be before the Congress within a few

months or next year. That may very well be, although I devoutly hope not.

But I hereby commit myself in this public forum to join with any one of my colleagues, within the House of Representatives or within the other body of the Congress, to effect every possible cut that can wisely be made in the programs we authorize and the appropriations we make, in a sincere effort to cut Government operating costs sufficiently to not only avoid any further increases in our debt, but, hopefully, to save enough money in the next year to significantly reduce that debt.

Regardless of the depth of commitment by any Member of this Congress to the cause of economy in Government, that commitment cannot be expressed in a vote against increasing the debt limit, at this time. No matter how well meant such a vote might be, defeat of the proposal to increase the debt limit could only assign the Nation to a position of inability to meet its obligations for the first time since 1791.

Again, I want to say that I am very glad that H.R. 4690 came back to us from the other body with an amendment that will speed up increases in social security benefits paid to our elderly. I am disappointed, however, that two very important and much-needed improvements were omitted from the bill as agreed upon in conference. One of these would have increased from \$1,680 to \$2,400 the earnings an annuitant may receive without affecting his benefits. The amendment would have also liberalized the treatment of those earnings above the higher level for purposes of adjusting benefits. I urge that the Ways and Means Committee, in its current consideration of comprehensive amendments to the Social Security Act, should restore this much-needed provision.

In another area, I was disappointed that the conference committee made a downward adjustment in the Senate-approved amendment which would have raised minimum monthly benefits to \$100. The \$70.40 figure agreed upon is totally unrealistic. I am informed that increased minimum benefits is among a number of proposals now under consideration by the Ways and Means Committee, and I urge that group to fix a more meaningful figure in this respect. We should all hurry to achieve that objective.

Mr. HORTON. Mr. Speaker, I rise in support of a retroactive 10-percent increase in social security benefit payments. If we pass this bill today, and it is signed into law, we will help establish a record of responsibility for this Congress, which together with the last Congress, is demonstrating at least a willingness to prevent inflation from eating away at the living standards of the elderly who benefit from social security.

The bill before us today, as amended in the Senate, would authorize a 10-percent increase in benefit payments effective January 1, 1971, in addition to authorizing an increase in the temporary and permanent treasury debt ceilings.

As enthusiastic as I am about the necessity for this social security increase, I am fearful that we not allow this action

to postpone or eliminate the even greater necessity for action on meaningful reforms in the structure and operation of the social security system, and other programs which affect the well-being of the elderly.

There are no issues before our society today that are more vital than positive responses to the needs of older Americans. Both young and old will benefit from creative national policies leading to a new era of opportunity in aging.

How our society meets the challenges of aging will have impact not only on the 20 million persons now past 65 and the million and a half reaching that age each year, but also on every citizen, including those in middle age and youth.

Goals of a new, positive national policy toward older Americans should include incomes adequate for each to live in dignity with honor and independence and increased opportunities for economic and social involvement in society's mainstream. But, first, we must all recognize the resources which older persons can bring to our Nation's growth—physical, cultural, and spiritual.

If we are to achieve a new era of opportunity in aging, we must abandon outmoded 19th century stereotypes of older people as infirm, sick, or useless. We will have to reverse today's all too common practice of rejecting persons, capable of great contributions to themselves and others, simply because of age.

We must make both immediate action and long-range commitments, based on the facts of life as they relate to aging in the last third of the 20th century, if we are to end unjustifiable discrimination against the aged.

It is high time we admit that this nation so far has ducked the problems confronting older persons. Our hit-or-miss approach to their needs is an evasion of the issues, an evasion that ill befits our country. This avoidance of responsibility is one we can afford no longer.

So, meeting our responsibility to older Americans of today—and tomorrow—calls for the most imaginative and creative thinking possible. It will involve new attitudes toward aging by all elements of society. Above all, it will require positive action.

Past and current failure to recognize older Americans' aspirations for their country—and their need for fulfillment as individuals—is an inexcusable blight on our society. Absence of a positive national philosophy, in aging, and the resulting policy vacuum, has meant second-class citizenship for countless older persons. It has forced millions into intolerable social and economic situations.

Correction of such negativism will take ingenuity and time. Too often, we have subjected the elderly to the cruel hoax of unrealistic political promises. We would be equally unfair now to imply that a new era of opportunity in aging can come overnight. But we must make a beginning—and without delay.

Older Americans deserve an immediate diligent national effort to restore to them the life choices—with dignity—which are the due of all men and women. This means expansion of work opportunities,

full-time and part-time. It will involve creation of avenues for pursuit of volunteer second careers, new educational and recreational emphases—and, above all, assurance to all of decent standards of living.

Look into the past and glimpse into the future and get an indication of the magnitudes of both problems and opportunities. In 1930, we had fewer than 7 million Americans over 65. In the 40 years since, the number has grown to over 20 million. It is hard to guess what the next 40 years will bring, but continuing research and improved quality of life suggest the increase will be great.

Serious medical scientists predict extension of lifespan to 90 or 100 years. If this occurs, how can we possibly adhere to current practices which put so many active and able persons on the shelf at 65 or 70? How can we accept the current trend to relegate persons to inactivity at even young ages?

Countless older persons today strongly resent what this antisenior policy is doing to them psychologically, economically, and socially. We dare not turn our back on the problem created by adherence to unreasonable 19th-century concepts of aging.

We speak of increased lifespan. How valid are these predictions?

It is reasonable to expect great progress against major killing and crippling diseases, as well as less dramatic but possibly no less significant gains produced by better health education and medical skills and by rising living standards.

Millions now past 65 would be dead had their lives been spent in environments such as those which faced their fathers and mothers. We cannot estimate how many now are living whose life depends on miracle drugs nonexistent 40 years ago, whose life has been preserved by surgical techniques and medical procedures unknown 40 years ago.

The fact is that we have a new generation of older Americans, unlike any of the past. It is pioneering with a new phenomenon of aging characterized by vigor and physical and mental prowess which impose new demands for fulfillment.

While special efforts should be made to help older persons as such, recognition must be given to the vital concern of this new generation of older Americans with all that happens in and to America.

The capacity and desire for continuing participation in the mainstream of life is an essential part of the current crisis in aging. It is but compounded by the numbers who are affected. Within it, however, is the potential for a whole new affirmation of life in later years for all citizens.

In creating a new era of opportunity in aging, we must give attention to both quantitative and qualitative elements of the revolution—a fresh approach to immediate needs as well as long-range plans for the future. Expansion of choices for all is essential.

Never before has the importance of purpose in life been less related to chronological age—never before so large an older population, more diversified in

interests, desires, experiences, and abilities.

To the 20 million older Americans this Nation owes a great debt, but they do not ask for special treatment. They only hope for the opportunity to participate in the promise of America without discrimination. They want freedom—freedom to be involved in the life of the land they love; freedom from a second-class citizenship imposed by ill-founded misconceptions as to what aging means to an individual; freedom to persist as human beings with a dignity which should be denied to no one; and freedom to choose, a right given to all at birth, but also earned by them through lifetimes of service.

We need to instill a new concept of retirement. Retirement—and perhaps that is not the proper word—should aim at reaffirmation of life purpose—should involve renewal of activity, whether in leisure, continued employment part-time, or second careers. It should offer restoration of freedom with dignity.

Hopefully, the 1971 White House Conference on Aging called by President Nixon will reflect the wisdom and experience of older Americans. Its recommendations should call for expansion of employment opportunities, and for several other things: Creation of new mechanisms for volunteer service, adult educational facilities, better housing and medical care, new techniques in transportation, and services necessary to combat loneliness.

None of these should wait for the White House Conference, but this national meeting certainly must concern itself with them in our determination to replace a national policy vacuum in aging with a new era of opportunity.

But most immediate and fundamental to a positive policy is the obligation for an affirmative response to the primary need of all those older Americans who now endure serious income shortages.

As among younger citizens, older persons with lowest incomes and those in the lower middle-income group are hit hardest by rising living costs. They have the least economic cushion to absorb the shock of higher prices for essential goods and services. The hidden tax of inflation contributes to the more visible property taxes.

As the dominant factor in the inflationary problem, the Federal Government has a responsibility—especially to those no longer in the work force—to provide relief as fully as possible. The truth remains, however, that lower and middle-income people can never fully escape the impact of rising prices. The greatest service possible to all older Americans would be provided by success in President Nixon's objective of restoration of a stable dollar.

Concurrent with efforts to control inflation is the need for a more realistic response to the problems of the aged whose incomes by any standard are inadequate. This calls for improvement in social security—and beyond that a willingness to consider new approaches to correcting income deficiencies among older Americans.

During the last 10 years, the gap between incomes of those past 65 and younger people has widened, not narrowed. The number of persons past 65 forced to face life with inadequate incomes has increased. At the same time the burden imposed on younger workers through social security taxes has grown, and with this has come a heightened resistance to further increases.

Social security is a vital part of our Nation's life. It should be strengthened and improved.

Today, approximately 5 million persons past 65 have incomes below the poverty line. Most became poor only after retirement. Many are women. A high percentage are past 75 or 80.

It is a national disgrace that we have not yet provided assurances that none of these persons, whose contributions to the Nation's growth has been so great, should suffer want in their later years.

Few want, or expect, charity, so a national effort should be made to give them opportunity to supplement social security and pension incomes with jobs, part time or full. Job opportunities should be expanded in both private and public sectors of our communities.

Many, however, are unable to avail themselves of job opportunities. Our debt to them is no less because of their disability or infirmity or isolation. They, too, are entitled to at least minimum standards of living in decency and dignity.

Toward that end, Mr. Speaker, I have introduced several bills which would provide some relief to our senior citizens. These bills would increase widow's and widower's insurance benefits; eliminate the existing reduction in benefits on account of other governmental pensions; provide a substantial liberalization of the retirement test; provide an automatic standard-of-living increase in benefits to social security and railroad retirees; reduce the rates of tax imposed on self-employment income for purposes of old-age, survivors, and disability insurance; include prescribed drugs among services covered under the supplemental medical insurance program for the aged; amend the Railroad Retirement Act to provide a full annuity to any individual completing 30 years railroad service; eliminate the 6-month waiting period for disability insurance benefits for those with permanent disabilities; reimburse beneficiaries for expenses incurred as a result of delay in their benefit checks; increase the number of years disregarded in computing social security benefits; provide for optional payment of social security taxes for individuals aged 65 and over who are employed; and provide for an exchange of credits between the old-age, survivors, and disability insurance system and the civil service retirement system.

Mr. Speaker, I have discussed in more detail, the need for these measures in two recent weekly columns I prepared for newspapers in my district. I should like to insert these at this point in the Record to more fully explain my support for this legislation.

ARE WE RETIRING THE ELDERLY TO PASTURES OF POVERTY?

(By Congressman FRANK HORTON)

With all the emphasis on reform in the way government deals with important public problems, the terrible plight of America's twenty-two million senior citizens has been swept under the rug.

In terms of housing, health care and income security, older Americans have suffered grave indifference almost amounting to abuse at the hands of the public at large and the government. A few generalities outlining the scope of senior citizens' problems will serve to set the stage for the importance of immediate reforms:

1. One in every four Americans over 65 in the United States is living in poverty. The only way to avoid hardship for these people is to provide a meaningful income security program for the elderly most of whom do not have work as an alternative income source.

2. The Social Security program is still held out as an insurance program, despite the fact that the vast majority of enrollees receive less in benefits than they contribute to Social Security tax payments.

3. Medicare pays less than half of the health costs of the elderly—costs which have grown by leaps and bounds over the past few years.

4. With some happy exceptions, the quality of care offered in many homes for the aged and nursing homes ranges from inadequate to inhuman.

5. Reforms in every aspect of public policies toward the elderly have been recommended for years, but for the most part, patchwork, temporary, inadequate and undignified solutions are all that has emerged from Congress.

Of these ills, the problems with the Social Security system are the most serious. This system is basically the same today as when it was created in the 1930's.

All Social Security funds are derived from a regressive payroll tax on employers and employees. The tax is "regressive" because those earning \$7,800 per year pay the same amount as those earning \$50,000, \$100,000 or more per year.

I feel that the Social Security system is the best means of combating poverty among the elderly, and that new dimensions of the program designed to provide income security should be financed out of the general fund, not out of social security taxes. It is not fair to take funds from the payroll tax which will not be repaid as benefits to those paying the tax. The broader income security programs should not be financed by a regressive tax.

The general fund is made up of revenue collected from the more equitable and progressive individual and corporate income taxes.

Since my service in the mid-1960's on the National Task Force on Problems of the Aging, I have stressed the need for several far-reaching Social Security reforms.

Tragically, the 91st Congress failed to pass into law a bill which would have made a beginning toward needed reform. Any further delay in modernizing the outdated provisions of this program will mean that more thousands of senior citizens will face loss of their homes because of inadequate income and further years of hopeless retirement into poverty.

In next week's column, I will outline the specific reforms that will be contained in my comprehensive Social Security bill.

PROPOSED ACTION ON PROBLEMS OF THE ELDERLY

(By Congressman FRANK HORTON)

Last week, I outlined the problems of poverty and neglect which afflict millions of older Americans. These problems cannot be solved with words or good intentions.

The only way action will be taken and the proper priorities placed on helping the elderly and the social security taxpayer is for the people to demand this action from their elected representatives.

Each year since coming to Congress, I have tried to respond creatively to the problems of the tens of thousands of retired people in my district. Each year, further research into the problem has led me to introduce new legislation containing new ideas for tackling the poverty and neglect of older people.

Most of my efforts have been geared toward revamping the outdated social security system, which functions basically the same way today as in the 1930's.

Any reforms contained in social security bills Congress has passed usually tinker with the outskirts of the real problems. We have not yet provided the comprehensive reforms necessary to take older Americans out of poverty and out of "the begger's role" when it comes to their need for income, food, health care, and housing care.

This year, I will introduce the most far reaching social security reform bill of my Congressional career. It will include concepts I have proposed in past years in addition to new ones which constituents have recently brought to my attention.

The three main provisions of this bill are a substantial liberalization of the retirement test, automatic standard-of-living increases, and a new broader based income security program for the elderly which will be financed out of the general fund not out of social security payroll taxes.

One way to provide the needed income security is to eliminate the unfair retirement test which penalizes recipients who earn more than \$1,680 per year after they reach the age of eligibility. The effect of this earnings penalty is to withhold benefits from the income elderly who need them the most, while still paying full payments to those who have no need to work because they have substantial investments, dividends, private pension payments and other non-work incomes.

I have suggested that social security income level limitations be changed to include income from all sources, not just earned income, and that no benefit penalties be imposed unless the recipient receives over \$7,000 per year in total outside income. This reform would have to be gradually implemented so as not to penalize those receiving full benefits under present provisions.

I have long proposed that social security benefits be increased automatically as real income and the cost of living move upward during periods of inflation. Recipients should not be forced to ask Congress for benefit increases needed to keep pace with inflation. My plan, called "standard-of-living" increases, would allow the elderly to share in the purchasing power gains of the rest of the economy and would not limit them to "nearly keeping up" with inflation.

Other provisions of my comprehensive social security reform bill include: (1) remove social security tax penalty for the self-employed; (2) increase widow's benefits; (3) eliminate six-month waiting period for permanent disabilities; (4) include prescribed drugs under Medicare; (5) extend standard-of-living increases and retirement test liberalizations to railroad retirees; (6) allow workers over 65 the option of not paying further social security taxes and (7) provide a benefit increase retroactive to Jan. 1, 1971, commensurate with standard-of-living increases since the time of the last benefit adjustment.

To make these proposals law will require the support of my constituents and my colleagues. They are vital to the well-being of America's twenty-two million elderly.

Mr. Speaker, we must insist on the certainty of economic independence based on a decent minimum standard of

living for all older persons. For those senior citizens who wish to work, we must insure their freedom to do so without restriction or penalty. In short, we must provide all older Americans security with freedom and dignity.

Our national purposes, long neglected, must include acknowledgment that age is no barrier to useful, satisfying experiences. We must strive to create maximum choices for older Americans, in work and leisure, with dignity and honor.

Mr. Speaker, reforms contained in the bills I sponsored will serve those ends.

Mr. MILLS. Mr. Speaker, I have no further requests for time.

The SPEAKER. Does the gentleman from Wisconsin desire to use any time?

Mr. BYRNES of Wisconsin. Mr. Speaker, I have no requests for time.

Mr. MILLS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. MILLS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 358, nays 3, answered "present" 1, not voting 70, as follows:

[Roll No. 20]

YEAS—358

Abbutt	Celler	Fulton, Pa.
Abernethy	Chamberlain	Fulton, Tenn.
Abourezk	Chappell	Fuqua
Abzug	Clancy	Galifianakis
Adams	Clark	Gallagher
Addabbo	Clausen,	Garmatz
Anderson,	Don H.	Gaydos
Calif.	Clay	Gettys
Anderson, Ill.	Cleveland	Goldwater
Andrews, Ala.	Collier	Gonzalez
Andrews,	Collins, Ill.	Goodling
N. Dak.	Collins, Tex.	Grasso
Archer	Conable	Gray
Arends	Conte	Green, Oreg.
Ashley	Corbett	Griffin
Aspin	Corman	Griffiths
Aspinall	Cotter	Gross
Badillo	Coughlin	Gude
Baring	Culver	Hagan
Barrett	Daniel, Va.	Haley
Begich	Daniels, N.J.	Halpern
Belcher	Danielson	Hamilton
Bell	Davis, Ga.	Hammer-
Bennett	Davis, Wis.	schmidt
Bergland	Delaney	Hanna
Betts	Dellenback	Hansen, Idaho
Bevill	Denholm	Hansen, Wash.
Blester	Dent	Harrington
Blackburn	Devine	Harsha
Blanton	Dickinson	Harvey
Blatnik	Dingell	Hastings
Boland	Donohue	Hathaway
Bolling	Dorn	Hawkins
Bow	Dow	Hays
Brademas	Downing	Hébert
Brasco	Drinan	Hechler, W. Va.
Bray	Duncan	Heckler, Mass.
Brinkley	duPont	Henderson
Brooks	Dwyer	Hicks, Mass.
Broomfield	Edmondson	Hicks, Wash.
Brotzman	Edwards, Ala.	Hillfield
Brown, Mich.	Edwards, Calif.	Horton
Brown, Ohio	Esch	Hosmer
Broyhill, N.C.	Evans, Colo.	Howard
Broyhill, Va.	Evin, Tenn.	Hull
Buchanan	Fascell	Hungate
Burke, Fla.	Findley	Hunt
Burke, Mass.	Fisher	Hutchinson
Burleson, Tex.	Flood	Ichord
Burlison, Mo.	Flowers	Jacobs
Burton	Flynt	Jarman
Byrnes, Wis.	Foley	Johnson, Calif.
Byron	Ford,	Johnson, Pa.
Cabell	William D.	Jonas
Caffery	Forsythe	Jones, Ala.
Carey, N.Y.	Fountain	Jones, N.C.
Carney	Fraser	Jones, Tenn.
Carter	Frelinghuysen	Karch
Casey, Tex.	Frenzel	Kastenmeier
Cederberg	Frey	Kazen

Keating	O'Neill	Smith, N.Y.
Kee	Passman	Snyder
Keith	Patman	Spence
Kemp	Patten	Springer
King	Pelly	Stafford
Kluczynski	Pepper	Staggers
Koch	Perkins	Stanton,
Kuykendall	Pettis	J. William
Kyl	Peysner	Stanton,
Kyros	Pike	James V.
Landrum	Podell	Steed
Latta	Poff	Steele
Leggett	Powell	Steiger, Ariz.
Link	Preyer, N.C.	Steiger, Wis.
Lloyd	Price, Ill.	Stephens
Long, Md.	Price, Tex.	Stratton
Lujan	Pucinski	Stubblefield
McClary	Purcell	Stuckey
McCloskey	Quie	Sullivan
McClure	Quillen	Symington
McCollister	Railsback	Talcott
McCormack	Randall	Taylor
McDade	Rarick	Teague, Calif.
McDonald,	Reid, Ill.	Teague, Tex.
Mich.	Reuss	Thompson, Ga.
McEwen	Rhodes	Thompson, N.J.
McFall	Roberts	Thone
McKay	Robinson, Va.	Tiernan
McKevitt	Robison, N.Y.	Udall
McKinney	Rodino	Ullman
McMillan	Roe	Van Deerlin
Madden	Rogers	Vander Jagt
Mahon	Roncalio	Vanik
Mailliard	Rooney, N.Y.	Veyssey
Martin	Rooney, Pa.	Waggonner
Mathias, Calif.	Rosenthal	Waldie
Mathis, Ga.	Roush	Wampler
Matsunaga	Roy	Ware
Mayne	Roybal	Watts
Mazzoli	Runnels	Whalen
Meeds	Ruppe	Whalley
Michel	Ruth	White
Mikva	Ryan	Whitehurst
Miller, Calif.	St. Germain	Whitten
Miller, Ohio	Sarbanes	Widnall
Mills	Satterfield	Wiggins
Minish	Saylor	Williams
Mink	Scherle	Wilson, Bob
Mizell	Scheuer	Wilson,
Monagan	Schneebeli	Charles H.
Montgomery	Schwengel	Winn
Moorhead	Scott	Wolf
Morgan	Sebelius	Wright
Morse	Seiberling	Wyatt
Mosher	Shipley	Wylie
Moss	Shoup	Wyman
Murphy, N.Y.	Shriver	Yates
Myers	Sikes	Young, Fla.
Natcher	Sisk	Young, Tex.
Nedzi	Skubitz	Zablocki
Nelsen	Slack	Zion
Nichols	Smith, Calif.	
O'Konski	Smith, Iowa	

Mr. Annunzio with Mr. Baker.  
 Mr. Macdonald of Massachusetts with Mr. Hogan.  
 Mr. Dowdy with Mr. Landgrebe.  
 Mr. O'Hara with Mr. Reid of New York.  
 Mr. Giaimo with Mr. Eshleman.  
 Mr. Rostenkowski with Mr. Erlenborn.  
 Mr. Hanley with Mr. Wydier.  
 Mr. Alexander with Mr. Hillis.  
 Mr. Vigorito with Mr. Fish.  
 Mr. Byrne of Pennsylvania with Mr. Sandman.  
 Mr. Edwards of Louisiana with Mr. Minshall.  
 Mr. Green of Pennsylvania with Mr. Gubser.  
 Mr. Pickle with Mr. Hall.  
 Mr. Pryor of Arkansas with Mr. Lent.  
 Mrs. Chisholm with Mr. Helstoski.  
 Mr. Nix with Mr. Bingham.  
 Mr. Anderson of Tennessee with Mr. Del Clawson.  
 Mr. Long of Louisiana with Mr. Roussetot.  
 Mr. Dulski with Mr. Diggs.  
 Mr. Dellums with Mr. Rees.  
 Mr. Yatron with Mr. Stokes.  
 Mr. Boggs with Mr. Gerald R. Ford.  
 Mr. Biaggi with Mr. Grover.  
 Mr. Eilberg with Mr. Conyers.  
 Mr. Mollohan with Mr. Metcalfe.  
 Mr. Mann with Mr. Derwinski.  
 Mr. Colmer with Mr. Thompson of Wisconsin.  
 Mr. Gibbons with Mr. Pirnie.  
 Mr. Murphy of Illinois with Mr. Riegle.  
 Mr. Melcher with Mr. Camp.  
 Mr. de la Garza with Mr. Dennis.  
 Mr. Obey with Mr. Rangel.  
 Mr. Eckhardt with Mr. Mitchell.  
 Mr. Zwach with Mr. Terry.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

**GENERAL LEAVE TO EXTEND**

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days within which to extend their remarks in the RECORD on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

**NAYS—3**

Ashbrook Crane Schmitz

**ANSWERED "PRESENT"—1**

Lennon

**NOT VOTING—70**

Alexander	Erlenborn	Mitchell
Anderson,	Eshleman	Mollohan
Tenn.	Fish	Murphy, Ill.
Annunzio	Ford, Gerald R.	Nix
Baker	Giaimo	Obey
Biaggi	Gibbons	O'Hara
Bingham	Green, Pa.	Pickle
Boggs	Grover	Pirnie
Byrne, Pa.	Gubser	Poage
Camp	Hall	Pryor, Ark.
Chisholm	Hanley	Rangel
Clawson, Del	Helstoski	Pees
Colmer	Hillis	Reid, N.Y.
Conyers	Hogan	Riegle
de la Garza	Landgrebe	Rostenkowski
Deltums	Lent	Roussetot
Dennis	Long, La.	Sandman
Derwinski	McCulloch	Stokes
Diggs	Macdonald,	Terry
Dowdy	Mass.	Thomson, Wis.
Dulski	Mann	Vigorito
Eckhardt	Melcher	Wydier
Edwards, La.	Metcalfe	Yatron
Eilberg	Minshall	Zwach

So the conference report was agreed to.

The Clerk announced the following pairs:



Let me summarize what the conferees did.

The House agreed to the Senate amendment providing a 10-percent across-the-board increase. The House was unwilling to agree to a \$100 minimum benefit. However, the 10-percent increase does apply to the existing minimum, so that the minimum benefit under the conference agreement will go up from \$64 to \$70.40.

I quote from the statement of the managers in this regard:

The Managers believe that it is not necessary to increase the minimum benefit amount beyond the 10 percent provided in the conference agreement at this time since the Committee on Ways and Means is presently considering social security legislation, and it is the understanding of the Managers that the minimum benefit is among a number of proposals included in that consideration.

It is my understanding, Mr. President, that it is the desire of the Committee on Ways and Means to consider a proposal to substantially increase the minimum benefit both for welfare payments and for social security payments. The House conferees insisted on the House's prerogative to initiate that legislation.

The Senate amendment had guaranteed a 10-percent increase in maximum family benefits. The House conferees agreed to this provision which will assure that all families, both now and in the future, will receive the benefit of the 10-percent social security increase.

The 5-percent increase in special payments to persons age 72 and over was agreed to by the House conferees. This provision of the Senate amendment will raise special benefits from \$46 to \$48.30 for individuals and from \$69 to \$72.50 for couples.

With regard to the increase in the earnings limitation, the Senate amendment would have raised the annual limit from \$1,680 to \$2,400. The House conferees disagreed to the Senate amendment at this time, and the report of the managers states as follows:

It is the understanding of the managers that the House will be considering this matter in connection with social security legislation now pending before the Committee on Ways and Means and they expect that the legislation reported out by the Committee on Ways and Means will provide for an increase in the earnings test.

With regard to the taxable wage base, the conferees agreed to the Senate amendment raising the taxable wage base from \$7,800 to \$9,000 effective in January 1972.

With regard to the tax rates, the conferees agreed to the taxes necessary to assure the actuarial soundness of the social security cash benefit program. Under the conference agreement, the tax rate on employers and employees will be 4.6 percent through 1972 and 5 percent from 1973 to 1975, as under present law, with the only increase above present law occurring after 1976, when the rate would go up from 5 percent to 5.15 percent.

I should point out that the social security bill which we expect will be sent to the Senate later this year will call for a further increase in the social security

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HOUSE JOINT RESOLUTION  
REFERRED

Mr. LONG. Mr. President, the message just received by the Senate on the conference report on H.R. 4690 is a bill which was passed by the Senate unanimously, and I believe that there are Senators who would like a vote on this conference report today.

For that reason, I ask unanimous consent that the conference report be considered immediately.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

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PUBLIC DEBT AND INTEREST RATE  
LIMITATIONS—CONFERENCE REPORT

Mr. LONG. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4690) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes.

(For conference report, see House proceedings in the CONGRESSIONAL RECORD of today.)

Mr. LONG. Mr. President, the House bill increased the temporary debt limit from \$395 billion to \$430 billion and made certain other changes in present law. The Senate made no change in this provision, but added a new title to the bill increasing social security benefits 10 percent across the board, with certain other provisions.

tax, because additional benefits will be provided.

The conferees agreed to permit the States to disregard, for welfare purposes, the retroactive social security benefit increase check that will be mailed out in June.

Briefly, the conference agreement will increase social security benefits by \$3.6 billion in the first full year, for the benefit of more than 26 million beneficiaries.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LONG. 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 conference report. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Montana (Mr. MANSFIELD), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Illinois (Mr. STEVENSON) are necessarily absent.

I also announce that the Senator from North Carolina (Mr. JORDAN) is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Georgia (Mr. GAMBRELL), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Alaska (Mr. GRAVEL), the Senator from Illinois (Mr. STEVENSON), the Senator from North Carolina (Mr. JORDAN), the Senator from Mississippi (Mr. EASTLAND), and the Senator from Minnesota (Mr. HUMPHREY) would each vote "yea."

Mr. GRIFFIN. I announce that the Senators from New York (Mr. BUCKLEY and Mr. JAVITS), and the Senator from New Jersey (Mr. CASE) are necessarily absent to attend the funeral of a friend.

The Senator from Kentucky (Mr. COOPER) is necessarily absent.

The Senator from Arizona (Mr. FANNIN) is absent because of a death in his family.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) and the Senator from Texas (Mr. TOWER) are detained on official business.

If present and voting, the Senators from New York (Mr. BUCKLEY and Mr. JAVITS), the Senator from New Jersey (Mr. CASE), the Senator from South DAKOTA (Mr. MUNDT) and the Senator

from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 76, nays 0, as follows:

[No. 24 Leg.]

YEAS—76

Aiken	Ervin	Packwood
Allen	Fong	Pastore
Allott	Griffin	Pearson
Anderson	Gurney	Pell
Baker	Hansen	Percy
Beall	Hart	Prouty
Bellmon	Hartke	Proxmire
Bennett	Hatfield	Ribicoff
Bible	Hollings	Roth
Boggs	Hruska	Saxbe
Brock	Hughes	Schweiker
Brooke	Inouye	Scott
Burdick	Jackson	Smith
Byrd, Va.	Jordan, Idaho	Spong
Byrd, W. Va.	Long	Stennis
Cannon	Magnuson	Stevens
Chiles	Mathias	Symington
Church	McClellan	Taft
Cook	McGee	Talmadge
Cotton	McGovern	Thurmond
Cranston	McIntyre	Tunney
Curtis	Metcalf	Weicker
Dole	Miller	Williams
Dominick	Mondale	Young
Eagleton	Moss	
Ellender	Nelson	

NAYS—0

NOT VOTING—24

Bayh	Gambrell	Mansfield
Bentsen	Goldwater	Montoya
Buckley	Gravel	Mundt
Case	Harris	Muskie
Cooper	Humphrey	Randolph
Eastland	Javits	Sparkman
Fannin	Jordan, N.C.	Stevenson
Fulbright	Kennedy	Tower

So the report was agreed to.

Mr. JAVITS subsequently said: Mr. President, at the time of the vote I was on my way to Washington from the funeral of Whitney M. Young, Jr., in an Air Force plane which was delayed by a head wind, and though my vote was not needed, I wish to state that I favor it very strongly, and am so recorded on this measure, having voted on the original bill when it left the Senate. I think it is an earnest of our good faith that we have acted so promptly, after our inability to act at the end of the last session of Congress because of the embroilment in trade matters and other measures with which I was deeply concerned. I am delighted to see we have made good on our promise to the older people of America that they would not suffer because of the differences which developed in this Chamber on other matters of national interest.



Public Law 92-5  
92nd Congress, H. R. 4690  
March 17, 1971

## An Act

85 STAT. 5

To increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) is amended by striking out "\$380,000,000,000" and inserting in lieu thereof "\$400,000,000,000". Public debt limit, increase; Social Security Act, amendments. 84 Stat. 368.

Sec. 2. (a) During the period beginning on the date of the enactment of this Act and ending on June 30, 1972, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act shall be temporarily increased by \$30,000,000,000. Temporary annual increase.

(b) Effective on the date of the enactment of this Act, section 2 of Public Law 91-301 is hereby repealed. Repeal.

Sec. 3. The first section of the Second Liberty Bond Act (31 U.S.C. 752) is amended by adding at the end of the second paragraph the following new sentence: "Bonds herein authorized may be issued from time to time at a rate or rates of interest exceeding 4¼ per centum per annum, but the aggregate face amount of bonds issued pursuant to this sentence shall not exceed \$10,000,000,000." 40 Stat. 502.

Sec. 4. (a) Effective with respect to obligations issued after March 3, 1971, the following provisions of law are hereby repealed: Repeals; effective date.

(1) Section 14 of the Second Liberty Bond Act (31 U.S.C. 765); and

(2) Section 6312 of the Internal Revenue Code of 1954 (relating to payment by United States notes and certificates of indebtedness), and the item relating to such section 6312 in the table of sections for subchapter B of chapter 64 of such Code. 68A Stat. 777. 26 USC 6312.

(b) The Second Liberty Bond Act is amended by adding at the end thereof the following new section: 40 Stat. 288; 81 Stat. 778. 31 USC 774.

"Sec. 27. In the case of obligations issued after March 3, 1971, under this Act or under any other provision of law, the terms and conditions of issue shall not permit the redemption before maturity of such obligation in payment of any tax imposed by the United States in any amount above the fair market value of such obligation at the time of such redemption. This section shall not apply to any Treasury bill which is issued under the authority of section 5."

TITLE II—AMENDMENTS TO THE SOCIAL SECURITY ACT

INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

83 Stat. 737.  
42 USC 415.

SEC. 201. (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 1969 Act)	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—		
	\$16.20	\$64.00 or less		\$76	\$70.40	\$105.60
\$16.21	16.84	65.00	\$77	78	71.50	107.30
16.85	17.60	66.40	79	80	73.10	109.70
17.61	18.40	67.70	81	81	74.50	111.80
18.41	19.24	68.90	82	83	75.80	113.70
19.25	20.00	70.30	84	85	77.40	116.10
20.01	20.64	71.60	86	87	78.80	118.20
20.65	21.28	72.80	88	89	80.10	120.20
21.29	21.88	74.20	90	90	81.70	122.60
21.89	22.28	75.50	91	92	83.10	124.70
22.29	22.68	76.80	93	94	84.50	126.80
22.69	23.08	78.00	95	96	85.80	128.70
23.09	23.44	79.40	97	97	87.40	131.10
23.45	23.76	80.80	98	99	88.90	133.40
23.77	24.20	82.30	100	101	90.60	135.90
24.21	24.60	83.50	102	102	91.90	137.90
24.61	25.00	84.90	103	104	93.40	140.10
25.01	25.48	86.40	105	106	95.10	142.70
25.49	25.92	87.80	107	107	96.60	144.90
25.93	26.40	89.20	108	109	98.20	147.30
26.41	26.94	90.60	110	113	99.70	149.60
26.95	27.46	91.90	114	118	101.10	151.70
27.47	28.00	93.30	119	122	102.70	154.10
28.01	28.68	94.70	123	127	104.20	156.30
28.69	29.25	96.20	128	132	105.90	158.90
29.26	29.68	97.50	133	136	107.30	161.00
29.69	30.36	98.80	137	141	108.70	163.10
30.37	30.92	100.30	142	146	110.40	165.60
30.93	31.36	101.70	147	150	111.90	167.90
31.37	32.00	103.00	151	155	113.30	170.00
32.01	32.60	104.50	156	160	115.00	172.50
32.61	33.20	105.80	161	164	116.40	174.60
33.21	33.88	107.20	165	169	118.00	177.00
33.89	34.50	108.60	170	174	119.50	179.30
34.51	35.00	110.00	175	178	121.00	181.50
35.01	35.60	111.40	179	183	122.60	183.90
35.81	36.40	112.70	184	188	124.00	186.00
36.41	37.08	114.20	189	193	125.70	188.60
37.09	37.60	115.80	194	197	127.20	190.80
37.61	38.20	116.90	198	202	128.60	192.90
38.21	39.12	118.40	203	207	130.30	195.50
39.13	39.68	119.80	208	211	131.80	197.70
39.69	40.33	121.00	212	216	133.10	199.70
40.34	41.12	122.50	217	221	134.80	202.20
41.13	41.76	123.90	222	225	136.30	204.60
41.77	42.44	125.30	226	230	137.90	206.90
42.45	43.20	126.70	231	235	139.40	209.10
43.21	43.76	128.20	236	239	141.10	211.70
43.77	44.44	129.50	240	244	142.50	214.80
44.45	44.88	130.80	245	249	143.90	219.20
44.50	45.60	132.30	250	253	145.60	222.70
		133.70	254	258	147.10	227.10
		134.90	259	263	148.40	231.50
		136.40	264	267	150.10	235.00
		137.80	268	272	151.60	239.40
		139.20	273	277	153.20	243.80
		140.80	278	281	154.70	247.30
		142.00	282	286	156.20	251.70
		143.50	287	291	157.90	256.10

"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 1969 Act)	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—		
		144.70	292	295	159.20	259.60
		146.20	296	300	160.90	264.00
		147.60	301	305	162.40	268.40
		148.90	306	309	163.80	272.00
		150.40	310	314	165.50	276.40
		151.70	315	319	166.90	280.80
		153.00	320	323	168.30	284.30
		154.50	324	328	170.00	288.70
		155.90	329	333	171.50	293.10
		157.40	334	337	173.20	296.60
		158.60	338	342	174.50	301.00
		160.00	343	347	176.00	305.40
		161.50	348	351	177.70	308.90
		162.80	352	356	179.10	313.30
		164.30	357	361	180.80	317.70
		165.60	362	365	182.20	321.20
		166.90	366	370	183.50	325.60
		168.40	371	375	185.30	330.00
		169.80	376	379	186.80	333.60
		171.30	380	384	188.50	338.00
		172.50	385	389	189.80	342.40
		173.90	390	393	191.30	345.90
		175.40	394	398	193.00	350.30
		176.70	399	403	194.40	354.70
		178.20	404	407	196.10	358.20
		179.40	408	412	197.40	362.60
		180.70	413	417	198.80	367.00
		182.00	418	421	200.20	370.50
		183.40	422	426	201.80	374.90
		184.60	427	431	203.10	379.30
		185.90	432	436	204.50	383.70
		187.30	437	440	206.10	388.50
		188.50	441	445	207.40	387.70
		189.80	446	450	208.80	389.90
		191.20	451	454	210.40	391.60
		192.40	455	459	211.70	393.80
		193.70	460	464	213.10	396.00
		195.00	465	468	214.50	397.80
		196.40	469	473	216.10	400.00
		197.60	474	478	217.40	402.20
		198.90	479	482	218.80	404.00
		200.30	483	487	220.40	406.20
		201.50	488	492	221.70	408.40
		202.80	493	496	223.10	410.10
		204.20	497	501	224.70	412.30
		205.40	502	506	226.00	414.50
		206.70	507	510	227.40	416.30
		208.00	511	515	228.80	418.50
		209.30	516	520	230.30	420.70
		210.60	521	524	231.70	422.40
		211.90	525	529	233.10	424.60
		213.30	530	534	234.70	426.80
		214.50	535	538	236.00	428.60
		215.80	539	543	237.40	430.80
		217.20	544	548	239.00	433.00
		218.40	549	553	240.30	435.20
		219.70	557	560	241.70	436.50
		220.80	561	563	242.90	438.30
		222.00	562	568	244.20	439.60
		223.10	564	567	245.50	441.40
		224.30	568	570	246.80	442.70
		225.40	571	574	248.00	444.40
		226.60	575	577	249.30	445.80
		227.70	578	581	250.50	447.50
		228.90	582	584	251.80	448.80
		230.00	585	588	253.00	450.60
		231.20	589	591	254.40	451.90
		232.30	592	595	255.60	453.70
		233.50	596	598	256.90	455.00
		234.60	599	602	258.10	456.80
		235.80	603	605	259.40	458.10

"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 1969 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as de- termined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined un- der 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—		
		236.90	606	609	260.60	459.80
		238.10	610	612	262.00	461.20
		239.20	613	616	263.20	462.90
		240.40	617	620	264.50	464.70
		241.60	621	623	265.70	466.00
		242.70	624	627	267.00	467.80
		243.80	628	630	268.20	469.40
		245.00	628	634	269.50	471.70
		246.10	635	637	270.80	473.90
		247.30	638	641	272.10	476.20
		248.40	642	644	273.30	478.30
		249.60	645	648	274.60	480.60
		250.70	649	652	275.80	482.70
			653	656	276.60	484.10
			657	660	277.40	485.50
			661	665	278.40	487.20
			666	670	279.40	489.00
			671	675	280.40	490.70
			676	680	281.40	492.50
			681	686	282.40	494.20
			686	690	283.40	496.00
			691	695	284.40	497.70
			696	700	285.40	499.50
			701	705	286.40	501.20
			706	710	287.40	503.00
			711	715	288.40	504.70
			716	720	289.40	506.50
			721	725	290.40	508.20
			726	730	291.40	510.00
			731	735	292.40	511.70
			736	740	293.40	513.50
			741	745	294.40	515.20
			746	750	295.40	517.00"

83 Stat. 739.  
42 USC 403.

42 USC 402,  
423.

42 USC 422,  
402.

(b) Section 203(a) of such Act is amended by striking out paragraph (2) 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 January 1971 on the basis of the wages and self-employment income of such insured individual and at least one such person was so entitled for December 1970 on the basis of such wages and self-employment income, such total of benefits for January 1971 or any subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) 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 amendment of this subsection in March 1971, for each such person for such month, by 110 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), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for January 1971, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for January 1971, or”.

42 USC 402.

(c) Section 215(b)(4) of such Act is amended by striking out “December 1969” each time it appears and inserting in lieu thereof “December 1970”.

83 Stat. 740.  
42 USC 415.

(d) Section 215(c) of such Act is amended to read as follows:

“Primary Insurance Amount Under 1969 Act

“(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 on the basis of the law in effect prior to the amendment of this subsection in March 1971.

Ante, p. 6.

“(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 on which this subsection was amended in March 1971, or who died before such date.”

42 USC 423.

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970 and with respect to lump-sum death payments under such title in the case of deaths occurring in and after the month in which this Act is enacted.

53 Stat. 1362.  
42 USC 401.

(f) If an individual was entitled to a disability insurance benefit under section 223 of the Social Security Act for December 1970 on the basis of an application filed in or after the month in which this Act is enacted, and became entitled to old-age insurance benefits under section 202(a) of such Act for January 1971, then, for purposes of section 215(c) of the Social Security Act (if applicable), the amount in column IV of the table appearing in such section 215(c) 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 the primary insurance amount on which his disability insurance benefit is based.

(g) Notwithstanding the provisions of sections 2(a)(10), 402(a)(7), 1002(a)(8), 1402(a)(8), and 1602(a)(13) and (14) of the Social Security Act, each State, in determining need for aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, of such Act, may disregard (and the plan may be deemed to require the State to disregard), in addition to any other amounts which the State is required or permitted to disregard in determining such need, any amount paid to an individual under title II of such Act (or under the Railroad Retirement Act of 1937 by reason of the first proviso in section 3(e) thereof), in any month after the month in which this Act is enacted, to the extent that (1) such payment is attributable to the increase in monthly benefits under the old-age, survivors, and disability insurance system for January, February, March, or April 1971 resulting from the enactment of this title, and (2) the amount of such increase is paid separately from the rest of the monthly benefit of such individual for January, February, March, or April 1971.

●  
42 USC 302,  
602, 1202,  
1352, 1382.65 Stat. 685.  
45 USC 228a.

## INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

- 83 Stat. 740.  
42 USC 427. SEC. 202. (a)(1) Section 227(a) of the Social Security Act is amended by striking out "\$46" and inserting in lieu thereof "48.30", and by striking out "\$23" and inserting in lieu thereof "\$24.20".
- (2) Section 227(b) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30".
- 42 USC 428. (b)(1) Section 228(b)(1) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30".
- (2) Section 228(b)(2) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30", and by striking out "\$23" and inserting in lieu thereof "\$24.20".
- (3) Section 228(c)(2) of such Act is amended by striking out "\$23" and inserting in lieu thereof "\$24.20".
- (4) Section 228(c)(3)(A) of such Act is amended by striking out "\$46" and inserting in lieu thereof "\$48.30".
- (5) Section 228(c)(3)(B) of such Act is amended by striking out "\$23" and inserting in lieu thereof "\$24.20".
- Effective date. (c) The amendments made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.

## INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

- 68 Stat. 1078;  
81 Stat. 834.  
42 USC 409. SEC. 203. (a)(1)(A) Section 209(a)(5) of the Social Security Act is amended by inserting "and prior to 1972" after "1967".
- (B) Section 209(a) of such Act is further amended by adding at the end thereof the following new paragraph:
- "(6) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$9,000 with respect to employment has been paid to an individual during any calendar year after 1971, is paid to such individual during any such calendar year;"
- 72 Stat. 1019;  
81 Stat. 834.  
42 USC 411. (2)(A) Section 211(b)(1)(E) of such Act is amended by inserting "and beginning prior to 1972" after "1967", 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 subparagraph:
- "(F) For any taxable year beginning after 1971, (i) \$9,000, minus (ii) the amount of the wages paid to such individual during the taxable year; or".
- 81 Stat. 834.  
42 USC 413. (3)(A) Section 213(a)(2)(ii) of such Act is amended by striking out "after 1967" and inserting in lieu thereof "after 1967 and before 1972, or \$9,000 in the case of a calendar year after 1971".
- (B) Section 213(a)(2)(iii) of such Act is amended by striking out "after 1967" and inserting in lieu thereof "after 1967 and beginning before 1972, or \$9,000 in the case of a taxable year beginning after 1971".
- 42 USC 415. (4) Section 215(e)(1) of such Act is amended by striking out "and the excess over \$7,800 in the case of any calendar year after 1967" and inserting in lieu thereof "the excess over \$7,800 in the case of any calendar year after 1967 and before 1972, and the excess over \$9,000 in the case of any calendar year after 1971".
- 81 Stat. 835.  
26 USC 1402. (b)(1)(A) Section 1402(b)(1)(E) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting "and beginning before 1972" after "1967", 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 subparagraph:
- “(F) for any taxable year beginning after 1971, (i) \$9,000, minus (ii) the amount of the wages paid to such individual during the taxable year; or”.
- (2) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out “\$7,800” each place it appears and inserting in lieu thereof “\$9,000”.
- (3) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out “\$7,800” and inserting in lieu thereof “\$9,000”.
- (4) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out “\$7,800” where it appears in subsections (a), (b), and (c) and inserting in lieu thereof “\$9,000”.
- (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 1972” after “after the calendar year 1967”;
- (B) by inserting after “exceed \$7,800,” the following: “or (E) during any calendar year after the calendar year 1971, the wages received by him during such year exceed \$9,000;” and
- (C) by inserting before the period at the end thereof the following: “and before 1972, or which exceeds the tax with respect to the first \$9,000 of such wages received in such calendar year after 1971”.
- (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 \$7,800 for any calendar year after 1967” and inserting in lieu thereof “\$7,800 for the calendar year 1968, 1969, 1970, or 1971, or \$9,000 for any calendar year after 1971”.
- (7) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out “\$6,600” and inserting in lieu thereof “\$9,000”.
- (c) The amendments made by subsections (a)(1) and (a)(3)(A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1971. The amendments made by subsections (a)(2), (a)(3)(B), (b)(1), and (b)(7) shall apply only with respect to taxable years beginning after 1971. The amendment made by subsection (a)(4) shall apply only with respect to calendar years after 1971.

68 Stat. 1088;  
81 Stat. 835.  
26 USC 1402.

81 Stat. 835.

80 Stat. 62.

Effective dates.

CHANGES IN TAX SCHEDULES

- Sec. 204. (a)(1) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out “and” at the end of paragraph (3), and by striking out paragraph (4) and inserting in lieu thereof the following:
- “(4) with respect to wages received during the calendar years 1973, 1974, and 1975, the rate shall be 5.0 percent; and
- “(5) with respect to wages received after December 31, 1975, the rate shall be 5.15 percent.”
- (2) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out “and” at the end of paragraph (3), and by striking out paragraph (4) and inserting in lieu thereof the following:
- “(4) with respect to wages paid during the calendar years 1973, 1974, and 1975, the rate shall be 5.0 percent; and

81 Stat. 836.

“(5) with respect to wages paid after December 31, 1975, the rate shall be 5.15 percent.”

Effective date. (b) The amendments made by subsection (a) (1) shall apply only with respect to taxable years beginning after December 31, 1971. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1971.

Approved March 17, 1971.

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LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 92-13 (Comm. on Ways and Means)  
and No. 92-42 (Comm. of Conference).  
SENATE REPORT No. 92-28 (Comm. on Finance).  
CONGRESSIONAL RECORD, Vol. 117 (1971):  
Mar. 3, considered and passed House.  
Mar. 11, 12, considered and passed Senate, amended.  
Mar. 16, House and Senate agreed to conference report.  
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 7, No. 12:  
Mar. 17, Presidential statement.



MARCH 17, 1971

Office of the White House Press Secretary

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THE WHITE HOUSE

## STATEMENT BY THE PRESIDENT

I have signed H.R. 4690, which in addition to raising the ceiling on the national debt, also increases Social Security benefits by 10 percent. This measure provides some of the relief which the 26,000,000 Social Security recipients have urgently needed for a long time. I have felt keenly that it is intolerable that millions of these men and women, who did so much to build the Nation's productivity and to provide our youth with the abundance and the many opportunities they enjoy, are not sharing equitably in that abundance. Too many are poor--too many are left out--too many suffer from inadequate health care. This measure will help. In addition, my proposals for an income floor for the elderly as provided in the Welfare Reform Act, and revisions to medicare as proposed in my health legislation will be of further assistance. Yet I am well aware that even when all of these proposed benefits become fact, serious problems will remain to be solved for many of our older Americans, and I shall continue to seek solutions and propose legislation that will reflect my deep concern.

Unfortunately, however, the measure does not include the vital cost-of-living escalator. I have repeatedly asked the Congress to provide for automatic increases in Social Security benefits as the cost of living increased. Only if such a provision is included can we overcome the rigidity of the Social Security benefit system, and the long delay that ensues before senior citizens receive the real benefits of a system that most have supported by their contributions throughout their adult lives.

The measure has other serious deficiencies in it. In this bill the Congress has departed from the cardinal principle which should govern the Social Security system: The Congress has not provided for sufficient revenues in the current year to cover fully the added costs of the new benefits. It has deferred the effective date of increased contributions required to pay for these new and much deserved benefits.

The net effect of the Congress' action is to raise the net cost of the benefits provided by \$3.4 billion in fiscal year 1972 and by another \$500 million in fiscal year 1971.

The evidence is clear that spending beyond the revenues we would receive at full employment--as was done in 1966, 1967 and 1968--was a major contributing factor to the inflation that has robbed all of us in these recent years.

If these urgently needed Social Security increases are enacted but the means to pay for them currently are defaulted, we are faced with the very real prospect of increased inflation. For that reason, I urge the Congress to act promptly on a Social Security revenue measure so that the current cost of these increased benefits will be financed and the basic non-inflationary budgetary principle, which was embodied in the 1972 budget I submitted to the Congress, can be maintained.

Increasing Social Security benefits is essential, as I have said many times. Increasing Social Security benefits in a way that carries with it the seeds of a resumption of the inflation it has taken us more than two years to control would benefit no one. We owe to the elderly people in this country something more than a Social Security increase which is only an illusion, and which would be eroded by inflation almost before it is received.

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# *Commissioner's Bulletin*

SOCIAL SECURITY ADMINISTRATION

Number 112

March 18, 1971

## 1971 SOCIAL SECURITY LEGISLATION

To Administrative, Supervisory,  
and Technical Employees

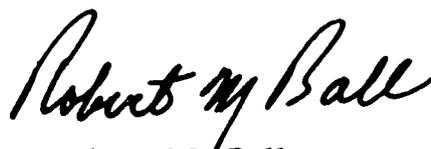
On March 17, President Nixon signed H. R. 4690, a bill to increase the present public debt limit. The Senate had added several social security provisions to H. R. 4690. The House-Senate conference committee, which met to resolve the differences in the bill as it had been passed by the House of Representatives and the Senate, deleted two social security provisions calling for a \$100 minimum benefit and a \$2,400 annual exempt amount under the retirement test but accepted the other social security changes which had been added by the Senate.

As signed by the President, the bill provides a 10 percent across-the-board benefit increase, with such increase bringing the minimum primary insurance amount to \$70.40. Provision is also made for increasing maximum family benefits by 10 percent. In its report, the conference committee stated its intent to "change the basic nature of the family maximum by making it a percentage of the primary insurance amount rather than a percentage of the worker's average monthly wage." Under such a change, families coming on the rolls after an increase in benefits has been enacted will get the same benefits as those already on the rolls.

The special monthly payments that are made to certain individuals age 72 and over who are not insured for regular social security cash benefits will be increased by 5 percent--from \$46 to \$48.30 for an individual and from \$69 to \$72.50 for a couple. Both the 10 percent across-the-board increase and the 5 percent increase in special age 72 payments are retroactive to January 1, 1971. Beneficiaries can expect that their June 3 check will reflect the benefit increases. A separate check, to be mailed later in June, will cover the retroactive amount due for the months of January through April.

The bill also provides that the maximum amount of a worker's annual earnings that is counted towards social security benefits and subject to social security contributions will be increased from \$7,800 to \$9,000 beginning in 1972. The new maximum primary insurance amount will be \$295.40.

In addition, the bill provides that the contribution rate for the social security cash benefits program will be increased from 5.0 percent each for employees and employers (scheduled under present law for 1973) to 5.15 percent for 1976 and after. There is no change in the contribution rates for the self-employed.

A handwritten signature in black ink that reads "Robert M. Ball". The signature is written in a cursive style with a large initial 'R' and 'B'.

Robert M. Ball  
Commissioner

92d Congress }  
1st Session }

COMMITTEE PRINT

COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES

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ACTUARIAL COST ESTIMATES FOR THE OLD-AGE,  
SURVIVORS, AND DISABILITY INSURANCE SYSTEM  
AS MODIFIED BY THE SOCIAL SECURITY PRO-  
VISIONS OF PUBLIC LAW 92-5



MARCH 24, 1971

Prepared for the use of the Committee on Ways and Means by the Office  
of the Actuary, Social Security Administration

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# ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, AND DISABILITY, INSURANCE SYTSEM AS MODIFIED BY THE SOCIAL SECURITY PROVISIONS OF PUBLIC LAW 92-5

## A. INTRODUCTION

This section presents both short- and long-range cost estimates for the old-age, survivors, and disability insurance system as it was modified by the social security provisions of Public Law 92-5.

From an actuarial cost standpoint, the major features of these amendments are as follows:

(1) Monthly benefits for all types of insured beneficiaries are increased by 10 percent.

(2) The basic benefit for transitionally insured and noninsured persons (aged 72 and over) are increased from \$46 to \$48.30 per month.

(3) The family maximum benefit is computed as a multiple of the primary insurance amount instead of being based on the average monthly wage.

(4) The maximum taxable and creditable earnings base will be increased from \$7,800 per year to \$9,000 for 1972 and after.

(5) The contribution schedule is revised in the manner shown in table 1 for the old-age, survivors, and disability insurance system. Table 2 shows the distribution of the OASDI contribution rate between OASI and DI.

TABLE 1.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER PUBLIC LAW 92-5, AS COMPARED WITH THOSE UNDER PREVIOUS LAW

[In percent]

Calendar years	Combined employer-employee rate		Self-employed rate	
	Previous law	Public Law 92-5	Previous law	Public Law 92-5
1971-72.....	9.2	9.2	6.9	6.9
1973-75.....	10.0	10.0	7.0	7.0
1976 and after.....	10.0	10.3	7.0	7.0

TABLE 2.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER PUBLIC LAW 92-5, SUBDIVIDED BY TRUST FUND

[In percent]

Calendar years	Combined employer-employee rate			Self-employed rate		
	OASI	DI	Total	OASI	DI	Total
1971-72.....	8.1	1.1	9.2	6.075	0.825	6.9
1973-75.....	8.9	1.1	10.0	6.175	.825	7.0
1976 and after.....	9.2	1.1	10.3	6.175	.825	7.0

(6) The effective date for the benefit increase is January 1971. The June 3, 1971, monthly checks will reflect the increased benefits and special checks to be issued later in June 1971 will cover the retroactive increase to January 1971.

#### B. SUMMARY OF ACTUARIAL COST ESTIMATES

The combined old-age, survivors, and disability insurance system, as well as its two portions (OASI and DI) considered individually, as modified by the amendments, has an estimated cost for benefit payments and administrative expenses that is in substantial actuarial balance with contribution income. This also was the case for the 1950 and subsequent amendments at the time they were enacted.

A description of the basic assumptions that are made in connection with the cost estimates for the old-age, survivors, and disability insurance system is given in appendix A. A discussion of the actuarial balance of this program in past years is presented in appendix B.

#### C. FINANCING POLICY

##### (1) *Self-supporting nature of system*

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress stated the belief that the program should be completely self-supporting from the contributions of covered individuals and employers. Accordingly, in that legislation the provision permitting appropriations to the system from general revenues of the Treasury was repealed. This policy has been continued in subsequent amendments. The Congress has very strongly believed that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and thus actuarially sound.

##### (2) *Actuarial soundness of system*

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 and private pension plans, although there are certain points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it 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 and, moreover, is frequently not the case for soundly financed private pension plans, which may not, as of the present time, have funded all the liability for prior service benefits.

It can reasonably be presumed that, under Government auspices, such a social insurance system will continue indefinitely into the future. The test of financial soundness, then, is not a question of whether there are 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 over the long-range period considered in the actuarial valuation. Thus, the concept of "unfunded accrued liability" does not by any means have

the same 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 during the period considered in the valuation. These additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance. This will be the case if the estimated future income and the accumulated trust fund will, over the long-range period considered in the valuation, support the disbursements for benefits and administrative expenses. Obviously, future experience may be expected to vary from the actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (and actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the intermediate-cost estimate, results in the system being in balance or substantially close thereto.

It is a matter for concern if the old-age, survivors, and disability insurance system shows any significant actuarial insufficiency. Traditionally the view had been held that for the old-age and survivors insurance portion of the program, if such actuarial insufficiency has been no greater than 0.25 percent of payroll, when measured over perpetuity it is at the point where it is within the limits of permissible variation. The corresponding point for the disability insurance portion of the system was 0.05 percent of payroll (lower because of the relatively smaller financial magnitude of this program). Based on the recommendation of the 1963-64 Advisory Council on Social Security Financing (see app. V of the 25th Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, H. Doc. No. 100, 89th Cong.), the cost estimates are now being made on a 75-year basis, rather than on a perpetuity basis. On this approach the margin of variation from exact balance should be smaller—no more than 0.10 percent of taxable payroll for the combined old-age, survivors, and disability insurance program.

Furthermore, traditionally when there has been an actuarial insufficiency exceeding the limits indicated, any subsequent liberalizations in benefit provisions were fully financed by appropriate changes in the tax schedule or through raising the earnings base and at the same time the actuarial status of the program was improved.

The changes provided in the present amendments are in conformity with these financing principles.

*(3) Interrelationship with railroad retirement system*

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provide for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service and also for all survivor cases.

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if railroad employment had always been covered

under the program. It is estimated that, over the long range, the net effect of these provisions will be a small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

*(4) Reimbursement for costs of pre-1957 military service wage credits*

Another important element affecting the financing of the program arose through legislation in 1956 that provided for reimbursement from general revenues for past and future expenditures in respect to the noncontributory credits that had been granted for persons in military service before 1957. These financing provisions were modified by the 1965 amendments. The cost estimates contained here reflect the effect of these reimbursements (which are included as contributions), based on the assumption that the required appropriations will be made in the future in accordance with the relevant provisions of the law. These reimbursements are intended to be made on the basis of a constant annual amount (as determined by the Secretary of Health, Education, and Welfare) for each trust fund payable over the period up to the year 2015 (with such amount subject to redetermination every 5 years).

*(5) Reimbursement for costs of additional post-1967 military service wage credits*

Under the 1967 amendments, individuals in active military service after 1967 will receive additional wage credits in excess of their cash pay (but within the maximum creditable earnings base) in recognition of their remuneration that is payable in kind (e.g., quarters and meals). These additional credits are at the rate of \$100 per month. The additional costs that arise from these credits are to be financed from general revenues on an "actual disbursements cost" basis, with reimbursement to the trust funds on as prompt a basis as possible (and with interest adjustments to make up for any delay due to the time needed to make the necessary actuarial calculations and for the necessary appropriations to be made).

In many instances, the availability of these additional wage credits will not result in additional benefits because the individual will have maximum credited earnings without them or because the year in which such credits are granted will be a dropout year in the computation of his average monthly wage. In the immediate-future years, the cost of these additional credits to the general fund will be relatively small (only a few million dollars a year) since there will be relatively few cases arising, almost all due to death and disability. After several decades, this cost might rise to as much as \$130 million per year if the size of the uniformed services remains as large as at present—and, of course, a lower figure if such size is lower.

#### D. INTERMEDIATE-COST ESTIMATES

*(1) Purposes of intermediate-cost estimates*

The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll.) The intermediate-cost estimate does not represent the most probable estimate since it is impossible to develop any such

figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 act and subsequent legislation, was of the belief that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis and actuarially sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact balance cannot be obtained from a specific set of integral or rounded tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

(2) *Interest rate used in cost estimates*

The interest rate used for computing the level-costs for Public Law 92-5 is 5¼ percent for the intermediate-cost estimate. This is close to the average yield of the investments of the trust funds at the end of December 1970 (about 5.22 percent), and is considerably below the rate currently being obtained for new investments (5½ percent for March 1971).

(3) *Actuarial balance of OASDI system*

Table A, in appendix B, shows that, according to the latest cost estimates made for the 1969 act, there is a very favorable actuarial balance for the combined old-age, survivors, and disability insurance system. There is a favorable balance of 0.05 percent of taxable payroll for the disability insurance portion, and a favorable balance of 0.29 percent of taxable payroll for the old-age and survivors insurance portion.

Under Public Law 92-5, the benefit changes will be financed, in part, by utilizing the existing favorable actuarial balance and by an increase in the contribution rates and the earnings base.

Table 3 traces through the change in the actuarial balance of the system from its situation under the 1969 act, according to the latest estimate, to that under Public Law 92-5, by type of major changes involved.

TABLE 3.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PREVIOUS LAW AND PUBLIC LAW 92-5, BASED ON 5.25 PERCENT INTEREST

[In percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of previous law .....	+0.29	+0.05	+0.34
Increase in earnings base .....	+.25	+.02	+.27
10-percent benefit increase .....	-.78	-.10	-.88
Liberalized family maximum benefit .....	-.05	-.01	-.06
Revised contribution schedule .....	+.23	.00	+.23
Total effect of Public Law 92-5 .....	-.35	-.09	-.44
Actuarial balance under Public Law 92-5 .....	-.06	-.04	-.10

It should be emphasized that in 1950 and in subsequent amendments, the Congress did not recommend that the system be financed by a high level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than such a level rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under an equivalent level tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

The level contribution rate equivalent to the graded schedules in the law may be computed in the same manner as level costs of benefits. These are shown in table A, in appendix B, as are also figures for the net actuarial balances, both for Public Law 92-5 and for previous laws.

(4) *OASI income and outgo in near future*

Table 4 shows the progress of the old-age and survivors insurance trust fund under previous law in the past and under Public Law 92-5 in the future. The trust fund increases by significant amounts in all future years. In 1971, the trust fund increases by about \$2 billion, which is much less than the increases that occur in the next few years. The reason for the relatively small increase in 1971 is that although benefits are increased retroactively to January 1971, no additional income to the fund is provided until 1972, when the higher earnings base becomes effective.

TABLE 4.—PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, SHORT-RANGE ESTIMATE

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange	Interest on fund	Balance in fund at end of year
<b>Actual data:</b>						
1961.....	\$11,285	\$11,862	\$239	\$332	\$548	\$19,725
1962.....	12,059	13,356	256	361	526	18,337
1963.....	14,541	14,217	281	423	521	18,480
1964.....	15,689	14,914	296	403	569	19,125
1965.....	16,017	16,737	328	436	593	18,235
1966.....	20,658	18,267	256	444	644	20,570
1967.....	23,216	19,468	406	508	818	24,222
1968.....	24,101	22,643	476	438	939	25,704
1969.....	28,389	24,210	474	491	1,165	30,082
1970.....	30,705	28,798	471	579	1,515	32,454
<b>Estimated data for amendments:</b>						
1971.....	34,981	33,356	576	605	1,684	34,582
1972.....	39,975	35,082	588	719	1,910	40,078
1973.....	46,573	36,540	646	750	2,414	51,129
1974.....	49,031	38,028	655	690	3,108	63,895
1975.....	51,296	39,575	660	654	3,868	78,170

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 or over.

(5) *DI income and outgo in near future*

Table 5 shows the progress of the disability insurance trust fund under previous law in the past and under Public Law 92-5 in the future. The trust fund increases by significant amounts in all future years but not as much as under previous law. This is the result of the

benefit increase without a change in the contribution rate allocated, which will remain at 1.1 percent of taxable payroll for employer-employee combined and 0.825 for self-employed. The additional income from the increase in the taxable base to \$9,000 in 1972 would only partially offset the increase in outgo due to the higher benefits.

TABLE 5.—PROGRESS OF DISABILITY INSURANCE TRUST FUND, SHORT-RANGE COST ESTIMATE

(In millions)

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange	Interest on fund	Balance in fund at end of year
<i>Actual data:</i>						
1961.....	\$1,038	\$887	\$64	\$5	\$66	\$2,437
1962.....	1,046	1,105	66	11	68	2,368
1963.....	1,099	1,210	68	20	66	2,235
1964.....	1,154	1,309	79	19	64	2,047
1965.....	1,188	1,573	90	24	59	1,606
1966.....	2,022	1,784	137	25	58	1,739
1967.....	2,302	1,950	109	31	78	2,029
1968.....	3,348	2,310	127	20	106	3,025
1969.....	3,615	2,557	138	21	177	4,100
1970.....	4,497	3,085	164	10	277	5,614
<i>Estimated data for amendments:</i>						
1971.....	4,776	3,691	204	12	361	6,844
1972.....	5,415	3,947	206	16	438	8,528
1973.....	5,804	4,154	223	20	539	10,474
1974.....	6,084	4,353	237	16	656	12,608
1975.....	6,371	4,548	248	16	778	14,945

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service.

(6) *Increases in benefit disbursements in 1971-75, by cause*

The increases in the total benefit disbursements of the old-age, survivors, and disability insurance system in 1971, 1972, and 1975 as a result of the changes that Public Law 92-5 makes are shown in table 6. The major portion of the increase is due to the general benefit increase.

TABLE 6.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1971, 1972, AND 1975 UNDER THE PROVISIONS OF PUBLIC LAW 92-5

(In millions)

Item	1971	1972	1975
General 10 percent benefit increase.....	\$3,120	\$3,572	\$3,994
5 percent increase in special benefits to persons aged 72 and over.....	16	14	8
Liberalized family maximum benefits.....	20	63	152
Total.....	3,156	3,649	4,154

(7) *Long-range operations of OASI trust fund, intermediate estimate*

Table 7 gives the estimated operation of the old-age and survivors insurance trust fund under the program as changed by Public Law 92-5. It will be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more uncertainty—if for no reason other than the relative difficulty in predicting future

birth trends—but it is desirable and necessary nonetheless to consider these long-range possibilities under a social insurance program that is intended to operate in perpetuity.

TABLE 7.—ESTIMATED PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, LONG-RANGE COST ESTIMATES

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Low-cost estimate						
1980.....	\$48,081	\$43,014	\$663	\$652	\$5,685	\$104,962
1985.....	51,049	49,221	715	605	7,957	148,979
1990.....	54,420	55,411	768	543	10,226	189,741
1995.....	58,836	60,321	814	452	12,694	235,192
2000.....	63,948	62,896	847	343	16,304	302,881
High-cost estimate						
1980.....	47,260	44,253	744	696	4,371	88,377
1985.....	50,103	50,896	804	657	4,857	108,041
1990.....	53,041	57,606	865	582	5,006	110,513
1995.....	56,672	63,038	916	487	4,504	98,915
2000.....	60,732	66,516	956	391	3,723	82,175
Intermediate-cost estimate						
1980.....	47,671	43,633	704	675	4,926	95,876
1985.....	50,577	50,058	760	632	6,229	126,935
1990.....	53,731	56,508	816	562	7,304	147,320
1995.....	57,754	61,680	865	469	8,049	162,020
2000.....	62,339	64,705	902	367	9,085	183,675
2010.....	70,657	73,118	1,002	170	13,246	267,524
2025.....	80,959	105,122	1,320	33	13,915	272,675

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> At interest rates of 5.25 percent for the intermediate-cost estimate, 5.75 percent for the low-cost estimate, and 4.75 percent for the high-cost estimate.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 or over.

In every year after 1970 for the next 25 years, under the intermediate-cost estimate, contribution income under the system as it was modified is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit-outgo curve rises ahead of the contribution-income curve, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a result, this trust fund is estimated to grow steadily under the intermediate long-range cost estimate (with a level-earnings assumption), reaching well over \$110 billion by 1990 and continuing to grow thereafter.

(8) *Long-range operations of DI trust fund, intermediate estimate*

The disability insurance trust fund under the program as it was changed grows slowly but steadily in the near future, according to the intermediate long-range cost estimate, as shown by table 8; until the year 2000. Thereafter it decreases slowly until exhaustion in the year 2019.

TABLE 8.—ESTIMATED PROGRESS OF DISABILITY INSURANCE TRUST FUND, LONG-RANGE COST ESTIMATES  
[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Low-cost estimate						
1980.....	\$5,812	\$4,767	\$201	\$21	\$1,312	\$23,933
1985.....	6,180	5,351	204	18	1,908	35,620
1990.....	6,587	5,807	213	13	2,709	50,355
1995.....	7,121	6,340	226	5	3,759	69,692
2000.....	7,738	7,257	254	0	5,095	94,164
High-cost estimate						
1980.....	\$5,718	\$6,089	\$266	\$27	\$500	\$9,721
1985.....	6,069	6,973	287	24	315	6,711
1990.....	6,430	7,656	304	17	34	427
1995.....	6,870	8,456	329	10	( <sup>3</sup> )	( <sup>3</sup> )
2000.....	7,365	9,703	372	5	( <sup>3</sup> )	( <sup>3</sup> )
Intermediate-cost estimate						
1980.....	\$5,766	\$5,427	\$234	\$24	\$877	\$16,750
1985.....	6,124	6,161	246	22	1,029	20,785
1990.....	6,508	6,733	258	15	1,211	24,371
1995.....	6,996	7,399	278	8	1,389	27,898
2000.....	7,551	8,481	313	2	1,511	30,139
2010.....	8,547	11,022	400	-1	1,167	22,638
2025.....	9,747	12,384	453	-3	( <sup>4</sup> )	( <sup>4</sup> )

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> At interest rates of 5.25 percent for the intermediate-cost estimate, 5.75 percent for the low-cost estimate, and 4.75 percent for the high-cost estimate.

<sup>3</sup> Fund exhausted in 1991.

<sup>4</sup> Fund exhausted in 2019.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service.

(9) *Long-range operations of trust funds on range basis*

Table 7 shows the estimated operation of the old-age and survivors insurance trust fund under the program as changed for not only the intermediate-cost estimates but also for the low- and high-cost estimates, while table 8 gives corresponding figures for the disability insurance trust fund.

Under the low-cost estimate, the old-age and survivors insurance trust fund builds up quite rapidly and in the year 2000 is shown as being about \$303 billion and is then growing at a rate of about \$14 billion a year. On the other hand, under the high-cost estimate, this trust fund builds up to a maximum of about \$111 billion in about 20 years but it decreases slowly thereafter until it is exhausted in the year 2013. Under the latter estimate, benefit disbursements are lower than contribution income during all years after 1970 and before 1984.

Under the low-cost estimate, the disability insurance trust fund grows steadily, reaching about \$24 billion in 1980 and \$94 billion in the year 2000, at which time its annual rate of growth is about \$5 billion. On the other hand, under the high-cost estimate, the benefit outgo begins to exceed the contribution income in 1978. The level of this excess increases with time and, accordingly, this trust fund is shown to decrease each year until it is exhausted in 1991.

The foregoing results are consistent and reasonable, since the system on an intermediate-cost-estimate basis is intended to be approximately

self-supporting, as indicated previously. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950 and subsequent acts, as set forth in the committee reports therefor, the tax schedule would be adjusted in future years so that none of the developments of the trust funds under the low- and high-cost estimates shown in tables 7 and 8 would ever eventuate. Thus, if experience followed the low-cost estimate, and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. In any event, the high-cost estimate does indicate that, under the tax schedule adopted, there will be ample funds to meet benefit disbursements for at least 20 years, even under relatively high-cost experience.

(10) *Benefit costs in future years relative to taxable payroll*

Table 9 shows the estimated costs of the old-age and survivors insurance benefits and of the disability insurance benefits under the program as changed by Public Law 92-5 as a percentage of taxable payroll for various future years, through the year 2040, and also the level-costs of the two programs for the low-, high-, and intermediate-cost estimates.

TABLE 9.—ESTIMATED COST OF BENEFIT PAYMENTS OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF TAXABLE PAYROLL<sup>1</sup>

[In percent]

Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate
<b>Old-age and survivors insurance benefits</b>			
1980.....	8.35	8.59	8.47
1985.....	9.00	9.30	9.15
1990.....	9.53	9.91	9.72
1995.....	9.65	10.08	9.87
2000.....	9.32	9.86	9.59
2010.....	9.27	9.84	9.56
2025.....	11.59	12.33	11.96
2040.....	11.87	12.31	12.09
Level-cost <sup>2</sup> .....	8.64	9.72	9.13
<b>Disability insurance benefits</b>			
1980.....	0.92	1.18	1.05
1985.....	.97	1.27	1.12
1990.....	.99	1.31	1.15
1995.....	1.01	1.34	1.18
2000.....	1.07	1.43	1.25
2010.....	1.22	1.64	1.43
2025.....	1.23	1.58	1.40
2040.....	1.32	1.53	1.43
Level-cost <sup>2</sup> .....	.95	1.36	1.14

<sup>1</sup> Taking into account the lower contribution rate for self-employment income and tips, as compared with the combined employer-employee rate.

<sup>2</sup> Based on the averages of the dollar payrolls and dollar costs under the low-cost and high-cost estimates.

<sup>3</sup> Level contribution rate, at an interest rate of 5.25 percent for high-cost, 4.75 percent for intermediate-cost, and 5.75 percent for low-cost, for benefits after 1970, taking into account interest on the trust fund on Dec. 31, 1970, future administrative expenses, the railroad retirement financial interchange provisions, and the reimbursement of military-wage-credits cost.

*(11) Level-costs of benefit payments, by type*

The level-cost of the old-age and survivors insurance benefit payments (without considering administrative expenses, the railroad retirement financial interchange, and the existing trust fund) under the 1969 act, according to the latest intermediate-cost estimate, is 8.64 percent of taxable payroll, and the corresponding figure for the program as it would be modified by Public Law 92-5 is 9.22 percent. The corresponding figures for the disability benefits are 1.06 percent for the 1965 act and 1.15 percent for the amendments.

Table 10 presents the benefit costs for the old-age, survivors, and disability insurance system as it is after enactment of Public Law 92-5, separately for each of the various types of benefits.

TABLE 10.—ESTIMATED LEVEL-COST OF BENEFIT PAYMENTS, ADMINISTRATIVE EXPENSES, AND INTEREST EARNINGS ON EXISTING TRUST FUND UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM UNDER PUBLIC LAW 92-5, AS PERCENTAGE OF TAXABLE PAYROLL,<sup>1</sup> BY TYPE OF BENEFIT, INTERMEDIATE-COST ESTIMATE AT 5.25 PERCENT INTEREST

[In percent]

Item	Old age and survivors insurance	Disability insurance
Primary benefits.....	6.41	0.95
Wife's and husband's benefits.....	.52	.05
Widow's and widower's benefits.....	1.24	( <sup>2</sup> )
Parent's benefits.....	.01	( <sup>2</sup> )
Child's benefits.....	.81	.15
Mother's benefits.....	.14	( <sup>2</sup> )
Lump-sum death payments.....	.09	( <sup>2</sup> )
Total.....	9.22	1.15
Administrative expenses.....	.12	.05
Railroad retirement financial interchange.....	.09	.00
Interest on existing trust fund <sup>3</sup> .....	-.30	-.06
Net total level-cost.....	9.13	1.14

<sup>1</sup> Including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate.

<sup>2</sup> This type of benefit is not payable under this program.

<sup>3</sup> This item includes reimbursement for additional cost of noncontributory credit for military service and is taken as an offset to the benefit and administrative expense costs.



## APPENDIX A

### BASIC ASSUMPTIONS FOR COST ESTIMATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

#### (1) *General basis for long-range cost estimates*

Benefit disbursements may be expected to increase continuously for at least the next 50 to 70 years because of such factors as the aging of the population of the country and the slow but steady growth of the benefit roll. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the old-age, survivors and disability insurance program are affected by many elements that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable.

The long-range cost estimates (shown for 1980 and thereafter) are developed on a range basis so as to indicate the plausible variation in future costs depending upon the actual trends developing for the various cost factors. Both the low- and high-cost estimates are based on assumptions that are intended to represent close to full employment (4.0 percent unemployment rate) with average annual earnings at about the level prevailing in 1970. The use of 1970 average earnings results in conservatism in the estimate since the trend is expected to be an increase in average earnings in future years (as will be discussed subsequently in item 5). In 1970 the aggregate amount of earnings taxable under the program was \$420 billion. Of course, for future years the total taxable earnings are estimated to be larger because of the higher earnings base and are estimated to increase, because there will be larger numbers of covered workers. Intermediate estimates developed directly from the low- and high-cost estimates (by averaging their components) are shown so as to indicate the basis for the financing provisions.

The cost estimates are extended beyond the year 2000, since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with both prior and subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2015, which would tend to result in low benefit costs for the old-age, survivors, and disability insurance system during that period. For this reason the year 2000 is by no means a typical ultimate year insofar as costs are concerned.

#### (2) *Measurement of costs in relation to taxable payroll*

In general, the costs are shown as percentages of taxable payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo of the system but also, and to a greater extent, its income. The result is that the cost relative to

payroll will decrease. As an illustration of the foregoing points, consider an individual who has covered earnings at a rate of \$300 per month. This individual has a primary insurance amount of \$160.90. If his earnings rate should be 100 percent higher (i.e., \$600), his primary insurance amount would be \$258.10. Under these conditions, the contributions payable with respect to his earnings would increase by 100 percent, but his benefit rate would increase by only 60 percent. Or, to put it another way, when his earnings rate was \$300 per month, his primary insurance amount represented 53.6 percent of his earnings, whereas, when his earnings increased to \$600 per month, his primary insurance amount relative to his earnings decreased to 43.0 percent.

*(3) General basis for short-range cost estimates*

The short-range cost estimates (shown for the individual years 1971-75) are not presented on a range basis since—assuming a continuation of present economic conditions—it is believed that the demographic factors involved (such as mortality, fertility, retirement rates, and so forth) can be reasonably closely forecast, so that only a single estimate is necessary. A gradual rise in the earnings level in the future (about 6 percent per year), close to what has occurred in the past few years, is assumed. As a result of this assumption, contribution income is somewhat higher than if level earnings were assumed, while benefit outgo is only slightly affected.

The cost estimates have been prepared on the basis of the same assumptions and methodology as those contained in the 1971 Annual Report of the Board of Trustees.

*(4) Level-cost concept*

An important measure of long-range cost is the level-equivalent contribution rate required to support the system for the next 75 years (including not only meeting the benefit costs and administrative expenses, but also the maintenance of a reasonable contingency fund during the period, which at the end of the period amounts to 1 year's disbursements), based on discounting at interest and taking into account the present fund on hand. If such a level rate were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred benefit costs.

*(5) Future earnings assumptions*

The long-range estimates for the old-age, survivors, and disability insurance program are based on level-earnings assumptions, under which earnings levels of covered workers by age and sex will continue over the next 75 years at the levels experienced in 1970. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they will rise steadily as the covered population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present system,

then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The long-range cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower.

It is important to note that the possibility that a rise in earnings levels will produce lower costs of the old-age, survivors, and disability insurance program in relation to payroll is a very important safety factor in the financial operations of this system. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings. If experience follows the high-cost assumptions, additional financing will be necessary. However, if covered earnings increase in the future as in the past, the resulting reduction in the cost of the program (expressed as a percentage of taxable payroll) will more than offset the higher cost arising under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (to a lesser degree than the increase in the earnings level). However, the possibility of future increases in earnings levels should be considered only as a safety factor and not as a justification for adjusting benefits upward in anticipation of such increases.

If the taxable base is adjusted to keep up with increases in earnings and if average benefits are adjusted currently to keep up with rising earnings as they occur, the year-by-year costs as a percentage of payroll would be unaffected. If benefits are increased in this manner, the level-cost of the program would be higher than now estimated, since under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings and benefit levels do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

## APPENDIX B

### ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM IN PAST YEARS

(1) *Status after enactment of 1952 act*

The actuarial balance under the 1952 act<sup>1</sup> was estimated, at the

<sup>1</sup> The term "1952 act" (and similar terms) is used to designate the system as it existed after the enactment of the amendments of that year.

time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted, as shown in table A. This was the case, because the estimates for the 1952 act took into consideration the rise in earnings levels in the 3 years preceding the enactment of that act. This factor virtually offset the increased cost due to the benefit liberalizations made. New cost estimates made 2 years after the enactment of the 1952 act indicated that the level-cost (i.e., the average long-range cost, based on discounting at interest, relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

TABLE A.—ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM UNDER  
VARIOUS ACTS FOR VARIOUS ESTIMATES, INTERMEDIATE-COST BASIS

[Percent]

Legislation	Date of estimate	Level-equivalent <sup>1</sup>		Actuarial balance <sup>3</sup>
		Benefit costs <sup>2</sup>	Contributions	
Old-age, survivors, and disability insurance <sup>4</sup>				
1935 act.....	1935	5.36	5.36	0.00
1939 act.....	1939	5.22	5.30	+ .08
1939 act (as amended in the 1940's) <sup>5</sup> .....	1950	4.45	3.98	- .47
1950 act.....	1950	6.20	6.10	- .10
1950 act.....	1952	5.49	5.90	+ .41
1952 act.....	1952	6.00	5.90	- .10
1952 act.....	1954	6.62	6.05	- .57
1954 act.....	1954	7.50	7.12	- .38
1954 act.....	1956	7.45	7.29	- .16
1956 act.....	1956	7.85	7.72	- .13
1956 act.....	1958	8.25	7.83	- .42
1958 act.....	1958	8.76	8.52	- .24
1958 act.....	1960	8.73	8.68	- .05
1960 act.....	1960	8.98	8.68	- .30
1961 act.....	1961	9.35	9.05	- .30
1961 act.....	1963	9.33	9.02	- .31
1961 act (perpetuity basis).....	1964	9.36	9.12	- .24
1961 act (75-year basis).....	1964	9.09	9.10	+ .01
1965 act.....	1965	9.49	9.42	- .07
1965 act.....	1966	8.76	9.50	+ .74
1967 act.....	1967	9.72	9.73	+ .01
1967 act.....	1968	9.32	9.85	+ .53
1967 act.....	1969	8.72	9.88	+1.16
1969 act.....	1969	9.96	9.88	- .08
1969 act.....	1970	9.60	9.94	+ .34
P.L. 92-5.....	1971	10.27	10.17	- .10

TABLE A.—ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM UNDER VARIOUS ACTS FOR VARIOUS ESTIMATES, INTERMEDIATE-COST BASIS—Continued

Legislation	Date of estimate	Level-equivalent <sup>1</sup>		Actuarial balance <sup>3</sup>
		Benefit costs <sup>2</sup>	Contributions	
Old-age and survivors insurance <sup>4</sup>				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	- .57
1958 act.....	1958	8.27	8.02	- .25
1958 act.....	1960	8.38	8.18	- .20
1960 act.....	1960	8.42	8.18	- .24
1961 act.....	1961	8.79	8.55	- .24
1961 act.....	1963	8.69	8.52	- .17
1961 act (perpetuity basis).....	1964	8.72	8.62	- .10
1961 act (75-year basis).....	1964	8.46	8.60	+ .14
1965 act.....	1965	8.82	8.72	- .10
1965 act.....	1966	7.91	8.80	+ .89
1967 act.....	1967	8.77	8.78	+ .01
1967 act.....	1968	8.34	8.90	+ .56
1967 act.....	1969	7.76	8.93	+1.17
1969 act.....	1969	8.86	8.78	- .08
1969 act.....	1970	8.55	8.84	+ .29
P.L. 92-5.....	1971	9.13	9.07	- .06
Disability insurance <sup>4</sup>				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+ .15
1958 act.....	1958	.49	.50	+ .01
1958 act.....	1960	.35	.50	+ .15
1960 act.....	1960	.56	.50	- .06
1961 act.....	1961	.56	.50	- .06
1961 act.....	1963	.64	.50	- .14
1961 act (perpetuity basis).....	1964	.64	.50	- .14
1961 act (75-year basis).....	1964	.63	.50	- .13
1965 act.....	1965	.67	.70	+ .03
1965 act.....	1966	.85	.70	- .15
1967 act.....	1967	.95	.95	.00
1967 act.....	1968	.98	.95	- .03
1969 act.....	1969	.96	.95	- .01
1969 act.....	1969	1.10	1.10	.00
1969 act.....	1970	1.05	1.10	+ .05
P.L. 92-5.....	1971	1.14	1.10	- .04

<sup>1</sup> Expressed as a percentage of effective taxable payroll, including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate. Estimates prepared before 1964 are on a perpetuity basis, while those prepared after 1964 are on a 75-year basis. The estimates prepared in 1964 are on both bases.

<sup>2</sup> Including adjustments (a) to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, (c) for administrative expense costs, and (d) for the net cost of the financial interchange with the railroad retirement system.

<sup>3</sup> A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

<sup>4</sup> The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

<sup>5</sup> The major changes being in the revision of the contribution schedule; as of the beginning of 1950, the ultimate combined employer-employee rate scheduled was only 4 percent.

### (2) Status after enactment of 1954 act

Under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then current estimates had indicated in regard to the financing of the 1952 act.

### (3) Status after enactment of 1956 act

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for

all practical purposes, it was nonexistent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were very considerable numbers of retirements from among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or in other words, that the average retirement age had dropped significantly. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

*(4) Status after enactment of 1958 act*

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations made. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds.” This was accomplished by introducing an immediate increase (in 1959) in the combined employer-employee contribution rate, amounting to 0.5 percent, and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability insurance program contained certain modified assumptions that recognized the emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

*(5) Status after enactment of 1960 act*

At the beginning of 1960, the cost estimates for the old-age, survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption had previously been based on the 1956 level, and this was changed to reflect the 1959 level. Also, data first became available on the detailed operations of the disability provisions for 1956, which was the first full year of operation that did not involve picking up “backlog” cases. It was found that the number of persons who met the insured status conditions to be eligible for these benefits had been significantly over estimated. It was also found that the disability incidence experience for eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made in regard to the disability insurance portion of the program. As a result, the changes made by the 1960 amendments could, according to the revised estimates, be made without modifying the financing provisions.

*(6) Status after enactment of 1961 act*

The changes made by the 1961 amendments involved an increased cost that was fully met by the changes in the financing provisions (namely, an increase in the combined employer-employee contribution rate of 0.25 percent, a corresponding change in the rate for the self-employed, and an advance in the year when the ultimate rates would be effective—from 1969 to 1968). As a result, the actuarial balance of the program remained unchanged.

Subsequent to 1961, the cost estimates were further reexamined in the light of developing experience. The earnings assumption was changed to reflect the 1963 level, and the interest-rate assumption used was modified upward to reflect recent experience. At the same time, the retirement rate assumptions were increased somewhat to reflect the experience in respect to this factor. The further developing disability experience indicated that costs for this portion of the program were significantly higher than previously estimated (because benefits were not being terminated by death or recovery as rapidly as had been originally assumed). Accordingly, the actuarial balance of the disability insurance program was shown to be in an unsatisfactory position, and this had been recognized by the Board of Trustees, who recommended that the allocation to this trust fund should be increased (while, at the same time, correspondingly decreasing the allocation to the old-age and survivors insurance trust fund, which under the law in effect at that time was estimated to be in satisfactory actuarial balance even after such a reallocation).

*(7) Status after enactment of 1965 act*

The changes made by the 1965 amendments involved an increased cost that was closely met by the changes in their financing provisions (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). The actuarial balance of the program remained virtually unchanged.

In 1966, the cost estimates for the old-age, survivors, and disability insurance system were completely revised, based on the availability of new data since the last complete revision was made in 1963. The new estimates showed significantly lower costs for the old-age and survivors insurance portion of the system, but higher costs for the disability insurance portion. The factors leading to lower costs were as follows: (1) 1966 earnings level, instead of 1963 ones; (2) an interest rate of  $3\frac{3}{4}$  percent for the intermediate-cost estimate, instead of  $3\frac{1}{2}$  percent; (3) an assumption of greater future participation of women in the labor force (resulting in reduction in cost of the program because of the "antiduplication of benefits" provision as between women's primary benefits and wife's or widow's benefits); (4) an assumption of less improvement in future mortality than had previously been assumed; and (5) an assumption that, despite a significant decline in future fertility rates, such decline would not occur as rapidly as had been assumed previously.

The cost of the disability insurance system was estimated to be significantly higher, as a result of increasing the disability prevalence rates. This change was necessary to reflect the substantially larger number of disability beneficiaries coming on the roll with respect to

disabilities occurring in 1964 and after, which experience had not been available in 1965 when the cost estimates for the legislation of that year were considered.

For more details on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 63* of the Social Security Administration, Department of Health, Education, and Welfare, January 1967.

(8) *Status after enactment of 1967 act*

The changes made by the 1967 amendments involved an increased cost that was fully met by the actuarial surplus then existent and by the changes in the financing provisions that were adopted (namely an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). As a result the system was almost exactly in actuarial balance (namely a small actuarial surplus of 0.01 percent of taxable payroll).

In 1968, the cost estimates for the old-age, survivors, and disability insurance system were completely revised. The new estimates showed significant lower costs for the old-age and survivors insurance portion of the system, but slightly higher costs for the disability insurance portion. The factors leading to lower cost were as follows: (1) 1968 earnings level, instead of 1966; (2) an interest rate of  $4\frac{1}{4}$  percent for the intermediate-cost estimate, instead of  $3\frac{3}{4}$  percent; and (3) an assumption of greater future participation of women in the labor force.

In 1969, the cost estimates were completely revised. The new estimates indicated that the system was substantially overfinanced. The actuarial surplus was found to be 1.16 percent of taxable payroll. All of this surplus occurred in the old-age and survivors insurance portion, which had a surplus of 1.17 percent of taxable payroll. The disability insurance portion was found to have improved financially to the point where it was almost in exact actuarial balance (namely a small deficit of 0.01 percent of taxable payroll). The factors that result in lower cost estimates were as follows: (1) 1969 earnings level, instead of 1968 level; (2) an interest rate of  $4\frac{3}{4}$  percent for the intermediate-cost estimate, instead of  $4\frac{1}{4}$  percent; and (3) an assumption of higher labor force participation rates for women.

For more detail on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 69* of the Social Security Administration, Department of Health, Education, and Welfare, September 1969.

(9) *Status after the 1969 act*

The 1969 amendments increased benefits by 15 percent and the minimum benefit to \$64 per month. These changes fully exhausted the previous actuarial surplus and the system was then in close actuarial balance. A reallocation of contribution to the disability insurance portion was necessary to place that program in close actuarial balance.

In 1970, the cost estimates for the old-age, survivors, and disability insurance system were completely revised. The new estimates showed significantly lower cost for both the old-age and survivors insurance portion and the disability insurance portion. The lower costs resulted from: (1) 1970 earnings level, instead of 1969 level; (2) an interest rate of  $5\frac{1}{4}$  percent, instead of  $4\frac{3}{4}$  percent; and higher labor-force participation rates for women.

## APPENDIX C

### MATHEMATICAL ANALYSIS OF BENEFIT FORMULA

This appendix presents a mathematical analysis of the new benefit formula, that is the basis for the benefit table in Public Law 92-5 including the primary insurance amount (the sum payable to the insured worker who retires at or after age 65 or for disability, which is also the base from which all other types of benefits are computed) and the maximum family benefit amounts. Also discussed are the effective dates for the maximum primary insurance amount.

(1) *Formula for primary insurance amount*

The benefit formula is as follows:

- (a) 90.01 percent of the first \$110 of AMW, plus
- (b) 32.73 percent of the next \$290 of AMW, plus
- (c) 30.59 percent of the next \$150 of AMW, plus
- (d) 35.96 percent of the next \$100 of AMW, plus
- (e) 20.00 percent of next \$100 of AMW.

The result is subject to a minimum of \$70.40 (for AMW's of \$76 or less).

The first four percentage factors are merely 110 percent of the factors in the 1969 act formula (rounded to the nearest 0.01 percent). The fifth factor is a new 20-percent investment.

(2) *Formula for computing maximum family benefit*

The maximum family benefit (MFB) shown in the benefit table in the 1969 act was determined as follows:

- (a) For AMW's up to \$239 the MFB is equal to 150 percent of the PIA.
- (b) For AMW's between \$240 and \$436 the MFB is equal to 80 percent of the AMW.
- (c) For AMW's above \$436 the MFB is equal to 80 percent of the first \$436 of AMW, plus 40 percent of the excess over \$436.

The maximum family benefit under Public Law 92-5 is related to the PIA, instead of the AMW as was the case in previous acts. To accomplish this, the ratios of MFB to PIA in the 1969 act were frozen up to an AMW of \$627 and established at 175 percent of PIA for AMW's above \$627.

(3) *Time when maximum primary insurance is possible*

The AMW is generally computed over the period after 1950 (or year of attainment of age 21, if later) and before the year of attainment of age 65 for men (age 62 for women), the year of death, or the year of disability (whichever occurs first), but with a dropout of the lowest 5 years. Accordingly, many persons will have their AMW computed over years when the earnings base was less than the \$9,000 base in the present amendments. For example, a man retiring at age 65 at the beginning of 1980 who has had maximum covered earnings

in all years after 1950 would have an AMW of \$564 (as compared with the \$750 maximum). Not until the year 2010 could a man retiring at age 65 have an AMW of \$750.

In retirement cases, it is possible, however, for a person to have the \$750 maximum as early as 1977, because of the provision that years of high earnings after age 65 for men (age 62 for women) can be used to substitute for low prior years. A man who is age 81 or over at the beginning of 1977 (or a woman then age 78 or over) and who has had covered earnings at the maximum in 1972-76 will then have an AMW of \$750.

In disability cases involving young workers, the \$750 maximum AMW is possible in 1974 (after 2 years of coverage at the \$9,000 maximum). This is so in the case of disability at age 29 or under.

In death cases involving a young worker, the maximum AMW is possible in 1973 (after coverage at the \$9,000 maximum in 1972 and in 1973 before death occurred). This is so in cases of death at age 29 or under.



## **LISTING OF REFERENCE MATERIALS**

U.S. Congress. Senate. Committee on Finance. *Hearing on \$430 Billion Debt Limit*. March 8, 1971. 92nd Congress. 1st session.

LUMP-SUM DEATH PAYMENTS IN CERTAIN CASES  
WHERE INSURED INDIVIDUAL'S BODY IS UNAVAIL-  
ABLE FOR BURIAL

---

OCTOBER 27, 1971.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

---

Mr. MILLS of Arkansas, from the Committee on Ways and Means,  
submitted the following

REPORT

[To accompany H.R. 10604]

The Committee on Ways and Means, to whom was referred the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That (a) the second sentence of section 202(i) of the Social Security Act is amended by striking out "or" at the end of clause (2), by renumbering clause (3) as clause (4), and by inserting after clause (2) the following new clause:

"(3) if the body of such insured individual is not available for burial but expenses were incurred with respect to such individual in connection with a memorial service, a memorial marker, a site for the marker, or any other item of a kind for which expenses are customarily incurred in connection with a death and such expenses have been paid, to any person or persons, equitably entitled thereto to the extent and in the proportions that he or they shall have paid such expenses; or".

(b) The second sentence of section 202(i) of such Act is further amended by striking out "clauses (1) and (2)" in the clause renumbered as clause (4) by subsection (a) and inserting in lieu thereof "clauses (1), (2), and (3)".

SEC. 2. The amendments made by the first section of this Act shall be effective only in the case of lump-sum death payments under title II of the Social Security Act made with respect to deaths which occur after December 31, 1970.

### BACKGROUND AND PURPOSE OF THE BILL

Under present law, the social security lump-sum death payment is made to an insured person's surviving spouse, whether or not his body is available for burial, if they were living together at the time of his death. Where no eligible spouse survives, the lump-sum death payment is contingent upon there being burial expenses. The payment can be made directly to the funeral home for any unpaid burial expenses upon the request of the person who assumed responsibility for those expenses, or the payment can be made as reimbursement to the person who is equitably entitled to the payment by reason of his having paid the burial expenses. In the latter cases, when the body is not available for burial or cremation, there can be no burial expenses, and therefore the lump-sum death payment cannot be paid under the law.

While there may be no burial expenses incurred when an insured person's body is not recovered, the family often incurs expenses in connection with his death, such as expenses for a memorial service, a memorial marker, or a site for a marker. Your committee believes that there is no valid reason for denying the lump-sum death payment to help defray the cost of such expenses. On the contrary, it is difficult to justify not paying the lump-sum in such instances, especially in those cases in which the death payment is the only social security benefit that could be payable on the deceased person's earnings record. Most of the current cases in which the body of the decedent is not recovered involve servicemen killed in action.

Your committee believes that, because of the above considerations and because the cost of the change would be negligible, the social security lump-sum death payment should be provided for equitably entitled individuals to the extent that they incur expenses customarily connected with a death, even though the body may be unavailable for burial.

### COSTS OF CARRYING OUT THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with clause 7 of Rule XIII and clause 27 (b) of Rule XI of the Rules of the House of Representatives, the following statement is made.

Your committee estimates that the cost of the bill would be negligible. The Department of Health, Education, and Welfare agrees with this estimate.

Your committee is unanimous in recommending enactment of H.R. 10604.

### EXPLANATION OF PROVISION

Under the bill, if the body of an insured individual is not available for burial, and there is no eligible surviving spouse, the lump-sum death benefit would be paid to any equitably entitled person, or persons, to the extent and in proportion to the expenses each person incurred in connection with the death of the insured individual. The expenses could include a memorial service, a memorial marker, a site for the marker, or other expenses customarily incurred in connection with a death.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

## SECTION 202 OF THE SOCIAL SECURITY ACT

## OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

## OLD-AGE INSURANCE BENEFITS

SEC. 202. (a) \* \* \*

\* \* \* \* \*

## LUMP-SUM DEATH PAYMENTS

(j) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount, or an amount equal to \$255, whichever is the smaller, shall be paid in a lump sum to the person, if any, determined by the Secretary to be the widow or widower of the deceased and to have been living in the same household with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid—

(1) if all or part of the burial expenses of such insured individual which are incurred by or through a funeral home or funeral homes remains unpaid, to such funeral home or funeral homes to the extent of such unpaid expenses, but only if (A) any person who assumed the responsibility for the payment of all or any part of such burial expenses files an application, prior to the expiration of two years after the date of death of such insured individual, requesting that such payment be made to such funeral home or funeral homes, or (B) at least 90 days have elapsed after the date of death of such insured individual and prior to the expiration of such 90 days no person has assumed responsibility for the payment of any such burial expenses;

(2) if all of the burial expenses of such insured individual which were incurred by or through a funeral home or funeral homes have been paid (including payments made under clause (1)), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid such burial expenses; **[or]**

*(3) if the body of such insured individual is not available for burial but expenses were incurred with respect to such individual in connection with a memorial service, a memorial marker, a site for the marker, or any other item of a kind for which expenses are customarily incurred in connection with a death and such expenses have been paid, to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid such expenses; or*

[(3)] (4) if any part of the amount payable under this subsection remains after payments have been made pursuant to clauses (1) [and (2)], (2), and (3), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid other expenses in connection with the burial of such insured individual, in the following order of priority: (A) expenses of opening and closing the grave of such insured individual, (B) expenses of providing the burial plot of such insured individual, and (C) any remaining expenses in connection with the burial of such insured individual.

No payment (except a payment authorized pursuant to clause (1) (A) of the preceding sentence) shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual, or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died. In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before January 1, 1957, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment. In the case of any individual who died outside the fifty States and the District of Columbia after December 1956 while he was performing service, as a member of a uniformed service, to which the provisions of section 210(1)(1) are applicable, and who is returned to any State or to any Territory or possession of the United States, for interment or reinterment, the provisions of the third sentence of this subsection shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.

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# H. R. 10604

[Report No. 92-590]

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 1971

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

OCTOBER 27, 1971

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

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## A BILL

To amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial.

1       *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 *That the second sentence of section 202(i) of the Social*  
4 *Security Act is amended (a) by striking out "or" at the*  
5 *end of clause (2), renumbering clause (3) as clause (4),*  
6 *and adding after clause (2) the following new clause (3):*  
7           "~~(3)~~ if the body of such insured individual is not  
8       available for burial, to any person or persons, equitably  
9       entitled thereto, to the extent and in the proportions

1 that he or they shall have paid expenses of a burial or  
2 memorial service or both and related expenses for such  
3 individual ~~(and the Secretary shall by regulations pre-~~  
4 ~~scribe the criteria for determining when and whether an~~  
5 ~~insured individual has died if, at the time such individual~~  
6 ~~is alleged to have died, such individual was serving as a~~  
7 ~~member of the Armed Forces of the United States and~~  
8 ~~if the body of such individual has not been recovered;~~  
9 ~~or”;~~ and——

10 ~~(b) By striking out in the renumbered clause (4)~~  
11 ~~“clauses (1) and (2)” and inserting in lieu thereof “clauses~~  
12 ~~(1), (2), and (3)”.~~

13 SEC. 2. The amendments made by the first section of  
14 this Act shall be effective only in the case of lump-sum death  
15 payments under title II of the Social Security Act made with  
16 respect to deaths which occur after December 31, 1970.

17 *That (a) the second sentence of section 202(i) of the Social*  
18 *Security Act is amended by striking out “or” at the end of*  
19 *clause (2), by renumbering clause (3) as clause (4), and*  
20 *by inserting after clause (2) the following new clause:*

21 *“(3) if the body of such insured individual is not*  
22 *available for burial but expenses were incurred with*  
23 *respect to such individual in connection with a memorial*  
24 *service, a memorial marker, a site for the marker, or any*  
25 *other item of a kind for which expenses are customarily*

1        *incurred in connection with a death and such expenses*  
2        *have been paid, to any person or persons, equitably en-*  
3        *titled thereto, to the extent and in the proportions that he*  
4        *or they shall have paid such expenses; or”.*

5        *(b) The second sentence of section 202(i) of such Act*  
6        *is further amended by striking out “clauses (1) and (2)” in*  
7        *the clause renumbered as clause (4) by subsection (a) and*  
8        *inserting in lieu thereof “clauses (1), (2), and (3)”.*

9        *SEC. 2. The amendments made by the first section of this*  
10       *Act shall be effective only in the case of lump-sum death pay-*  
11       *ments under title II of the Social Security Act made with*  
12       *respect to deaths which occur after December 31, 1970.*

Union Calendar No. 282

92<sup>d</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 10604**

[Report No. 92-590]

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## **A BILL**

To amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial.

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By Mr. HOLIFIELD

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SEPTEMBER 13, 1971

Referred to the Committee on Ways and Means

OCTOBER 27, 1971

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

lump-sum death payment is made to an insured person's surviving spouse, whether or not his body is available for burial, if they were living together at the time of his death. Where no eligible spouse survives, the lump-sum death payment is contingent upon there being burial expenses. The payment can be made directly to the funeral home for any unpaid burial expenses upon the request of the person who assumed responsibility for those expenses, or the payment can be made as reimbursement to the person who is equitably entitled to the payment by reason of his having paid the burial expenses. In the latter cases, when the body is not available for burial or cremation, there can be no burial expenses, and therefore, the lump-sum death payment cannot be paid under the law.

While there may be no burial expenses incurred when an insured person's body is not recovered, the family often incurs expenses in connection with his death, such as expenses for a memorial service, a memorial marker, or a site for a marker. Mr. Speaker, your committee believes that there is no valid reason for denying the lump-sum death payment to help defray the cost of such expenses. On the contrary, it is difficult to justify not paying the lump-sum in such instances, especially in those cases in which the death payment is the only social security benefit that could be payable on the deceased person's earnings record. Most of the current cases in which the body of the decedent is not recovered involve servicemen killed in action.

Your committee believes that, because of the above considerations and because the cost of the change would be negligible, the social security lump-sum death payment should be provided for equitably entitled individuals to the extent that they incur expenses customarily connected with a death, even though the body may be unavailable for burial.

Mr. Speaker, your committee knows of no opposition to this bill and is unanimous in recommending enactment of this legislation.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, does this have to do with cremation?

Mr. MILLS of Arkansas. If the gentleman will yield, Mr. Speaker, no, it has to do solely with cases where death has occurred under circumstances that the body itself is not recovered and therefore cannot be buried or cremated. Under existing law we make this lump-sum death payment in the cases in which a body is available for burial or cremation. Now we suggest that the money could be used for memorial purposes as well.

Mr. GROSS. Mr. Speaker, I thank the gentleman for his explanation.

Mr. BYRNES of Wisconsin. Mr. Speaker, I support H.R. 10604, which would amend title II of the Social Security Act to permit payment of the lump-sum death benefit in certain cases in which the body of the insured is not available for burial.

Under existing law, the lump-sum payment can be made to a surviving spouse,

whether or not the insured's body is available for burial. But in cases where there is no eligible surviving spouse, the payment can be made only for burial expenses—either to a funeral director, at the request of the person who assumes responsibility for burial expenses, or as direct reimbursement to the person who actually paid the burial expenses.

But when there is no surviving, eligible spouse, and there is no body available for burial or cremation, the lump-sum payment cannot be made.

It was called to the committee's attention that application of this provision is difficult to justify in some cases—for example, where a body is not available because the insured was a serviceman killed in foreign action or where the insured was drowned and carried away by the sea. In these cases, the family of the insured nevertheless may incur certain death-connected expenses—such as the costs of a memorial service or marker—which would seem to warrant payment of the lump-sum benefit.

The committee felt this is especially true where the lump-sum payment is the only possible social security benefit payable on the earnings record of the deceased.

The committee, therefore, has unanimously recommended enactment of this bill, which would allow payment of the lump-sum benefit, in the absence of both the body and an eligible surviving spouse, to any equitably entitled person or persons as reimbursement for expenses incurred in connection with the death of the insured.

The bill obviously has limited application, and the Department of Health, Education, and Welfare has agreed with the committee that its costs would be negligible.

Against this background, Mr. Speaker, I urge the House to pass H.R. 10604.

Mr. Speaker, I withdraw my reservation of objection.

Mr. HOLIFIELD. Mr. Speaker, I am most grateful to the distinguished chairman of the Committee on Ways and Means and the members of that committee for the expeditious handling of H.R. 10604, which I introduced on September 13, 1971.

This bill is designed to correct an inequity contained in the Social Security Act which falls most heavily upon the bereaved relatives of deceased servicemen whose body cannot be recovered for burial.

This situation was brought to my attention by my constituent, Mrs. Joseph Pickett of Whittier, Calif. Mrs. Pickett's son, Cpl. Robert Eugene Grantham, was killed as a result of enemy action in the A Shau Valley in Vietnam. His body was completely consumed in the flames of a helicopter which had exploded on impact with the ground. Mrs. Pickett was subsequently given a bronze plaque. However the social security law did not provide funds for a marker, a memorial service, or a memorial plot, through which to honor her son's memory and service to his country.

In her letters to me, Mrs. Pickett made it very clear that she seeks nothing for herself but only a change in the law to prevent additional grief and anxiety to

#### LUMP SUM DEATH PAYMENTS IN CERTAIN CASES WHERE INSURED INDIVIDUAL'S BODY IS UNAVAILABLE FOR BURIAL

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial, which was unanimously reported to the House by the Committee on Ways and Means.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object, and I do not intend to object, I yield to the gentleman from Arkansas, the chairman of the committee, for a brief explanation.

Mr. MILLS of Arkansas. Mr. Speaker, the purpose of H.R. 10604 is to permit the payment of the social security lump-sum death payment to pay for memorial services expenses and related expenses for an insured individual whose body is not available for burial. The provisions of this bill would be effective only in the case of lump-sum death payments under title II of the Social Security Act made with respect to deaths which occurred after December 31, 1970. The bill was reported unanimously by your committee.

Under present law, the social security

others who might find themselves in the same position.

To Mrs. Pickett, nothing could better demonstrate democracy in action than the passage of this bill.

I insert in the RECORD the last letter which Mrs. Pickett received from her son:

DEAR MOM: I joined the army because I believed in America. The Army tried to put me in Clerk school, but I told them I wanted to be in the infantry. Then I volunteered for jump school. They asked me to join the pathfinders but at the same time, they told me it meant Vietnam. Knowing this, I again volunteered because I thought I was really doing something for my country. I figured it was better than burning down my school. I will tell you, this being with your friend alive one minute and dead the next takes all the gung-ho-ness out of a person. I've seen some of the guys get sick and throw up when they hear that they have to go out.

I know and they know the war is still on. The tax payers worry about being sure that we only shoot so many rounds per month. Let's fight this war or get the hell out. We're tired of fighting a war with rules, no weapons and a limit in ammo. I feel like the war is something people talk about but never get off their behinds to do anything about it. I think it is time for the silent majority to make some noise. I'm sure if you were crawling through the brush and you couldn't see 5 feet in front of you and you were being shot at, you would make noise in a hurry.

I volunteered to go into the middle of two battalions of NVA along with five other guys to get a body from a crashed helicopter. I'm no hero but all the guys here are the same way, we have a job to do.

Mom, my new job, if you want to know, I did volunteer for it. Someone has to do it. I am the hunter of a hunter killer team and I ride in or pilot a very small helicopter at tree top level until the enemy fires at us then the larger gunships behind us come in to wipe out the enemy. I feel I am doing something for the war effort and maybe hurting some of those people that have hurt my friends.

#### JANUARY 22

My luck ended on Jan. 22 when my ship was badly shot up. I saw the VC's rifle leaning against a tree and he got to it before I could get to my machine gun but we made it back to base.

#### FEBRUARY 10

This was another bad day—my luck was pretty good though. We were shot down by mistake by the South Vietnamese and not a scratch.

#### FEBRUARY 16

DEAR MOM: I feel that I will make it home. I only have 97 days of flying left. Mom, if the army ever comes to tell you I'm missing in action, it only means one thing, I'm dead—they can't find my body. Mom, please don't worry about me because I'm not worried about me. I'll do my best to stay alive but I'm not afraid to die. If I die, I'll be doing it for my country, friends and family so that my brother or friends never have to come over here to see what I've seen—I've seen so much dying. Right now I have a feeling of emptiness like I've never had before without purpose and feel I need something but I don't know what that something is. In other words, I'm a very mixed up kid.

Your loving son,

Bob.

#### MARCH 1.

DEAR MOM: I have 135 days left before you see me walk through the door. My time is getting short. I haven't much to say. I love you all and miss you very much.

Love,

Bob.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

H.R. 10604

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the second sentence of section 202(1) of the Social Security Act is amended (a) by striking out "or" at the end of clause (2), renumbering clause (3) as clause (4), and adding after clause (2) the following new clause (3):

"(3) if the body of such insured individual is not available for burial, to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid expenses of a burial or memorial service or both and related expenses for such individual (and the Secretary shall by regulations prescribe the criteria for determining when and whether an insured individual has died if, at the time such individual is alleged to have died, such individual was serving as a member of the Armed Forces of the United States and if the body of such individual has not been recovered or"; and

(b) By striking out in the renumbered clause (4) "clauses (1) and (2)" and inserting in lieu thereof "clauses (1), (2), and (3)".

SEC. 2. The amendments made by the first section of this Act shall be effective only in the case of lump-sum death payments under title II of the Social Security Act made with respect to deaths which occur after December 31, 1970.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

That (a) the second sentence of section 202(1) of the Social Security Act is amended by striking out "or" at the end of clause (2), by renumbering clause (3) as clause (4), and by inserting after clause (2) the following new clause:

"(3) if the body of such insured individual is not available for burial but expenses were incurred with respect to such individual in connection with a memorial service, a memorial marker, a site for the marker, or any other item of a kind for which expenses are customarily incurred in connection with a death and such expenses have been paid, to any person or persons, equitably entitled thereto to the extent and in the proportions that he or they shall have paid such expenses; or".

(b) The second sentence of section 202(1) of such Act is further amended by striking out "clauses (1) and (2)" in the clause renumbered as clause (4) by subsection (a) and inserting in lieu thereof "clauses (1), (2), and (3)".

SEC. 2. The amendments made by the first section of this Act shall be effective only in the case of lump-sum death payments under title II of the Social Security Act made with respect to deaths which occur after December 31, 1970.

Mr. MILLS of Arkansas (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the committee amendment and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

# Calendar No. 534

92D CONGRESS }  
*1st Session*

SENATE

{ REPORT  
No. 92-552

## LUMP-SUM DEATH PAYMENTS IN CERTAIN CASES WHERE INSURED INDIVIDUAL'S BODY IS UNAVAIL- ABLE FOR BURIAL

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DECEMBER 3 (legislative day, NOVEMBER 29), 1971.—Ordered to be printed

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Mr. LONG, from the Committee on Finance,  
submitted the following

### REPORT

[To accompany H.R. 10604]

The Committee on Finance to which was referred the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

#### BACKGROUND AND PURPOSE OF THE BILL

Under present law, the social security lump-sum death payment is made to an insured person's surviving spouse, whether or not his body is available for burial, if they were living together at the time of his death. Where no eligible spouse survives, the lump-sum death payment is contingent upon there being burial expenses. The payment can be made directly to the funeral home for any unpaid burial expenses upon the request of the person who assumed responsibility for those expenses, or the payment can be made as reimbursement to the person who is equitably entitled to the payment by reason of his having paid the burial expenses. In the latter cases, when the body is not available for burial or cremation, there can be no burial expenses, and therefore the lump-sum death payment cannot be paid under the law.

While there may be no burial expenses incurred when an insured person's body is not recovered, the family often incurs expenses in connection with his death, such as expenses for a memorial service, a memorial marker, or a site for a marker. The committee believes that there is no valid reason for denying the lump-sum death payment to

help defray the cost of such expenses. On the contrary, it is difficult to justify not paying the lump-sum in such instances, especially in those cases in which the death payment is the only social security benefit that could be payable on the deceased person's earnings record. Most of the current cases in which the body of the decedent is not recovered involve servicemen killed in action.

The committee believes that, because of the above considerations and because the cost of the change would be negligible, the social security lump-sum death payment should be provided for equitably entitled individuals to the extent that they incur expenses customarily connected with a death, even though the body may be unavailable for burial.

#### COSTS OF CARRYING OUT THE BILL AND EFFECT ON THE REVENUES OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the effect on the revenues of this bill.

It is estimated that the cost of the bill would be negligible.

#### VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, as amended, the following statement is made relative to the vote by the committee on reporting the bill.

The committee ordered the bill favorably reported by voice vote.

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### SECTION 202 OF THE SOCIAL SECURITY ACT

#### OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

##### OLD-AGE INSURANCE BENEFITS

SEC. 202. (a) \* \* \*

\* \* \* \* \*

##### LUMP-SUM DEATH PAYMENTS

(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount, or an amount equal to \$255, whichever is the smaller, shall be paid in a lump sum to the person, if any, determined by the Secretary to be the widow or widower

of the deceased and to have been living in the same household with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid—

(1) if all or part of the burial expenses of such insured individual which are incurred by or through a funeral home or funeral homes remains unpaid, to such funeral home or funeral homes to the extent of such unpaid expenses, but only if (A) any person who assumed the responsibility for the payment of all or any part of such burial expenses files an application, prior to the expiration of two years after the date of death of such insured individual, requesting that such payment be made to such funeral home or funeral homes, or (B) at least 90 days have elapsed after the date of death of such insured individual and prior to the expiration of such 90 days no person has assumed responsibility for the payment of any such burial expenses;

(2) if all of the burial expenses of such insured individual which were incurred by or through a funeral home or funeral homes have been paid (including payments made under clause (1)), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid such burial expenses; **[or]**

*(3) if the body of such insured individual is not available for burial but expenses were incurred with respect to such individual in connection with a memorial service, a memorial marker, a site for the marker, or any other item of a kind for which expenses are customarily incurred in connection with a death and such expenses have been paid, to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid such expenses; or*

**[(3)]** (4) if any part of the amount payable under this subsection remains after payments have been made pursuant to clauses (1) **[and (2)]**, (2), and (3), to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid other expenses in connection with the burial of such insured individual, in the following order of priority: (A) expenses of opening and closing the grave of such insured individual, (B) expenses of providing the burial plot of such insured individual, and (C) any remaining expenses in connection with the burial of such insured individual.

No payment (except a payment authorized pursuant to clause (1) (A) of the preceding sentence) shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual, or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died. In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before January 1, 1957, whose death occurred while he

was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment. In the case of any individual who died outside the fifty States and the District of Columbia after December 1956 while he was performing service, as a member of a uniformed service, to which the provisions of section 210(1)(1) are applicable, and who is returned to any State or to any Territory or possession of the United States, for interment or reinterment, the provisions of the third sentence of this subsection shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.

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Calendar No. 534

92<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 10604

[Report No. 92-552]

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 18, 1971

Read twice and referred to the Committee on Finance

DECEMBER 3 (legislative day, NOVEMBER 29), 1971.

Reported by Mr. LONG, without amendment

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## AN ACT

To amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

3        That (a) the second sentence of section 202 (i) of the Social  
4        Security Act is amended by striking out "or" at the end of  
5        clause (2), by renumbering clause (3) as clause (4), and  
6        by inserting after clause (2) the following new clause:

7                "(3) if the body of such insured individual is not  
8        available for burial but expenses were incurred with  
9        respect to such individual in connection with a memorial  
10       service, a memorial marker, a site for the marker, or any

1 other item of a kind for which expenses are customarily  
2 incurred in connection with a death and such expenses  
3 have been paid, to any person or persons, equitably en-  
4 titled thereto, to the extent and in the proportions that  
5 he or they shall have paid such expenses; or”.

6 (b) The second sentence of section 202 (i) of such Act  
7 is further amended by striking out “clauses (1) and (2)” in  
8 the clause renumbered as clause (4) by subsection (a) and  
9 inserting in lieu thereof “clauses (1), (2), and (3)”.

10 SEC. 2. The amendments made by the first section of  
11 this Act shall be effective only in the case of lump-sum death  
12 payments under title II of the Social Security Act made with  
13 respect to deaths which occur after December 31, 1970.

Passed the House of Representatives November 17,  
1971.

Attest:

W. PAT JENNINGS,

*Clerk.*

Calendar No. 534

92<sup>d</sup> CONGRESS  
1<sup>st</sup> SESSION

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## AN ACT

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Read twice and referred to the Committee on Finance

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Reported without amendment

## IMPROVEMENT OF WORK INCENTIVE PROGRAM

SEC. 2(a)(1) Section 402(a)(15) of the Social Security Act is amended to read as follows: "(15) provide (A) for the development of a program, for each appropriate relative and dependent child receiving aid under the plan and for each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under clause (7), for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for implementing such program by assuring that in all appropriate cases family planning services are offered to them, but acceptance of family planning services provided under the plan shall be voluntary on the part of such members and individuals and shall not be a prerequisite to eligibility for or the receipt of any other service under the plan; and (B) to the extent that services provided under this clause or clause (14) are furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services;"

(2) Section 402(a)(19)(A) of such Act is amended to read as follows:

"(A) that every individual, as a condition of eligibility for aid under this part, shall register for manpower services, training, and employment as provided by regulations of the Secretary of Labor, unless such individual is—

"(i) a child who is under age 16 or attending school full time;

"(ii) a person who is ill, incapacitated, or of advanced age;

"(iii) a person so remote from a work incentive project that his effective participation is precluded;

"(iv) a person whose presence in the home is required because of illness or incapacity of another member of the household; or

"(v) a mother or other relative of a child under the age of six who is caring for the child;

and that any individual referred to in clause (v) shall be advised of her option to register, if she so desires, pursuant to this paragraph, and shall be informed of the child care services (if any) which will be available to her in the event she should decide so to register;"

(3) Section 402(a)(19)(C) of such Act is amended effective January 1, 1972, by striking out "20 per centum" and inserting in lieu thereof "10 per centum".

(4) Section 402(a)(19)(D) of such Act is amended to read as follows:

"(D) that training incentives and other allowances authorized under section 434 shall be disregarded in determining the needs of an individual under section 402(a)(17);"

(5) Section 402(a)(19) of such Act is further amended by striking out subparagraph (E).

(6) The parenthetical clause in section 402(a)(19)(F) of such Act is amended by striking out "pursuant to subparagraph (A) (1) and (ii) and section 407(b)(2)" and inserting in lieu thereof "pursuant to subparagraph (G)".

(7) Section 402(a)(19) of such Act is amended by adding at the end thereof the following new subparagraph:

"(G) that the State agency will have in effect a special program which (i) will be administered by a separate administrative unit and the employees of which will, to the maximum extent feasible, perform services only in connection with the administration of such program, (ii) will provide (through arrangements with others or otherwise) for individuals who have been registered pursuant to subparagraph (A), in accordance with

the order of priority listed in section 433(a), such health, vocational rehabilitation, counseling, child care, and other social and supportive services as are necessary to enable such individuals to accept employment or receive manpower training provided under part C, and will, when such individuals are prepared to accept employment or receive manpower training, refer such individuals to the Secretary of Labor for employment or training under part C, (iii) will participate in the development of operational and employability plans under section 433(b); and (iv) provides for purposes of clause (ii), that, when more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept child care services if they are available;"

(8) Section 403 of such Act is amended by adding at the end thereof the following new subsection:

"(c) Notwithstanding any other provision of this Act, the Federal share of assistance payments under this part shall be reduced with respect to any State for any fiscal year after June 30, 1973, by one percentage point for each percentage point by which the number of individuals referred, under the program of such State established pursuant to section 402(a)(19)(G), to the local employment office of the State as being ready for employment is less than 15 per centum of the average number of individuals in such State who, during such year, are required to be registered pursuant to section 402(a)(19)(A)."

(9) Section 403 of such Act is amended, effective January 1, 1972, by adding after subsection (c) the following new subsection:

"(d) Notwithstanding subparagraph (A) of subsection (a) (3) the rate specified in such subparagraph shall be 90 per centum (rather than 75 per centum) with respect to social and supportive services provided pursuant to section 402(a)(19)(G)."

(b) (1) The first sentence of section 430 of the Social Security Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(2) Section 431 of such Act is amended (1) by inserting "(a)" immediately after "Sec. 431.", and (2) by adding at the end thereof the following new subsections:

"(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 40 per centum thereof shall be expended for carrying out the program of on-the-job training referred to in section 432(b)(1)(B) and for carrying out the program of public service employment referred to in section 432(b)(3).

"(c) (1) For the purpose of carrying out the provisions of this part in any State for any fiscal year (commencing with the fiscal year ending June 30, 1973), there shall be available (from the sums appropriated pursuant to subsection (a) for such fiscal year) for expenditure in such State an amount equal to the allotment of such State for such year (as determined pursuant to paragraph (2) of this subsection).

"(2) Sums appropriated pursuant to subsection (a) for the fiscal year ending June 30, 1973, or for any fiscal year thereafter, shall be allotted among the States as follows: Each State shall be allotted from such sums an amount which bears the same ratio to the total of such sums as—

"(A) in the case of the fiscal year ending June 30, 1973, and the fiscal year ending June 30, 1974, the average number of recipients of aid to families with dependent children in such State during the month of January last preceding the commencement of such fiscal year bears to the average number of such recipients during such month in all the States; and

"(B) in the case of the fiscal year ending

## AMENDMENT OF TITLE II OF THE SOCIAL SECURITY ACT

Mr. MANSFIELD. Mr. President, I understand that Calendar No. 534, H.R. 10604, has been cleared all the way around.

Mr. SCOTT. Mr. President, that is correct.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 10604.

The PRESIDENT pro tempore. The bill will be stated by title.

The assistant legislative clerk read as follows:

H.R. 10604, to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

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

Mr. TALMADGE. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill, add the following new section:

June 30, 1975, or in the case of any fiscal year thereafter, the average number of individuals in such State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 402(a)(19)(A) bears to the average number of individuals in all States who, during such month, are so registered.

(3)(A)(1) Clause (1) of section 432(b) of such Act is amended—

(I) by inserting "A" immediately after "(1)"; and

(II) by striking out "and utilizing" and inserting in lieu thereof "and (B) a program utilizing".

(11) Clause (3) of section 432(b) of such Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(B) Section 432(d) of such Act is amended to read as follows:

"(d) In providing the manpower training and employment services and opportunities required by this part, the Secretary of Labor shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available to him under this or any other Act. In order to assure that the service and opportunities so required are provided, the Secretary of Labor shall use the funds appropriated to him under this part to provide programs required by this part through such other Act, to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary of Labor may reimburse such agencies for services rendered to persons under this part to the extent such services and opportunities are not otherwise available on a nonreimbursable basis."

(C) Section 432 of such Act is further amended by adding at the end thereof the following new subsection:

"(f) (1) The Secretary of Labor shall establish in each State, municipality, or other appropriate geographic area with a significant number of persons registered pursuant to section 402(a)(19)(A) a Labor Market Advisory Council the function of which will be to identify and advise the Secretary of the types of jobs available or likely to become available in the area served by the Council; except that if there is already located in any area an appropriate body to perform such function, the Secretary may designate such body as the Labor Market Advisory Council for such area.

"(2) Any such Council shall include representatives of industry, labor, and public service employers from the area to be served by the Council.

"(3) The Secretary shall not conduct, in any area, institutional training under any program established pursuant to subsection (b) of any type which is not related to jobs of the type which are or are likely to become available in such area as determined by the Secretary after taking into account information provided by the Labor Market Advisory Council for such area."

(4)(A) Section 433(a) of such Act is amended—

(i) by striking out "section 402" and inserting in lieu thereof "section 402(a)(19)(G)"; and

(ii) by adding at the end thereof the following new sentence: "The Secretary, in carrying out such program for individuals so referred to him by a State, shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed fathers; second, dependent children and relatives who have attained age 16 and who are not in school, or engaged in work or manpower training;

third, mothers, whether or not required to register pursuant to section 402(a)(19)(A), who volunteer for participation under a work incentive program; fourth, all other individuals so referred to him."

(B) Section 433(b) of such Act is amended to read as follows:

"(b) (1) For each State the Secretary shall develop jointly with the administrative unit of such State administering the special program referred to in section 402(a)(19)(G) a statewide operational plan.

"(2) The statewide operational plan shall prescribe how the work incentive program established by this part will be operated at the local level, and shall indicate (i) for each area within the State the number and type of positions which will be provided for training, for on-the-job training, and for public service employment, (ii) the manner in which information provided by the Labor Market Advisory Council (established pursuant to section 432(f)) for any such area will be utilized in the operation of such program, and (iii) the particular State agency or administrative unit thereof which will be responsible for each of the various activities and functions to be performed under such program. Any such operational plan for any State must be approved by the Secretary, the administrative unit of such State administering the special program referred to in section 402(a)(19)(G), and the regional joint committee (established pursuant to section 439) for the area in which such State is located.

"(3) In carrying out any such statewide operational plan of any State, there shall be developed jointly by the Secretary and the administrative unit of the State administering the special program referred to in section 402(a)(19)(G) in each area of the State an employability plan for each individual residing in such area who is participating in the work incentive program established by this part. Such employability plan for any such individual shall (i) conform with the statewide operational plan of such State, (ii) provide that the separate administrative unit referred to in section 402(a)(19)(G)(1) will provide the services referred to in section 402(a)(19)(G)(ii), and (iii) provide that the Secretary shall be responsible for providing the training, placement, and related services authorized under this part."

(C) (1) Section 433(e)(1) of such Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(2) (A) Section 433(e)(2)(A) of such Act is amended by striking out "a portion" and inserting in lieu thereof "of 100 per centum (in the case of the first year that such agreement is in effect, if such agreement is in effect at least three years) and 90 per centum (if such agreement is in effect less than three years; or, if such agreement is in effect at least three years, in the case of any year after the first year that such agreement is in effect)".

(3) (B) Section 433(e)(2)(B) of such Act is amended by striking out "on special work projects" and inserting in lieu thereof "in public service employment for".

(4) Section 433(e)(3) of such Act is hereby repealed.

(5) Section 433(f) of such Act is amended by striking out "any of the programs established by this part" and inserting in lieu thereof "section 432(b)(3)".

(6) Section 433(g) of such Act is amended by striking out "section 402(a)(19)(A)(i) and (ii)" and inserting in lieu thereof "section 402(a)(19)(G)".

(7) Section 433(h) of such Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(8) Section 434 of such Act is amended—

(i) by inserting "(a)" immediately after "Sec. 434."; and

(ii) by adding at the end thereof the following new subsection:

"(b) The Secretary of Labor is also authorized to pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs incurred by such member, to the extent such costs are necessary to and directly related to the participation by such member in such training."

(9) (A) Section 435(a) of such Act is amended, effective January 1, 1972, by striking out "80 per centum" and inserting in lieu thereof "90 per centum".

(B) Section 435(b) of such Act is amended by striking out "; except that with respect to special work projects under the program established by section 432(b)(3), the costs of carrying out this part shall include only the costs of administration".

(10) Section 436(b) of such Act is amended by striking out "by the Secretary after consultation with" and inserting in lieu thereof "jointly by him and".

(11) Section 437 of such Act is amended to read as follows:

"Sec. 437. The Secretary is authorized to provide to an individual, who is registered pursuant to section 402(a)(19)(A) and who is unemployed, relocation assistance (including grants, loans, and the furnishing of such services as will aid an involuntarily unemployed individual who desires to relocate to do so in an area where there is assurance of regular suitable employment, offered through the public employment offices of the State in such area, which will lead to the earning of income sufficient to make such individual and his family ineligible for benefits under part A)."

(12) Section 438 of such Act is amended by striking out "projects under".

(13) Section 439 of such Act is amended to read as follows:

"Sec. 439. The Secretary and the Secretary of Health, Education, and Welfare shall, not later than six months after the date of enactment of the Revenue Act of 1971, issue regulations to carry out the purposes of this part, as amended by the Revenue Act of 1971. Such regulations shall provide for the establishment, jointly by the Secretary and the Secretary of Health, Education, and Welfare, of (1) a national coordination committee the duty of which shall be to establish uniform reporting and similar requirements for the administration of this part, and (2) a regional coordination committee for each region which shall be responsible for review and approval of statewide operational plans developed pursuant to section 433(b)."

(14) Section 441 of such Act is amended—

(A) by inserting "(a)" immediately after "Sec. 441.";

(B) by adding immediately after the last sentence thereof the following sentence: "Nothing in this section shall be construed as authorizing the Secretary to enter into any contract with any organization after June 1, 1970, for the dissemination by such organization of information about programs authorized to be carried on under this part."; and

(C) by adding after and below such section the following new subsection:

"(b) The Secretary shall collect and publish monthly, by State, by age group, and by sex, the following information with respect to individuals registered pursuant to section 402(a)(19)(A)—

"(1) the number of individuals so registered, the number of individuals receiving each particular type of work training services, and the number of individuals receiving no such services;

"(2) the number of individuals placed in jobs by the Secretary under section 432(b)(1)(A), and the average wages of the individuals so placed;

"(3) the number of individuals who begin but fail to complete training, and the reasons for the failure of such individuals to

complete training; and the number of individuals who register voluntarily but do not receive training or placement;

"(4) the number of individuals who obtain employment following the completion of training, and the number of such individuals whose employment is in fields related to the particular type of training received;

"(5) of the individuals who obtain employment following the completion of training, the average wages of such individuals, and the number retaining such employment three months, six months, and twelve months, following the date of completion of such training;

"(6) the number of individuals, in public service employment, by type of employment, and the average wages of such individuals; and

"(7) the amount of savings, under part A of this title, realized by reason of the operation of each of the programs established pursuant to this part."

(11) Section 442 of such Act is amended effective January 1, 1972, to read as follows:

**TECHNICAL ASSISTANCE FOR PROVIDERS OF EMPLOYMENT OR TRAINING**

"Sec. 442. The Secretary is authorized to provide technical assistance to providers of employment or training to enable them to participate in the establishment and operation of programs authorized to be established by section 432(b)."

(12) Section 443 of such Act is amended, effective January 1, 1972, by striking out "20 per centum" wherever it appears therein and inserting in lieu thereof "10 per centum".

(13) (A) Section 444(c)(1) of such Act is amended by striking out "section 402(a) (15) and section 402(a) (19) (F)" and inserting in lieu thereof "section 402(a) (19)".

(B) Section 444(d) of such Act is amended (i) by striking out "a special work project" and inserting in lieu thereof "public service employment"; (ii) by striking out "project" at the end of the first sentence and inserting in lieu thereof "employment"; and (iii) by striking out "402(a) (15)" and inserting in lieu thereof "402(a) (19)".

(c) The amendments made by this section shall, except as otherwise specified herein, take effect on July 1, 1972.

Mr. TALMADGE. Mr. President, last year the Committee on Finance and the Senate unanimously approved by amendment to offer a tax credit to employers hiring welfare recipients and to make a number of needed improvements in the work incentive program. This program was created by the Congress as a part of the Social Security Amendments of 1976. It represents an attempt to cope with the problem of rapidly growing dependency on welfare by providing welfare recipients with the training and job opportunities needed to help them become financially independent.

Unfortunately, last year's social security bill did not become law. I therefore offered my amendment to the Revenue Act of 1971, and again it was approved by the Finance Committee and the Senate.

I am pleased that the conferees on the tax bill agreed to that portion of my amendment allowing a tax credit for employers hiring welfare recipients who participate in the work incentive program. This should provide a needed incentive for the creation of jobs in the private sector for welfare recipients.

The other part of my original amendment was designed to improve the operation of the work incentive program. The

House conferees said they could not consider these provisions, not because they lacked merit, but because they modified the Social Security Act and would thus be subject to a point of order in the House. I advised them that I would offer these provisions as an amendment to a social security bill at the earliest convenience, and that is what I am doing today.

Let me now describe the major features of my amendment.

First. A major criticism of the present work incentive program has been the lack of development of on-the-job training and public service employment. On-the-job training and public service employment offer the best opportunity for employment of welfare recipients because they provide training in actual job situations. Unfortunately, less than 3 percent of the welfare recipients enrolled in the work incentive program today are participating in on-the-job training and public service employment. My amendment would require that at least 40 percent of the funds spent for the work incentive program be used for on-the-job training and public service employment.

Second. My amendment would also simplify the financing and increase the Federal share of the cost of public service employment (formerly called special work projects) by providing 100 percent Federal funding for the first year and 90 percent Federal sharing of the costs in subsequent years—if the project was in effect less than 3 years, Federal sharing for the first year would be cut back to 90 percent.

Third. Under present law, all "appropriate" welfare recipients must be referred by the welfare agency to the Labor Department for participation in the work incentive program. Certain categories of persons are statutorily considered inappropriate. Persons may volunteer to participate in the work incentive program even if the State welfare agency finds them inappropriate for mandatory referral.

Another criticism of the program has been that the State application of those standards of "appropriateness" for the program have resulted in widely differing rates of referrals and program participation. My amendment would eliminate this situation with a series of amendments. First, it would require welfare recipients to register with the Labor Department as a condition of welfare eligibility unless they fit within one of the following categories:

First. Children who are under age 16 or attending school;

Second. Persons who are ill, incapacitated or of advanced age;

Third. Persons so remote from a WIN project that their effective participation is precluded;

Fourth. Persons whose presence in the home is required because of illness or incapacity of another member of the household; and

Fifth. Mothers with children of pre-school age.

At least 15 percent of the registrants in each State would be required to be prepared by the welfare agency for training and referred to the work incentive program each year; States failing to meet

this percentage would be subject to a decrease in Federal matching funds for aid to families with dependent children. The amendment would also establish clear statutory direction in determining which individuals would receive employment or training by generally requiring the Departments of Labor and Health, Education, and Welfare to accord priority in the following order, taking into account employability potential:

First. Unemployed fathers;

Second. Dependent children and relatives age 16 or over who are not in school, working or in training;

Third. Mothers who volunteer for participation; and

Fourth. All other persons.

Thus, under the amendment, mothers would not be required to participate until every person who volunteered was first placed.

Fourth. My amendment would increase from 80 to 90 percent the rate of Federal matching for WIN training expenditures. Welfare agency expenditures for social, vocational rehabilitation, and medical services which are provided to directly support an individual's participation in WIN would also be matched at the 90 percent rate. Under existing law, these services are now generally matched by the Federal Government at the 75 percent rate.

Fifth. The amendment would require the Secretary of Labor to establish local labor market advisory councils whose function would be to identify present and future local labor market needs. The findings of these councils would have to serve as the basis for local training plans under the work incentive program to assure that training was related to actual labor market demands.

Sixth. My amendment also mandates coordination between the Departments of Labor and Health, Education, and Welfare and their counterparts at the local level. The amendment would require a separate WIN unit in local welfare agencies and joint participation by welfare and manpower agencies in preparing employability plans for WIN participants and in program planning generally.

Mr. President, the Senate will be acting next year on legislation to overhaul our welfare system. I do not know what form that legislation will take. But in the meantime, we must not delay in improving the present law to make it effective. I urge my colleagues to support my amendment.

Mr. LONG. Mr. President, I would ask that this amendment be agreed to. The committee has discussed the matter, and as the Senator from Georgia has just explained, the amendment was a part of the revenue bill passed by the Senate last week. The provisions of the amendment were passed previously on last year's social security bill. These provisions were not agreed to by the House last year because the House did not go to conference on the social security bill. This year, the provision had to be dropped in the conference on the revenue bill because the House conferees contended that the provision was not germane to that bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment was agreed to.

Mr. LONG. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill add the following new section:

SEC. —. Section 1007 of the Social Security Amendments of 1969, as amended, is further amended by striking out "1972" where it appears and inserting in lieu thereof "1973".

Mr. LONG. Mr. President, I would like for the RECORD to show that I propose this amendment on behalf of the distinguished Senator from California (Mr. TUNNEY). He came to the committee and directed this matter to our attention.

The Social Security Amendments of 1969 included a provision to assure that recipients of aid to the aged, blind, and disabled would be allowed to keep at least a portion of the social security benefit increases which that act provided effective in 1970. This provision prohibited States from offsetting the full amount of those increases with corresponding reductions in welfare grants. Instead, the act required that each recipient be assured that his total monthly income would be raised by at least \$4 or (if less) by the amount of his social security benefit increase. Originally, this pass-along provision was to have expired at the end of June 1970. Subsequent legislation extended the provision through October 1970 and also made it applicable to welfare recipients who received an increase this year in railroad retirement benefits. Public Law 91-669 provided a further extension of the provision through the end of 1971.

The pending amendment would extend the provision 1 additional year, until the end of 1972.

I would ask that the amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. TUNNEY. Mr. President, I deeply appreciate the efforts of the distinguished Senator from Louisiana for displaying again the leadership and concern which has been so important to the senior citizens of this country.

When I first offered this amendment to H.R. 10604 and brought it to the attention of the Finance Committee, the chairman immediately understood its importance and agreed to support it.

I would like to thank him for that support and underline again the need for this amendment.

Without this amendment, hundreds of thousands of senior citizens in the country, including a quarter of a million Californians, would be subject to losing the important "pass through" benefits of at least \$4 per month, which require the States to pass along that much of the increase in Social Security, which was voted in 1969.

Mr. President, if this "pass through" provision had been allowed to lapse, it would not only have affected detrimentally those hundreds of thousands of senior citizens, but also would have en-

tailed heavy administrative costs to States, especially a State like California, which would have been particularly costly if the provision were allowed to lapse and were then revived when welfare reform legislation was passed in the next session of the Congress.

I am delighted, therefore, that the able chairman has included my "pass through" amendment in H.R. 10604. I wish to thank him for his leadership and urge the passage of the amended legislation.

Mr. BELLMON. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill, insert the following:

INCLUSION UNDER MEDICAID OF CARE IN INTERMEDIATE CARE FACILITIES

SEC. 3. (a) (1) Section 1905(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of clause (14),

(B) by striking out the period at the end of clause (15) and inserting in lieu thereof "; and", and

(C) by inserting after clause (15) the following new clause:

"(16) intermediate care facility services (other than such services in an institution for tuberculosis or mental diseases) for individuals who are determined, in accordance with section 1902(a)(31)(A), to be in need of such care."

(2) Section 1905 of such Act is amended by adding at the end thereof the following new subsections:

"(c) For purposes of this title the term 'intermediate care facility' means an institution which (1) is licensed under State law to provide, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment which a hospital or skilled nursing home is designed to provide, but who because of their mental or physical condition require care and services (above the level of room and board) which can be made available to them only through institutional facilities, (2) meets such standards prescribed by the Secretary as he finds appropriate for the proper provision of such care, and (3) means such standards of safety and sanitation as are established under regulation of the Secretary in addition to those applicable to nursing homes under State law. The term 'intermediate care facility' also includes any skilled nursing home or hospital which meets the requirements of the preceding sentence. The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State. With respect to services furnished to individuals under age 65, the term 'intermediate care facility' shall not include, except as provided in subsection (d), any public institution or distinct part thereof for mental diseases or mental defects.

"(d) The term 'intermediate care facility services' may include services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions if—

"(1) the primary purpose of such institution (or distinct part thereof) is to provide health or rehabilitative services for mentally retarded individuals and which meet such standards as may be prescribed by the Secretary;

"(2) the mentally retarded individual with respect to whom a request for payment is

made under a plan approved under this title is receiving active treatment under such a program; and

"(3) the State or political subdivision responsible for the operation of such institution has agreed that the non-Federal expenditures with respect to patients in such institution (or distinct part thereof) will not be reduced because of payments made under this title."

(b) Section 1902(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (29);

(2) by striking out the period at the end of paragraph (30) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (30) the following new paragraph:

"(31) provide (A) for a regular program of independent professional review (including medical evaluation of each patient's need for intermediate care) and a written plan of service prior to admission or authorization of benefits in an intermediate care facility which provides more than a minimum level of health care services as determined under regulations of the Secretary; (B) for periodic on-site inspections to be made in all such intermediate care facilities (if the State plan includes care in such institutions) within the State by one or more independent professional review teams (composed of physicians or registered nurses and other appropriate health and social service personnel) of (i) the care being provided in such intermediate care facilities to persons receiving assistance under the State plan, (ii) with respect to each of the patients receiving such care, the adequacy of the services available in particular intermediate care facilities to meet the current health needs and promote the maximum physical well-being of patients receiving care in such facilities, (iii) the necessity and desirability of the continued placement of such patients in such facilities, and (iv) the feasibility of meeting their health care needs through alternative institutional or noninstitutional services; and (C) for the making by such team or teams of full and complete reports of the findings resulting from such inspections, together with any recommendations to the State agency administering or supervising the administration of the State plan."

(c) Section 1121 of such Act is repealed.

(d) The amendments made by this section shall become effective January 1, 1972.

Mr. BELLMON. Mr. President, the amendment that my colleague, Mr. HARRIS, and I offered to the pending bill is noncontroversial. It has been passed in virtually identical form by both the House and the Senate separately.

Intermediate care was made available for the first time in 1968 to the aged, blind, and disabled who are eligible for cash assistance. It was designed to meet the need of those people whose physical and mental condition required them to be in an institutional setting which provided more than room and board, but less than skilled nursing home care.

Intermediate care was established because many thousands of assistance recipients were being classified as skilled nursing home patients even though they needed a lower level of care. That was done because Federal matching funds were available for skilled nursing care but were not available for institutional care below that level.

This amendment also makes medically indigent people eligible for intermediate care in addition to continuing the availability of such care for the indigent. This will help in bringing about the

proper placement of patients without consideration of what level of care might be eligible for Federal matching and what might be ineligible.

The amendment is necessary now because the Department of Health, Education, and Welfare is requiring immediate proper patient placement. Without this amendment, Oklahoma and other States would be confronted with serious and immediate difficulties of compliance.

In addition, the amendment outlines the requirements and provides the basis for standard setting with respect to intermediate care facilities.

This amendment also permits, under certain circumstances, publicly operated facilities for the mentally retarded to qualify as intermediate care facilities.

Mental retardation is not, in most instances, a condition which responds to treatment. However, there are public institutions whose primary objective is the active provision of rehabilitative, educational and training services to enhance the capacity of mentally retarded individuals to care for themselves or to engage in employment. Public institutions whose primary objective is the provision of health services or rehabilitative services to the mentally retarded should be subject to Federal participation under adequate safeguards. It has accordingly defined such facilities as intermediate care facilities if certain statutory conditions are met.

The first of these conditions is that the institution meets standards of either health services, rehabilitation services or a combination of the two which are set forth by the Secretary of Health, Education, and Welfare. It is expected that the Department of Health, Education, and Welfare, in developing such standards, will take steps to assure that these standards are sufficient to achieve the purposes and to distinguish such facilities from those which are primarily residential. In the case of these facilities, it expects the Secretary's standards to relate not only to fire and safety, but also to sufficient qualified personnel to achieve the stated objectives of the institution.

The second condition is that the individual in such an institution who is mentally retarded, has been determined to need and is actually receiving the health or rehabilitative services which the institutions sets forth as being provided. This condition is necessary because of the shortage of facilities, persons may be placed in such an institution even though they are not actually involved in the institution's program or could not benefit from it.

The third condition of the amendment is that the State government or the local political subdivision responsible for the operation of the institution agree that the Federal funds received by reason of these provisions will not be used to displace non-Federal funds which are already being expended for mentally retarded persons.

An intermediate care facility, under present law, must be an institution or a distinct part of an institution which provides intermediate levels of care.

The amendment removes the distinct part requirement so as to avoid mandating transfers of patients from a nursing home which might, in individual cases, result in a hardship or otherwise affect the physical or mental well-being of a patient adversely. Deletion of the distinct part requirement is not intended to encourage indiscriminate intermingling or inappropriate placement of patients. It is expected that the Secretary of Health, Education, and Welfare would, by regulation, require assurances that not more than a reasonable proportion of intermediate care patients be kept in skilled nursing homes. This would be necessary to avoid dilution of the skilled nursing services for the skilled nursing home patients.

Further, it is expected that there would be lower rates of reimbursement paid for the intermediate care patient who is in the skilled nursing home than would be paid for the skilled nursing patient.

Finally, the Secretary would also be expected to require safeguards, where skilled nursing and intermediate care patients were intermingled, to prevent the nursing home from agreeing to keep an intermediate care patient only until such time as it could find a skilled nursing care patient for the bed.

I urge adoption of this urgently needed amendment—which, again, has previously received Senate approval.

Mr. LONG. Mr. President, it was agreed by the committee that this amendment should not await action on H.R. 1 because the State of Oklahoma, and perhaps other States, need action on this matter immediately.

Mr. HARRIS. Mr. President, I compliment my distinguished colleague, Senator BELLMON, for his efforts in getting this amendment to this stage. I was pleased to be able to attend the Finance Committee meeting.

I am grateful to the chairman of the Finance Committee and to the members of the committee for their willingness to support the amendment. I hope it can be speedily adopted and enacted into law because we have a very serious situation in our State that needs to be corrected.

The Senate once passed the amendment, but it never got to conference because there was no conference on the bill.

The House passed this on H.R. 1, and as we have not gotten on the same vehicle through both Houses, this is our opportunity to do so.

#### INTERMEDIATE CARE—HARRIS-BELLMON AMENDMENT

Mr. LONG. Mr. President, the Senator's amendment is certainly appealing, inasmuch as it was basically developed in the Finance Committee, and as he has noted, has been approved separately by both the House and Senate.

In view of that fact, I certainly would be willing to agree to the Harris-Bellmon amendment.

If, in fact, the committee had added this amendment itself, it would have included the following statement as report language, which I ask unanimous consent to be printed at this point in my remarks. Again, I have no objection to taking this amendment.

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

#### INTERMEDIATE CARE FACILITIES

In order to provide a less costly institutional alternative to skilled nursing home care, the committee and the Congress approved in 1967 an amendment to title XI of the Social Security Act which authorized Federal matching for a new classification of care provided in "intermediate care facilities." The provision was intended to provide a means for appropriate placement of patients professionally determined to be in need of health-related supportive institutional care but not care at the skilled nursing home, or mental hospital level.

The intermediate care benefit was not intended to cover care which was essentially residential or boarding home in nature. It was not intended to provide a refuge for substandard nursing homes which would not or could not meet Medicaid standards. It was not intended as a placement device whereby States could reduce costs through wholesale and indiscriminate transfer of patients from skilled nursing homes to intermediate care without careful and independent medical review of each patient's health care needs.

Many thousands of patients are in skilled nursing homes who do not need that level of care, according to recent General Accounting Office and HEW audit reports. Thousands of those people are in skilled nursing homes because their States have not as yet established intermediate care programs.

The committee has therefore, included an amendment to clarify congressional intent with respect to intermediate care and to make such care, where appropriate, more generally available as an alternative to costlier skilled nursing home or hospital care.

The committee amendment is designed to make it clear that intermediate care coverage is for persons with health-related conditions who require care beyond residential care or boarding home care, and who, in the absence of intermediate care would require placement in a skilled nursing home or mental hospital.

The committee amendment would require an intermediate care facility to meet standards, prescribed by the Secretary, as are deemed necessary to assist in meeting the needs of the types of patients expected to be placed in such institutions.

The amendment also provides for the transfer of the intermediate care provisions from title XI of the Social Security Act to title XIX (Medicaid). This action will enable the medically indigent, presently ineligible for intermediate care, to receive such care when it has been determined as appropriate to their health care needs. This change should also serve to end the practice, in some States, of keeping medically indigent patients in skilled nursing homes where they could more appropriately be cared for in intermediate care facilities. Such States do so because, under present law, Federal matching funds are available toward the costs of skilled nursing home care provided medically indigent persons but not for care of those people in intermediate care facilities.

The committee amendment would also authorize Federal matching under Medicaid for care of the mentally retarded in public institutions which are classified as intermediate care facilities. Matching would be available only in a properly qualified institution meeting standards (in addition to those required of an ICF) established by the Department for mentally retarded persons (other than those primarily receiving custodial care) receiving an active program of health-related treatment or rehabilitation. States would not be eligible for the additional Federal matching funds unless they maintained the level of State and local funds expended for care of the mentally retarded.

The purpose here is to improve medical care and treatment of the mentally retarded rather than to simply substitute Federal dollars for State dollars.

The committee agrees with the House of Representatives that intermediate care is by definition less extensive than skilled nursing home care and that the cost of intermediate care should generally be significantly less per diem than skilled nursing home care in the same area.

In view of the rapidly increasing expenditures for intermediate care and in view of the extension of intermediate care to the medically-indigent, the committee has added another provision to its amendment requiring regular independent professional review of patients in intermediate care facilities. Teams, headed by either a physician or a registered nurse, would regularly review, on site, the nature of the care required and provided to each intermediate care recipient. That review would be undertaken on a patient-by-patient basis on-site and may not be performed at a distance or without reference to the specific circumstances of the individual patient.

The committee reiterates the concern it has previously expressed with respect to the failure of many States to properly undertake the independent medical audit of skilled nursing home and mental hospital patients to assure that each patient for whom Federal funds is provided is in the right place at the right time receiving the right care. This shortcoming among the States has characterized placement and review of intermediate care patients heretofore. Each skilled nursing home, each mental hospital patient, and each intermediate care patient must be individually reviewed by an independent team to assure proper placement. Wholesale and general review for purposes of what is virtually cursory compliance with Federal requirements must not be permitted by the Department of Health, Education, and Welfare. Where such independent audits and other utilization review requirements are not properly carried out, the committee expects that the Secretary will promptly act to reduce Federal matching rates toward costs of the institutional care involved until proper compliance is forthcoming from a State.

The amendment is effective January 1, 1972.

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

Mr. LONG. I yield.

Mr. SCOTT. Mr. President, I understand that all amendments have been cleared all the way around.

Mr. LONG. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

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 third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 10604) was read the third time and passed.

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92-552), explaining the purposes of the measure.

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

#### BACKGROUND AND PURPOSE OF THE BILL

Under present law, the social security lump-sum death payment is made to an insured person's surviving spouse, whether or not his body is available for burial, if they were living together at the time of his death. Where no eligible spouse survives, the lump-sum death payment is contingent upon there being burial expenses. The payment can be made directly to the funeral home for any unpaid burial expenses upon the request of the person who assumed responsibility for those expenses, or the payment can be made as reimbursement to the person who is equitably entitled to the payment by reason of his having paid the burial expenses. In the latter cases, when the body is not available for burial or cremation, there can be no burial expenses, and therefore the lump-sum death payment cannot be paid under the law.

While there may be no burial expenses incurred when an insured person's body is not recovered, the family often incurs expenses in connection with his death, such as expenses for a memorial service, a memorial marker, or a site for a marker. The committee believes that there is no valid reason for denying the lump-sum death payment to help defray the cost of such expenses. On the contrary, it is difficult to justify not paying the lump-sum in such instances, especially in those cases in which the death payment is the only social security benefit that could be payable on the deceased person's earnings record. Most of the current cases in which the body of the decedent is not recovered involve servicemen killed in action.

The committee believes that, because of the above considerations and because the cost of the change would be negligible, the social security lump-sum death payment should be provided for equitably entitled individuals to the extent that they incur expenses customarily connected with a death, even though the body may be unavailable for burial.

#### COSTS OF CARRYING OUT THE BILL AND EFFECT ON THE REVENUES OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the effect on the revenues of this bill.

It is estimated that the cost of the bill would be negligible.

#### VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, as amended, the following statement is made relative to the vote by the committee on reporting the bill.

The committee ordered the bill favorably reported by voice vote.

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APPOINTMENT OF CONFEREES ON  
H.R. 10604, TO AMEND TITLE II  
OF THE SOCIAL SECURITY ACT

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and unrelated expenses for an insured individual whose body is unavailable for burial, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none, and appoints the following conferees: Messrs. MILLS of Arkansas, ULLMAN, BURKE of Massachusetts, BYRNES of Wisconsin, and BETTS.

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authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. LONG, Mr. ANDERSON, Mr. TALMADGE, Mr. CURTIS, and Mr. MILLER conferees on the part of the Senate.

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AMENDMENT OF TITLE II OF SOCIAL SECURITY ACT

Mr. LONG. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 10604.

The PRESIDING OFFICER (Mr. Brock) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. LONG. I move that the Senate insist upon its amendments and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be

LUMP-SUM DEATH PAYMENT; PROVISIONS RELATING TO WORK  
INCENTIVE PROGRAM, INTERMEDIATE CARE FACILITIES COVER-  
AGE UNDER MEDICAID, AND PUBLIC ASSISTANCE INCOME  
DISREGARD

DECEMBER 14, 1971.—Ordered to be printed

Mr. MILLS of Arkansas, from the committee of conference,  
submitted the following

CONFERENCE REPORT

[To accompany H.R. 10604]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same.

IMPROVEMENT OF WORK INCENTIVE PROGRAM

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with amendments as follows:

On page 3, line 2, of the Senate engrossed amendments, strike out "or".

On page 3, line 4, of the Senate engrossed amendments, after the semicolon insert the following: *or*

On page 3, after line 4, of the Senate engrossed amendments, insert the following:

*"(vi) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by clause (i), (ii), (iii), or (iv) of this subparagraph (unless he has failed to register as required by this subparagraph, or has been found by the Secretary of Labor under section 433(g) to have refused with-*

out good cause to participate under a work incentive program or accept employment as described in subparagraph (F) of this paragraph);

On page 3 of the Senate engrossed amendments, after line 9, insert the following:

(3) *Section 402(a) (19) (B) of such Act is amended by striking out "by reason of such referral" and inserting in lieu thereof "by reason of such registration or the individual's certification to the Secretary of Labor under subparagraph (G) of this paragraph."*

On page 3, line 10, of the Senate engrossed amendments, strike out "(3)" and insert the following: (4)

On page 3, line 11, of the Senate engrossed amendments, strike out "effective January 1, 1972,".

On page 3 of the Senate engrossed amendments, strike out lines 13 through 18.

On page 3, line 21, of the Senate engrossed amendments, after "(6)" insert the following: (i)

On page 3 of the Senate engrossed amendments, strike out "by" in line 22 and all that follows down through line 25, and insert the following:

*by striking out "referred to the Secretary of Labor pursuant to subparagraph (A) (i) and (ii) and section 407(b) (2)" and inserting in lieu thereof "certified to the Secretary of Labor pursuant to subparagraph (G)"*

On page 3 of the Senate engrossed amendments, after line 25, add the following:

(ii) *Section 402(a) (19) (F) of such Act is further amended by adding "and" after the semicolon at the end of clause (iv) thereof.*

On page 4 of the Senate engrossed amendments, strike out "and will" in line 17 and all that follows down through the end of line 19 and insert the following:

*and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are ready for*

On page 5 of the Senate engrossed amendments, strike out "by which" in line 9 and all that follows down through the end of line 12, and insert the following:

*by which the number of individuals certified, under the program of such State established pursuant to section 402(a) (19) (G), to the local employment office of the State as being ready for employment or training under part C, is less than 15 per*

On page 5, lines 16 and 17, of the Senate engrossed amendments, strike out "effective January 1, 1972,".

On page 5, line 19, of the Senate engrossed amendments, after "(d)" insert the following: (1)

On page 5, line 23, of the Senate engrossed amendments, strike out the quotation marks.

On page 5 of the Senate engrossed amendments, after line 23, insert the following:

*"(2) Of the sums authorized by section 401 to be appropriated for the fiscal year ending June 30, 1973, not more than \$750,000,000 shall be appropriated to the Secretary for payments with respect to services to which paragraph (1) applies."*

## JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

### IMPROVEMENT OF WORK INCENTIVE PROGRAM

Amendment No. 1.—This amendment made a number of changes in the Work Incentive Program to:

Require an individual, as a condition of eligibility for welfare, to register for the WIN program unless the person is:

- (1) a child under age 16 or attending school;
- (2) ill, incapacitated or for advanced age;
- (3) so remote from a WIN project that his effective participation is precluded;
- (4) caring for another member of the household who is ill or incapacitated; or
- (5) the mother or other relative of a child under the age of six who is caring for the child. Mothers who are not required to register must be told of their opportunity to volunteer to participate.

Increase Federal matching for the WIN program from 80 percent to 90 percent.

Require the welfare agency to designate a separate administrative unit to make arrangements for supportive services needed by welfare recipients in order to participate in WIN program and to refer recipients so prepared to the Labor Department for participation in the WIN program.

Penalize a State if its welfare agency prepares and refers to Labor Department less than 15 percent of registrants in a year by reducing Federal matching one percent for Aid to Families with Dependent Children for every percentage point the proportion of registered individuals the State welfare agency prepares and refers is under 15 percent.

Increase from 75 percent to 90 percent Federal matching for supportive services, including child care, provided to enable welfare recipients to work or participate in WIN program.

Require that not less than 40 percent of expenditures under the

(12) (A) Section 444(a) of such Act is amended by striking out "referred" each place it appears and inserting in lieu thereof "certified".

On page 17, line 5, of the Senate engrossed amendments, strike out "(13) (A)" and insert the following: (B)

On page 17, line 9, of the Senate engrossed amendments, strike out "(B)" and insert the following: (C)

On page 17 of the Senate engrossed amendments, strike out "and (iii)" in line 13 and all that follows down through the end of line 14, and insert the following:

and (iii) by striking out "referred to the Secretary by such agency under such section 402(a) (15)" and inserting in lieu thereof "certified to the Secretary by such agency under section 402(a) (19) (G)".

And the Senate agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with amendments as follows:

On page 17, line 24, of the Senate engrossed amendments, strike out "period" and insert the following: *semicolon*

On page 18, line 7, of the Senate engrossed amendments, strike out "care.'" and insert the following: *care;*".

And the Senate agree to the same.

WILBUR D. MILLS,

AL ULLMAN,

JAMES A. BURKE,

JOHN W. BYRNES,

JACKSON E. BETTS,

*Managers on the Part of the House.*

RUSSELL B. LONG,

CLINTON P. ANDERSON,

HERMAN E. TALMADGE,

CARL T. CURTIS,

*Managers on the Part of the Senate.*

*such employer, of an amount not exceeding 100 percent of the cost of providing such employment to such individual during the first year of such employment, an amount not exceeding 75 percent of the cost of providing such employment to such individual during the second year of such employment, and an amount not exceeding 50 percent of the cost of providing such employment to such individual during the third year of such employment;”*

On page 12 of the Senate engrossed amendments, strike out lines 19 through 21 and insert the following:

*(E) Section 433(g) of such Act is amended—*

*(i) by striking out “referred to the Secretary of Labor pursuant to section 402(a)(19)(A)(i) and (ii)” and inserting in lieu thereof “certified to the Secretary of Labor pursuant to section 402(a)(19)(G)”;* and

*(ii) by striking out “which referred such individual” and inserting in lieu thereof “which certified such individual”.*

On page 13, lines 11 and 12, of the Senate engrossed amendments, strike out “, effective January 1, 1972,”.

On page 13 of the Senate engrossed amendments, strike out lines 22 through 25.

On page 14 of the Senate engrossed amendments, strike out lines 1 through 8.

On page 14, line 9, of the Senate engrossed amendments, strike out “(8)” and insert the following: (7)

On page 14, line 11, of the Senate engrossed amendments, strike out “(9)” and insert the following: (8)

On page 14, lines 14 and 15, of the Senate engrossed amendments, strike out “not later than six months after the date of enactment of the Revenue Act of 1971” and insert the following: *not later than July 1, 1972*

On page 14, lines 16 and 17, of the Senate engrossed amendments, strike out “, as amended by the Revenue Act of 1971”.

On page 15, line 1, of the Senate engrossed amendments, strike out “(10)” and insert the following: (9)

On page 15, line 3, of the Senate engrossed amendments, after the semicolon insert the following: *and*

On page 15, line 10, of the Senate engrossed amendments, strike out “; and”.

On page 15 of the Senate engrossed amendments, strike out lines 11 through 25.

On page 16 of the Senate engrossed amendments, strike out lines 1 through 18.

On page 16, line 19, of the Senate engrossed amendments, strike out “(11)” and insert the following: (10)

On page 16, lines 19 and 20, of the Senate engrossed amendments, strike out “, effective January 1, 1972,”.

On page 17, line 1, of the Senate engrossed amendments, strike out “(12)” and insert the following: (11)

On page 17, lines 1 and 2, of the Senate engrossed amendments, strike out “, effective January 1, 1972,”.

On page 17 of the Senate engrossed amendments, after line 4, insert the following:

(10) Section 407(b)(2)(A) of such Act is amended by striking out "referred" and inserting in lieu thereof "certified".

(11) Section 407(c) of such Act is amended by striking out "refer such father" and inserting in lieu thereof "certify such father".

On page 6, line 9, of the Senate engrossed amendments, strike out "40" and insert the following:  $33\frac{1}{3}$ .

On page 6 of the Senate engrossed amendments, strike out lines 14 through 24 and insert the following:

"(c) Of the sums appropriated pursuant to subsection (a) to carry out the provisions of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 percent shall be allotted among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to such total as—

On page 7 of the Senate engrossed amendments, strike out lines 1 and 2.

On page 7, line 3, of the Senate engrossed amendments, strike out "(A)" and insert the following: (1)

On page 7, line 10, of the Senate engrossed amendments, strike out "(B)" and insert the following: (2)

On page 9 of the Senate engrossed amendments, strike out lines 20 and 21 and insert the following:

(i) by striking out "referred to him by a State, pursuant to section 402" and inserting in lieu thereof "certified to him by a State, pursuant to section 402(a)(19)(G)"; and

On page 10 of the Senate engrossed amendments, strike out lines 1 through 10 and insert the following:

for individuals certified to him under section 402(a)(19)(G), shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed fathers; second, mothers, whether or not required to register pursuant to section 402(a)(19)(A), who volunteer for participation under a work incentive program; third, other mothers, and pregnant women, registered pursuant to section 402(a)(19)(A), who are under 19 years of age; fourth, dependent children and relatives who have attained age 16 and who are not in school or engaged in work or manpower training; and fifth, all other individuals so certified to him."

On page 11 of the Senate engrossed amendments, strike out lines 10 through 24 and insert the following:

"(3) The Secretary shall develop an employability plan for each suitable person certified to him pursuant to section 402(a)(19)(G) which shall describe the education, training, work experience, and orientation which it is determined that such person needs to complete in order to enable him to become self-supporting."

On page 12 of the Senate engrossed amendments, strike out lines 4 through 11 and insert the following:

(ii) Section 433(e)(2)(A) of such Act is amended to read as follows:

"(A) for the payment by the Secretary to each employer, with respect to public service employment performed by any individual for

WIN program be for on-the-job training and public service employment.

Provide a formula for allotting WIN funds to the States based on number of registrants for WIN program (in fiscal years 1973 and 1974, formula is based on number of AFDC recipients).

Require Secretary of Labor to utilize existing manpower and training programs to the maximum possible extent in implementing the Work Incentive Program rather than establish new ones.

Require Secretary of Labor to establish in each State, municipality, or other appropriate geographic area with a significant number of WIN registrants a Labor Market Advisory Council whose function is to identify the types of jobs available or likely to become available in the area; no WIN institutional training may be established unless it is related to these kinds of jobs. The Secretary may designate any appropriate body in existence as the Labor Market Advisory Council in its area.

Require Labor Department in handling WIN referrals to accord priority in the following order, taking into account employability potential:

- (1) unemployed fathers;
- (2) dependent children and relatives age 16 or over who are not in school, working, or in training;
- (3) mothers who volunteer for participation; and
- (4) all other persons.

Require Labor Department and WIN unit of State welfare agency to develop joint State operational plan detailing how WIN program will be operated and joint employability plan for WIN participant.

Delete present funding arrangements for public service employment (special work projects) and instead provide for 100 percent Federal funding for the first year of employment and 90 percent for subsequent years (if employment is less than 3 years, the matching for the first year is reduced to 90 percent).

Authorize Federal matching for the costs related to supervision and materials associated with public service employment.

Require Secretaries of Labor and Health, Education, and Welfare to issue joint regulations, which shall provide for the establishment of (1) a National Committee to coordinate uniform reporting and similar requirements for the administration of the WIN program, and (2) a regional coordination Committee for each region to review and approve the Statewide operational plans required elsewhere in the amendment.

Prevent the Labor Department from entering into any contract for the dissemination of information about the Work Incentive Program.

Require Secretary to collect and publish certain statistical information related to the WIN program.

Authorize Labor Department to pay allowances for transportation and other costs necessary for and directly related to participation in the WIN program.

Authorize the Labor Department to provide technical assistance to providers of employment or training in connection with the WIN program.

Set effective date of July 1, 1972, for all changes unless otherwise specified (increased Federal matching for WIN training and supportive services becomes effective January 1972).

The conference agreement includes the Senate amendment with the following changes:

Exempts from the registration requirement a mother in a family where the father registers.

Makes clear that the WIN unit in the State welfare agency is to provide child care and other supportive services to persons required to be registered with the Secretary of Labor, and to certify when such persons are so prepared.

Sets a limit of \$750,000,000 in fiscal year 1973 on appropriations for supportive services receiving 90 percent Federal matching.

Requires that 33 $\frac{1}{3}$  percent (rather than 40 percent) of expenditures under the Work Incentive Program be for on-the-job training and public service employment.

Provides that 50 percent of the WIN funds be allotted under a formula based on number of registrants; the remaining 50 percent would be distributed by the Secretary of Labor based on criteria he develops.

Sets the following order of priority in handling Work Incentive Program participants: (1) unemployed fathers; (2) mothers who volunteer for participation; (3) other mothers and pregnant women under nineteen years of age; (4) dependent children and relatives age sixteen or over who are not in school, working, or in training; and (5) all other persons.

Deletes requirement of jointly developed employability plan for each Work Incentive Program recipient.

Provides 100 percent Federal funding for the first year of public service employment, 75 percent funding in the second year, 50 percent in the third year and no Federal funding thereafter.

Sets effective date of July 1, 1972, for increased Federal matching for WIN training, public service employment, and supportive services (including child care for WIN participants) rather than January 1, 1972.

Deletes requirement to collect and publish certain WIN statistical data.

The conferees agreed to direct the Secretary of Labor to prepare and publish monthly the following information, by age group and sex, about the operations of the WIN program:

(1) the number of individuals registered, the number of individuals receiving each particular type of work training services, and the number of individuals receiving no services;

(2) the number of individuals placed in jobs by the Secretary, and the average wages of the individuals placed;

(3) the number of individuals who begin but fail to complete training, and the reasons for their failure to complete training, and the number of individuals who register voluntarily but do not receive training or placement;

(4) the number of individuals who obtain employment following the completion of training, and the number whose employment is in fields related to the particular type of training received;

(5) the number of individuals who obtain employment following the completion of training, their average wages, and the number retaining employment 3 months, 6 months, and 12 months following the completion of training;

(6) the number of individuals in public service employment by type of employment, and the average wages of such individuals; and

(7) the amount of savings under the AFDC program realized by reason of the operation of the WIN programs.

#### MEDICAID COVERAGE FOR CARE IN INTERMEDIATE CARE FACILITIES

Amendment No. 2—This amendment added to the House bill a new section providing (effective January 1, 1972) for the coverage of care in intermediate care facilities as an optional service under the medicaid program. (Under present law such care is covered instead, in effect, as an optional benefit under the various cash assistance programs.) An intermediate care facility is defined as an institution licensed to provide regular health-related care and services to individuals who need institutional care but do not need the degree of care which a hospital or skilled nursing home provides; and services in a public institution for the mentally retarded could be included if their primary purpose is to provide health or rehabilitation services, the patient is receiving active treatment, and the public agency agrees that non-Federal expenditures for patients in the institution will not be reduced because of the medicaid payments. The need of individuals for care in these facilities would be determined under an independent professional review and medical evaluation program which must be provided for in the State plan.

The conference agreement includes this Senate amendment, with two minor technical changes.

#### PROVISION FOR DISREGARDING OF CERTAIN OASDI OR RAILROAD RETIREMENT INCOME IN DETERMINING NEED FOR PUBLIC ASSISTANCE

Amendment No. 3—This amendment added to the House bill a new section extending for one year (through December 1972) the existing temporary provision which guarantees that an amount equal to the 1969 social security or railroad retirement benefit increase (or \$4 a month, if less) will be passed along, by being disregarded in determining their need or otherwise, to recipients of cash public assistance who are also entitled to social security or railroad retirement benefits.

The conference agreement includes this Senate amendment.

WILBUR D. MILLS,  
AL ULLMAN,  
JAMES A. BURKE,  
JOHN W. BYRNES,  
JACKSON E. BETTS,

*Managers on the Part of the House.*

RUSSELL B. LONG,  
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HERMAN E. TALMADGE,  
CARL T. CURTIS,

*Managers on the Part of the Senate.*



**CONFERENCE REPORT ON H.R. 10604  
AMENDMENTS TO TITLE II OF THE  
SOCIAL SECURITY ACT**

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 10604), to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial:

**CONFERENCE REPORT (H. REPT. No. 92-747)**

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same.

**IMPROVEMENT OF WORK INCENTIVE  
PROGRAM**

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with amendments as follows:

On page 3, line 2, of the Senate engrossed amendments, strike out "or".

On page 3, line 4, of the Senate engrossed amendments, after the semicolon insert the following: "or".

On page 3, after line 4, of the Senate engrossed amendments, insert the following:

"(vi) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by clause (i), (ii), (iii), or (iv) of this subparagraph (unless he has failed to register as required by this subparagraph, or has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program or accept employment as described in subparagraph (F) of this paragraph);"

On page 3 of the Senate engrossed amendments, after line 9, insert the following:

"(3) Section 402(a)(19)(B) of such Act is amended by striking out 'by reason of such referral' and inserting in lieu thereof 'by reason of such registration or the individual's

certification to the Secretary of Labor under subparagraph (G) of this paragraph."

On page 3, line 10, of the Senate engrossed amendments, strike out "(3)" and insert the following: "(4)".

On page 3, line 11, of the Senate engrossed amendments, strike out "effective January 1, 1972."

On page 3 of the Senate engrossed amendments, strike out lines 13 through 18.

On page 3, line 21, of the Senate engrossed amendments, after "(6)" insert the following: "(1)".

On page 3 of the Senate engrossed amendments, strike out "by" in line 22 and all that follows down through line 25, and insert the following: "by striking out 'referred to the Secretary of Labor pursuant to subparagraph (A) (1) and (11) and section 407(b) (2)' and inserting in lieu thereof 'certified to the Secretary of Labor pursuant to subparagraph (G)'."

On page 3 of the Senate engrossed amendments, after line 25, add the following:

"(11) Section 402(a) (19) (F) of such Act is further amended by adding 'and' after the semicolon at the end of clause (iv) thereof."

On page 4 of the Senate engrossed amendments, strike out "and will" in line 17 and all that follows down through the end of line 19 and insert the following: "and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are for".

On page 5 of the Senate engrossed amendments, strike out "by which" in line 9 and all that follows down through the end of line 12, and insert the following: "by which the number of individuals certified, under the program of such State established pursuant to section 402(a) (19) (G), to the local employment office of the State as being ready for employment or training under part C, is less than 15 per".

On page 5, lines 16 and 17, of the Senate engrossed amendments, strike out ", effective January 1, 1972."

On page 5, line 19, of the Senate engrossed amendments, after "(d)" insert the following: "(1)".

On page 5, line 23, of the Senate engrossed amendments, strike out the quotation marks.

On page 5 of the Senate engrossed amendments, after line 23, insert the following:

"(2) Of the sums authorized by section 401 to be appropriated for the fiscal year ending June 30, 1973, not more than \$750,000,000 shall be appropriated to the Secretary for payments with respect to services to which paragraph (1) applies."

(10) Section 407(b) (2) (A) of such Act is amended by striking out "referred" and inserting in lieu thereof "certified".

(11) Section 407(c) of such Act is amended by striking out "refer such father" and inserting in lieu thereof "certify such father".

On page 6, line 9, of the Senate engrossed amendments, strike out "40" and insert the following: "33 1/2".

On page 6 of the Senate engrossed amendments, strike out lines 14 through 24 and insert the following:

"(c) Of the sums appropriated pursuant to subsection (a) to carry out the provisions of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 percent shall be allotted among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to such total as—"

On page 7 of the Senate engrossed amendments, strike out lines 1 and 2.

On page 7, line 3, of the Senate engrossed amendments, strike out "(A)" and insert the following: "(1)".

On page 7, line 10, of the Senate engrossed amendments, strike out "(B)" and insert the following: "(2)".

On page 9 of the Senate engrossed amendments, strike out lines 20 and 21 and insert the following:

"(1) by striking out 'referred to him by a State, pursuant to section 402' and inserting in lieu thereof 'certified to him by a State, pursuant to section 402(a) (19) (G)'; and".

On page 10 of the Senate engrossed amendments, strike out lines 1 through 10 and insert the following: "for individuals certified to him under section 402(a) (19) (G), shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed fathers; second, mothers, whether or not required to register pursuant to section 402(a) (19) (A), who volunteer for participation under a work incentive program; third, other mothers, and pregnant women, registered pursuant to section 402(a) (19) (A), who are under 19 years of age; fourth, dependent children and relatives who have attained age 16 and who are not in school or engaged in work or manpower training; and fifth, all other individuals so certified to him".

On page 11 of the Senate engrossed amendments, strike out lines 10 through 24 and insert the following:

"(3) The Secretary shall develop an employability plan for each suitable person certified to him pursuant to section 402(a) (19) (G) which shall describe the education, training, work experience, and orientation which it is determined that such person needs to complete in order to enable him to become self-supporting."

On page 12 of the Senate engrossed amendments, strike out lines 4 through 11 and insert the following:

(11) Section 433(e) (2) (A) of such Act is amended to read as follows:

"(A) for the payment by the Secretary to each employer, with respect to public service employment performed by any individual for such employer, of an amount not exceeding 100 percent of the cost of providing such employment to such individual during the first year of such employment, an amount not exceeding 75 percent of the cost of providing such employment to such individual during the second year of such employment, and an amount not exceeding 50 percent of the cost of providing such employment to such individual during the third year of such employment;"

On page 12 of the Senate engrossed amendments, strike out lines 19 through 21 and insert the following:

"(E) Section 433(g) of such Act is amended—

"(1) by striking out 'referred to the Secretary of Labor pursuant to section 402(a) (19) (A) (1) and (11)' and inserting in lieu thereof 'certified to the Secretary of Labor pursuant to section 402(a) (19) (G)'; and

"(11) by striking out 'which referred such individual' and inserting in lieu thereof 'which certified such individual'."

On page 13, lines 11 and 12, of the Senate engrossed amendments, strike out ", effective January 1, 1972."

On page 13 of the Senate engrossed amendments, strike out lines 22 through 25.

On page 14 of the Senate engrossed amendments, strike out lines 1 through 8.

On page 14, line 9, of the Senate engrossed amendments, strike out "(8)" and insert the following: "(7)".

On page 14, line 11, of the Senate engrossed amendments, strike out "(9)" and insert the following: "(8)".

On page 14, lines 14 and 15, of the Senate engrossed amendments, strike out "not later than six months after the date of enactment of the Revenue Act of 1971" and insert the following: "not later than July 1, 1972".

On page 14, lines 16 and 17, of the Senate engrossed amendments, strike out ", as amended by the Revenue Act of 1971".

On page 15, line 1, of the Senate engrossed

amendments, strike out "(10)" and insert the following: "(9)".

On page 15, line 3, of the Senate engrossed amendments, after the semicolon insert the following: "and".

On page 15, line 10, of the Senate engrossed amendments, strike out "; and".

On page 15 of the Senate engrossed amendments, strike out lines 11 through 25.

On page 16 of the Senate engrossed amendments, strike out lines 1 through 18.

On page 16, line 19, of the Senate engrossed amendments, strike out "(11)" and insert the following: "(10)".

On page 16, lines 19 and 20, of the Senate engrossed amendments, strike out ", effective January 1, 1972."

On page 17, line 1, of the Senate engrossed amendments, strike out "(12)" and insert the following: "(11)".

On page 17, lines 1 and 2, of the Senate engrossed amendments, strike out " effective January 1, 1972."

On page 17 of the Senate engrossed amendments, after line 4, insert the following:

"(12) (A) Section 444(a) of such Act is amended by striking out 'referred' each place it appears and inserting in lieu thereof 'certified'."

On page 17, line 5, of the Senate engrossed amendments, strike out "(13) (A)" and insert the following: "(B)".

On page 17, line 9, of the Senate engrossed amendments, strike out "(B)" and insert the following: "(C)".

On page 17 of the Senate engrossed amendments, strike out "and (11)" in line 13 and all that follows down through the end of line 14, and insert the following: "and (11) by striking out 'referred to the Secretary by such agency under such section 402(a) (15)' and inserting in lieu thereof 'certified to the Secretary by such agency under section 402(a) (19) (G)'."

And the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with amendments as follows:

On page 17, line 24, of the Senate engrossed amendments, strike out "period" and insert the following: "semicolon".

On page 18, line 7, of the Senate engrossed amendments, strike out "care." and insert the following: "care;".

And the Senate agree to the same.

W. D. MILLS,  
AL ULLMAN,  
JAMES A. BURKE,  
JOHN W. BYRNES,  
JACKSON E. BETTS,

*Managers on the Part of the House.*

RUSSELL B. LONG,  
CLINTON ANDERSON,  
HERMAN TALMADGE,  
CARL T. CURTIS,

*Managers on the Part of the Senate.*

#### JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

#### IMPROVEMENT OF WORK INCENTIVE PROGRAM

Amendment No. 1: This amendment made a number of changes in the Work Incentive Program to:

Require an individual, as a condition of eligibility for welfare, to register for the WIN program unless the person is:

- (1) a child under age 16 or attending school;
- (2) ill, incapacitated or for advanced age;
- (3) so remote from a WIN project that his effective participation is precluded;
- (4) caring for another member of the household who is ill or incapacitated; or
- (5) the mother or other relative of a child under the age of six who is caring for the child. Mothers who are not required to register must be told of their opportunity to volunteer to participate.

Increase Federal matching for the WIN program from 80 percent to 90 percent.

Require the welfare agency to designate a separate administrative unit to make arrangements for supportive services needed by welfare recipients in order to participate in WIN program; and to refer recipients so prepared to the Labor Department for participation in the WIN program.

Penalize a State if its welfare agency prepares and refers to Labor Department less than 15 percent of registrants in a year by reducing Federal matching one percent for Aid to Families with Dependent Children for every percentage point the proportion of registered individuals the State welfare agency prepares and refers is under 15 percent.

Increase from 75 percent to 90 percent Federal matching for supportive services, including child care, provided to enable welfare recipients to work or participate in WIN program.

Require that not less than 40 percent of expenditures under the WIN program be for on-the-job training and public service employment.

Provides a formula for allotting WIN funds to the States based on number of registrants for WIN program (in fiscal years 1973 and 1974, formula is based on number of AFDC recipients).

Require Secretary of Labor to utilize existing manpower and training programs to the maximum possible extent in implementing the Work Incentive Program rather than establish new ones.

Require Secretary of Labor to establish in each State, municipality, or other appropriate geographic area with a significant number of WIN registrants a Labor Market Advisory Council whose function is to identify the types of jobs available or likely to become available in the area; no WIN institutional training may be established unless it is related to these kinds of jobs. The Secretary may designate any appropriate body in existence as the Labor Market Advisory Council in its area.

Require Labor Department in handling WIN referrals to accord priority in the following order, taking into account employability potential:

- (1) unemployed fathers;
- (2) dependent children and relatives age 16 or over who are not in school, working, or in training;
- (3) mothers who volunteer for participation; and
- (4) all other persons.

Require Labor Department and WIN unit of State welfare agency to develop joint State operational plan detailing how WIN program will be operated and joint employability plan for WIN participant.

Delete present funding arrangements for public service employment (special work projects) and instead provide for 100 percent Federal funding for the first year of employment and 90 percent for subsequent years (if employment is less than 3 years, the matching for the first year is reduced to 90 percent).

Authorize Federal matching for the costs related to supervision and materials associated with public service employment.

Require Secretaries of Labor and Health, Education, and Welfare to issue joint regulations, which shall provide for the establishment of (1) a National Committee to coordinate uniform reporting and similar requirements for the administration of the WIN program, and (2) a regional coordination Committee for each region to review and approve the Statewide operational plans required elsewhere in the amendment.

Prevent the Labor Department from entering into any contract for the dissemination of information about the Work Incentive Program.

Require Secretary to collect and publish certain statistical information related to the WIN program.

Authorize Labor Department to pay allowances for transportation and other costs necessary for and directly related to participation in the WIN program.

Authorize the Labor Department to provide technical assistance to providers of employment or training in connection with the WIN program.

Set effective date of July 1, 1972, for all changes unless otherwise specified (increased Federal matching for WIN training and supportive services becomes effective January 1972).

The conference agreement includes the Senate amendment with the following changes:

Exempts from the registration requirement a mother in a family where the father registers.

Makes clear that the WIN unit in the State welfare agency is to provide child care and other supportive services to persons required to be registered with the Secretary of Labor, and to certify when such persons are so prepared.

Sets a limit of \$750,000,000 in fiscal year 1973 on appropriations for supportive services receiving 90 percent Federal matching.

Requires that 33½ percent (rather than 40 percent) of expenditures under the Work Incentive Program be for on-the-job training and public service employment.

Provides that 50 percent of the WIN funds be allotted under a formula based on number of registrants; the remaining 50 percent would be distributed by the Secretary of Labor based on criteria he develops.

Sets the following order of priority in handling Work Incentive Program participants: (1) unemployed fathers; (2) mothers who volunteer for participation; (3) other mothers and pregnant women under nineteen years of age; (4) dependent children and relatives age sixteen or over who are not in school, working, or in training; and (5) all other persons.

Deletes requirement of jointly developed employability plan for each Work Incentive Program recipient.

Provides 100 percent Federal funding for the first year of public service employment, 75 percent funding in the second year, 50 percent in the third year and no Federal funding thereafter.

Sets effective date of July 1, 1972, for increased Federal matching for WIN training, public service employment, and supportive services (including child care for WIN participants) rather than January 1, 1972.

Deletes requirement to collect and publish certain WIN statistical data.

The conferees agreed to direct the Secretary of Labor to prepare and publish monthly the following information, by age group and sex, about the operations of the WIN program:

- (1) the number of individuals registered, the number of individuals receiving each particular type of work training services, and the number of individuals receiving no services;
- (2) the number of individuals placed in jobs by the Secretary, and the average wages of the individuals placed;

(3) the number of individuals who begin but fail to complete training, and the reasons for their failure to complete training, and the number of individuals who register voluntarily but do not receive training or placement;

(4) the number of individuals who obtain employment following the completion of training, and the number whose employment is in fields related to the particular type of training received;

(5) the number of individuals who obtain employment following the completion of training, their average wages, and the number retaining employment 3 months, 6 months, and 12 months following the completion of training;

(6) the number of individuals in public service employment by type of employment, and the average wages of such individuals; and

(7) the amount of savings under the AFDC program realized by reason of the operation of the WIN programs.

#### MEDICAID COVERAGE FOR CARE IN INTERMEDIATE CARE FACILITIES

Amendment No. 2: This amendment added to the House bill a new section providing (effective January 1, 1972) for the coverage of care in intermediate care facilities as an optional service under the medicaid program. (Under present law such care is covered instead, in effect, as an optional benefit under the various cash assistance programs.) An intermediate care facility is defined as an institution licensed to provide regular health-related care and services to individuals who need institutional care but do not need the degree of care which a hospital or skilled nursing home provides; and services in a public institution for the mentally retarded could be included if their primary purpose is to provide health or rehabilitation services, the patient is receiving active treatment, and the public agency agrees that non-Federal expenditures for patients in the institution will not be reduced because of the medicaid payments. The need of individuals for care in these facilities would be determined under an independent professional review and medical evaluation program which must be provided for in the State plan.

The conference agreement includes this Senate amendment, with two minor technical changes.

#### PROVISION FOR DISREGARDING OF CERTAIN OASDI OR RAILROAD RETIREMENT INCOME IN DETERMINING NEED FOR PUBLIC ASSISTANCE

Amendment No. 3: This amendment added to the House bill a new section extending for one year (through December 1972) the existing temporary provision which guarantees that an amount equal to the 1969 social security or railroad retirement benefit increase (or 84 a month, if less) will be passed along, by being disregarded in determining their need or otherwise, to recipients of cash public assistance who are also entitled to social security or railroad retirement benefits.

The conference agreement includes this Senate amendment.

W. D. MILLS,  
AL ULLMAN,  
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*Managers on the Part of the House.*

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CLINTON ANDERSON,  
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CARL T. CURTIS,  
*Managers on the Part of the Senate.*

Mr. MILLS of Arkansas. Mr. Speaker, in accordance with House Resolution 729, I call up the conference report on the bill (H.R. 10604), to amend title II of the Social Security Act to permit the payment of the lump-sum death pay-

ment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. GROSS. Mr. Speaker, reserving the right to object, may I ask the distinguished gentleman from Arkansas if this bill has been amended?

Mr. MILLS of Arkansas. Yes, there are three amendments that were adopted by the Senate, all of which are germane to the House-passed bill. They are all amendments to the Social Security Act, as is the bill. The text of the House-passed bill was not amended. These are three additions added by the Senate. I shall explain them.

Mr. GROSS. Mr. Speaker, with the statement that all the amendments are germane to the bill, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object—and I shall not object, because I certainly think we should have the statement of the managers read—the question that I raise with the gentleman at this time is that the conference report contains a very extensive revision of part of the Aid to Dependent Children program, with particular respect to the placement and training of women. I wonder if there is not some way that the Members could be advised of the changes that were made and the effect they will have on the general administration of the program of Aid to Dependent Children.

Frankly, I doubt that the House can get a very solid understanding of those changes and their effects in the limited time that we have under a conference report. Would there not be some advantage, depending upon the legislative schedule, in trying to delay this until we have the desired information in written form for the Members.

Let me say to the gentleman, I am going to reluctantly support the conference report. I signed the report, but at the time I did so yesterday afternoon, I made it clear that I was reserving the right to oppose it. I intend to make my arguments for my position later on, and do not intend to take advantage of this reservation to do so at this time.

But, Mr. Speaker, I do think that this is a rather substantial change we are making by this conference report, and we are doing so without the House having considered these particular proposals in the proper context. We considered them only by general reference when we debated earlier in the year the problem of Aid to Dependent Children in connection with the Welfare Reform provisions of H.R. 1. Now we are taking a different route.

I ask the chairman if there is any way we can consider this matter more carefully. I am not trying to avoid consideration of it at this session of the Congress.

Is there some way we can consider it in a framework in which the Members would have a better understanding of it than just listening to the gentleman and me trying to give an explanation?

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. Mr. Speaker, I have a great deal more confidence in the gentleman's ability to explain the matter than perhaps he has himself, and that is understandable. But I do think if we take the time that is allotted in connection with the conference report we can advise any and every Member of the House of the details of this proposition.

I would call to the gentleman's attention the fact that this particular amendment as it was added in the Senate has passed the Senate three times, and the Senate has had hearings on it, and it has been before the public. As the gentleman knows, some of what is in the Senate amendment was also included in H.R. 1 as it passed the House, but I think the matter has been discussed publicly enough so that we can bring it up for consideration by the House and explain it in the hour's debate.

Mr. BYRNES of Wisconsin. Mr. Speaker, the gentleman does not address himself to the question of whether it is absolutely essential. Of course, I am glad to have the flattery, but it does not mean very much, because frankly we did not go into the matter in conference in the depth that it deserves. We made some changes we thought were desirable on the basis of information we were able to develop in that limited discussion in the conference, but I will not stand here in the well and say that I can tell the Members of this House the details or the effect of some of the amendments that were made and are being reported by this conference.

I think generally the amendments are workable. But there are specifics I am not too sure of, and I do not think the gentleman from Arkansas can speak with too much assurance on them. He can have the general feeling that they will work out all right and represent a step in the right direction—and he probably feels that way—but I do not think this is the usual way the gentleman from Arkansas brings a bill to this House, and it is not the usual way in which I like to participate in bringing a bill or a conference report to this House.

Therefore, if at all possible, it would be desirable if the Members could have a little time to review what we finally ended up agreeing to in conference around 4:30 or 5 o'clock yesterday.

Mr. Speaker, there are some things in the conference report which I have not had a chance to read. The gentleman told the staff to try to draft it in a particular way, and if they had problems to do the best they could. It probably had not gone to the printer—some of it was probably concluded just this morning—and the staff did the best they could, but I do not know everything they have done. I have confidence in them, and I have general confidence that what we have done here will prove generally satisfactory.

We have provided that it does not go into effect until July 1, 1972, and we will have 6 months during which we can make some corrections, but what I am asking is: Is there some way in which we can get a little more time to know the details of what we agreed to in the conference?

The gentleman says the parliamentary situation is such that the closing date of this session is imminent, and that such time is impossible, and the gentleman asks this House to take it on his word. That is up to the gentleman, but I think the gentleman from Arkansas would feel more comfortable, and I know I would feel more comfortable, if we could say to the House it ought to be able to work its will on this conference report. Mr. Speaker, I do not oppose it, but I think we should know what we are doing.

Mr. GROSS. Mr. Speaker, further reserving the right to object, when this matter first came up, I thought we were dealing with H.R. 10604, a bill to permit payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial.

Now I find, thanks to the gentleman from Wisconsin, Mr. BYRNES, that the bill has been used as a vehicle for perhaps far-reaching amendments dealing with the Social Security Act. I certainly suggest to the gentleman from Arkansas that he give careful consideration to the suggestions of the gentleman from Wisconsin (Mr. BYRNES) that somehow or other more time be contrived so that the Members of the House may have at least some faint idea of what the amendments propose to accomplish.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BYRNES of Wisconsin. Mr. Speaker, further reserving the right to object, is it the gentleman's feeling that this is the only way he can handle this matter? I want to be reasonable.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. Certainly I yield to the chairman.

Mr. MILLS of Arkansas. There are two provisions in this bill added by the Senate about which there can be no question about the necessity for passing them promptly. One is the \$4 pass through which must be enacted before the 1st of January, or otherwise it is ineffective.

I am advised, perhaps by rumor, that the Congress is getting ready to adjourn sometime this week. I have been scheduled for calling up the conference report this morning by the leadership on our side.

Frankly, I believe if we get into a discussion of this matter I will be able to satisfy the need that exists for making the Members of the House fully cognizant of what is in this other amendment.

Mr. BYRNES of Wisconsin. I agree with the gentleman as to the other two amendments. They are needed and desirable. There is no question about that. Everybody agrees to them, just as everybody agrees with the basic principles of what we have done so far as the original

bill which passed this House is concerned.

I should like to ask the gentleman at this point when he intends to bring up the bill relating to unemployment compensation. On that I take an entirely different attitude, and I shall oppose the conference report. But I should like to have some knowledge from the gentleman as to whether he intends to use this same procedure in asking the House to vote on very substantial amendments without having the language of the substantial amendments before this House.

Mr. MILLS of Arkansas. The gentleman is talking about the second conference report?

Mr. BYRNES of Wisconsin. I am talking about the one on unemployment compensation.

Mr. MILLS of Arkansas. I want to call it up some time this afternoon, if it is possible.

Mr. BYRNES of Wisconsin. I was wondering whether we could not have an understanding, Mr. Chairman, that you would speak with the leadership and see if we could not at least have 24 hours on that. If we are going to be in session tomorrow we could take it up at that time.

I wonder whether the gentleman would not, in that particular case, where there is a high element of controversy, agree that it could go over until tomorrow?

Mr. MILLS of Arkansas. Let us proceed with this, and then the gentleman and I will talk with the Speaker.

Mr. BYRNES of Wisconsin. I would always rather have the gentleman give me a suggestion that at least he is sort of sympathetic with what I am proposing, rather than saying, "Let us forget about it."

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. MILLS of Arkansas. The gentleman and I have worked on the committee together long enough, I know, for the gentleman to know that these are unusual circumstances which would prompt us to bring up conference reports in this manner. It is only the time element which causes us to do it. Normally we have always given the House plenty of time to go over conference reports, to have access to all amendments and the language and so forth; but time just does not permit it under these circumstances.

Mr. BYRNES of Wisconsin. But our committee has always, I thought, had the reputation of trying to bring things to this House so that the House could work its will by understanding what it is doing, by having the language in front of us and full explanations of what we are doing. Here we have a situation where that is not the case. The gentleman is suggesting that not one conference report, but two of them, will come up in this session. I plead with him and with the Democratic leadership to let their own Members have some idea as to what is being done by having at least a statement of the managers that they can look at and read. We could have it in mimeograph form by this afternoon. But if you

are going to call that up following this conference report, then the Members will not have any idea what this is all about. I think it is wrong. I will not be a party to it.

You have the authority under the rule to call it up, but to me it is bad to bring something of this significance and importance before this House in this way unless it is absolutely essential. There is no showing of essentiality, because there are other conference reports waiting and other matters waiting. My understanding is that we will be meeting tomorrow, and if that is the case, at least that bill can go over until tomorrow.

Mr. MILLS of Arkansas. Will the gentleman yield?

Mr. BYRNES of Wisconsin. Yes. I yield to the gentleman.

Mr. MILLS of Arkansas. The gentleman knows, because I asked him to join me in obtaining the permission of the House to have until midnight last night to file both of these conference reports. The gentleman did not do that. If he had not objected, they would be available in printed form today.

Mr. BYRNES of Wisconsin. I wonder about that, and I wonder what kind of staff work would have been done if you had asked them to prepare these two conference reports, in the details required and to have them in by midnight. Certainly no member of that conference could see what kind of a statement they were filing.

Mr. MILLS of Arkansas. But at least they would have been here and available.

Mr. BYRNES of Wisconsin. But no one would have had a chance to see what they were saying and what we were putting in the report as conferees.

Mr. Speaker, I withdraw my reservation of objection.

#### CALL OF THE HOUSE

Mr. GUDE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. One hundred and seventy-one Members are present, not a quorum.

Mr. MILLS of Arkansas. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 463]		
Alexander	Dingell	Harsha
Anderson, Ill.	Dowdy	Hastings
Anderson, Tenn.	Dwyer	Hathaway
Andrews, Ala.	Edwards, La.	Hébert
Archer	Evins, Tenn.	Heckler, Mass.
Baker	Fish	Heinz
Belcher	Flowers	Helstoski
Blatnik	Flynt	Henderson
Bolling	Ford,	Hicks, Wash.
Caffery	William D.	Kastenmeier
Casey, Tex.	Fraser	Keith
Cederberg	Fulton, Tenn.	Landrum
Celler	Fuqua	Latta
Clark	Gallagher	Lennon
Clay	Gaydos	Lujan
Colmer	Gialmo	McClure
Conte	Gibbons	McKevitt
Conyers	Goldwater	McMillan
Curlin	Grasso	Macdonald,
Dellums	Griffiths	Mass.
Dent	Gubser	Martin
Derwinski	Hall	Mikva
Dickinson	Hanna	Minish
Diggs	Hansen, Idaho	Mink
	Hansen, Wash.	Mitchell

Mollohan  
Mosher  
Moss  
O'Hara  
O'Neill  
Pelly  
Pryor, Ark.  
Rallsback  
Rees  
Reid, N. Y.  
Reuss  
Rhodes

Robison, N. Y.  
Rousselot  
Sarbanes  
Scheuer  
Shoup  
Sikes  
Sisk  
Smith, Calif.  
Springer  
Staggers  
Stokes  
Stuckey

Sullivan  
Symington  
Teague, Calif.  
Thompson, N. J.  
Vander Jagt  
Veysey  
Waggoner  
Whitehurst  
Wilson,  
Charles H.

The SPEAKER. On this rollcall 326 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### CONFERENCE REPORT ON H.R. 10604, AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. The Clerk will read the statement.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of today.)

Mr. MILLS of Arkansas (during the reading). Mr. Speaker, I had intended that the Clerk read the entire statement, but if the Members are not going to listen to it I wonder if they want to dispense with further reading of it?

The SPEAKER. Does the gentleman ask unanimous consent?

Mr. MILLS of Arkansas. I do ask unanimous consent, Mr. Speaker, to dispense with further reading of the statement.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BYRNES of Wisconsin. Reserving the right to object, Mr. Speaker, I shall not object because I believe the gentleman's request is certainly in keeping with the facts of the situation. The Members cannot understand the conference report just by the reading of the statement. One has to have it before him or to have somebody explain it to him. That is one of the reasons why I complained about this procedure.

I certainly have no objection to dispensing with further reading of the statement, because it is perfectly clear that the reading, in many cases, is rather a meaningless operation.

Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Arkansas (Mr. MILLS).

Mr. MILLS of Arkansas. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, first let me apologize to the House for bringing in a conference report in a rather unusual manner. It is true that we do not have printed copies of the conference report, but I believe it is entirely possible for the Members who desire to know what is in the conference report to follow the words of the gentleman from Wisconsin, of myself, and of

others who may speak, and thus develop a full understanding of the content of the report.

It will be remembered, Mr. Speaker, that we sent, by unanimous consent, H.R. 10604 to the Senate.

The Senate did not change the language of the House-passed bill. The Senate did add three amendments, all of which are germane to the bill. The bill and the three amendments amend the Social Security Act.

The first amendment the Senate added would provide coverage of care in intermediate care facilities as an optional service under the medicaid program, title XIX of the Social Security Act.

Under present law such service is covered instead as an optional benefit under the various cash assistance benefit programs. An intermediate care facility is designed as an institution licensed to provide regular health-related care and services to people who need institutional care but who do not need the degree of care which a hospital or a skilled nursing home provides.

Services in a public institution for the mentally retarded could be included within the scope of the amendment if the primary purpose of the institution is to provide health or rehabilitation services, the patient is receiving active treatment, and the public agency agrees that non-Federal expenditures for the patient in the institution will not be reduced because of the medicaid benefits.

The need for care in these facilities would be determined under an independent professional review and medical evaluation program which must be provided for in the State plan.

The Senate amendment is virtually the same as a provision included in H.R. 1 which passed the House last June. The basic purpose of the provision is to avoid situations, which can arise under present law, where an individual who is medically indigent, but who is not receiving cash public assistance, cannot be transferred from a skilled nursing home to an intermediate care facility and still have Federal matching available. The result has been that people have been kept in skilled nursing homes when a lower level of care would have been more appropriate. And, of course, the more skilled the care the more we are paying for that care because intermediate care should cost less than skilled care. The Senate amendment would remove that effect. The House conferees agreed to the Senate amendment. There was no argument in the conference on this amendment.

The second amendment included by the Senate to the bill would extend through December 1972 the so-called \$4 pass-along associated with the 15-percent benefit increase which was effective in January of 1970. A similar provision was in H.R. 1 when it passed the House. This amendment is needed now in order to provide that some 600,000 aged, blind, and disabled people will not have their public assistance checks reduced by \$4 next month. The House agreed to this Senate amendment without any controversy. This is the amendment that the gentleman from California (Mr. BURTON) has done so much to support to help these people on assistance.

Now, the third Senate amendment involves a lot more detail. The amendment made a series of changes in the work incentive program under present law. These amendments would make the following changes in that program:

Require an individual, as a condition of eligibility for welfare, to register for the WIN program unless the person is:

First, a child under age 16 or attending school;

Second, ill, incapacitated, or of advanced age;

Third, so remote from a WIN project that his effective participation is precluded;

Fourth, caring for another member of the household who is ill or incapacitated; or

Fifth, the mother or other relative of a child under the age of six who is caring for the child. Mothers who are not required to register must be told of their opportunity to volunteer to participate.

The amendment increases the Federal matching for the WIN program from the present 80 percent, which is one of the handicaps in some of the States, to 90 percent Federal. It requires the welfare agency to designate a separate administrative unit to make arrangements for supportive services needed by welfare recipients in order to participate in the WIN program and to refer recipients so prepared to the Labor Department for participation in the WIN program.

The amendment would penalize a State if its welfare agency prepares and refers to the Labor Department less than 15 percent of registrants in a year by reducing Federal matching 1 percent for aid to families with dependent children for every percentage point the proportion of registered individuals the State welfare agency prepares and refers is under 15 percent.

The amendment increases from 75 percent to 90 percent Federal matching for supportive services, including child care, provided to enable welfare recipients to work or participate in the WIN program.

The amendment requires that not less than 40 percent of the expenditures under the WIN program be for on-the-job training and public service employment. Then it provides a formula for allotting WIN funds to the States based on the number of registrants for the WIN program in fiscal years 1973 and 1974.

The amendment requires the Secretary of Labor to utilize existing manpower and training programs to the maximum extent in implementing the Work Incentive program rather than establishing new ones.

The amendment would require the Secretary of Labor to establish in each State, municipality, or other appropriate geographic area with a significant number of WIN registrants, a Labor Market Advisory Council whose function is to identify the types of jobs available or likely to become available in the area. No WIN institutional training may be established unless it is related to these kinds of jobs. The Secretary may designate any appropriate body in existence as the Labor Market Advisory Council in its area.

Next, the amendment requires the

Labor Department in handling WIN referrals to accord priority in the following order, taking into account employability potential:

First. Unemployed fathers;

Second. Dependent children and relatives age 16 or over who are not in school, working, or in training;

Third. Mothers who volunteer for participation; and

Fourth. All other persons.

The amendment requires the Labor Department and WIN units of State welfare agencies to develop a joint State operational plan, detailing how the WIN program will be operated with joint employability plans for WIN participants.

It would delete present funding arrangements for public service employment, called special work projects, and instead provide for 100-percent Federal funding for the first year of employment and 90 percent for subsequent years. If employment is less than 3 years, then the matching for the first year is reduced to 90 percent.

The amendment authorizes Federal matching for the costs related to supervision and materials associated with public service employment.

The amendment requires the Secretaries of Labor and Health, Education, and Welfare to issue joint regulations, which shall provide for the establishment of first, a National Committee to coordinate uniform reporting and similar requirements for the administration of the WIN program, and second, a regional coordination committee for each region to review and approve the State-wide operational plans required elsewhere in the amendment.

It would prevent the Labor Department from entering into any contract for the dissemination of information about the work incentive program.

The amendment requires the Secretary to collect and publish certain statistical information related to the WIN program.

The SPEAKER. The time of the gentleman from Arkansas has expired.

Mr. MILLS of Arkansas. Mr. Speaker, I yield myself 5 additional minutes.

The SPEAKER. The gentleman from Arkansas is recognized for 5 additional minutes.

Mr. MILLS of Arkansas. Mr. Speaker, the amendment authorizes the Labor Department to pay allowances for transportation and other costs necessary for and directly related to participation in the WIN program.

The amendment authorizes the Labor Department to provide technical assistance to provide employment or training in connection with the WIN program.

The effective date for the bill is July 1, 1972, except for the Federal matching for WIN training, and supportive services which becomes effective on January 1, 1972.

The conferees on behalf of the House went into these amendments in considerable detail with the Senate, and agreed to the Senate amendment, with the following changes:

Exempts from the registration requirement a mother in a family where the father registers.

Makes clear that the WIN unit in the State welfare agency is to provide child

care and other supportive services to persons required to be registered with the Secretary of Labor, and to certify when such persons are so prepared.

Sets a limit of \$750 million in fiscal year 1973 on appropriations for supportive services, such as day care, receiving 90 percent Federal matching.

Requires that 33 1/3 percent, rather than 40 percent, of expenditures under the Work Incentive program be for on-the-job training and public service employment.

Provides that 50 percent of the WIN funds be allotted under a formula based on a number of registrants; the remaining 50 percent would be distributed by the Secretary of Labor based on criteria he develops.

The conference report sets the following order of priority in handling Work Incentive program participants: first, unemployed fathers; second, mothers who volunteer for participation; third, other mothers and pregnant women under 19 years of age; fourth, dependent children and relatives age 16 or over who are not in school, working, or in training; and fifth, all other persons.

The conference report deletes the requirement of jointly developed eligibility plan for each Work Incentive program participant.

The conference report provides 100 percent Federal funding for the first year of public service employment of each participant, 75 percent funding in the second year, 50 percent in the third year, and no Federal funding thereafter.

The conference report sets effective dates of July 1, 1972, for increased Federal matching for WIN training, public service employment, and supportive services, rather than January 1, 1972.

The conference report deletes the requirement to collect and publish certain WIN statistical data. While the House conferees did not accept this amendment, requiring the collection and publication of certain statistical data with respect to the WIN program, the conferees agreed to direct the Secretary of Labor to carry out the purpose of that provision.

The House conferees were guided in their consideration of the Senate amendment by action already taken in H.R. 1, which would have set up an entirely new work program for public assistance recipients. The House can be assured that there is nothing to which the House has agreed which would be inconsistent with the adoption of the new work program which was included in H.R. 1. As a matter of fact, it can very well be argued that the interim steps which these amendments would make would mean an earlier and more effective operation of the new program included in H.R. 1.

And I also want to make clear that there is nothing in this bill which would affect the earnings disregard provision in present law.

It will be borne in mind, Mr. Speaker, that the President asked, after the bill passed the House, for the effective date of H.R. 1 to be delayed from July 1, 1972, to July 1, 1973. Certainly if we can make an improvement in the operation of the WIN program for just 1 year and see to it

that those who are qualified for training are required to take training, do take training and enhance their possibility for jobs, we should do it even for that 1 year.

I would urge the adoption of the conference report.

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Speaker, I would like to ask the distinguished gentleman from Arkansas whether or not the WIN program is strictly voluntary with the welfare recipient, that is, other than those requirements for those who are physically and mentally able to work, to do anything or to suffer some penalty?

Mr. MILLS of Arkansas. The catch in the whole thing is this: In existing law we use this mandate to the States, that they be responsible for assigning people to the WIN program. The welfare office assigns to the WIN program those who are "appropriate" for such training and work.

The definition of the word "appropriate" is left to the State welfare department. In some States there has been a rather strict interpretation of the word "appropriate" and many people have been assigned to the WIN program. In other States, there has been a less strict interpretation of the word "appropriate" and very few, if any, have been assigned to the WIN program.

So we are requiring all people except those who are specifically excluded in this amendment to sign up for the WIN program.

This is a material improvement.

Mr. BYRNES of Wisconsin. Mr. Speaker, I yield myself 10 minutes.

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Speaker, as I said earlier this afternoon, I think it very regrettable that a committee such as the Committee on Ways and Means, which deals with very sensitive areas of legislation, should come in here and ask the House to accept the work of five members in a conference committee that was under pressure so far as time is concerned, and to accept it, more or less with the oral assurances or explanations of some members of the conference as to what was done.

I would hope that this does not set a precedent.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. MILLS of Arkansas. I think there is a great deal of merit in what the gentleman says about this unusual procedure. I have just conferred with the Speaker of the House and the Speaker tells me that if we want to hold over the next conference report until tomorrow, it is agreeable with him and he will recognize you and me to call it up when the House convenes tomorrow. I am perfectly willing to do that because I do not like this business of bringing in these reports without having a printed copy of the report available.

Mr. BYRNES of Wisconsin. I thank the

gentleman. I think it would be most salutary if we could have the information available, as it will be sometime today, on the conference report. I would assume that the printer has been requested to expedite the printing of the report.

If I may suggest to the chairman and the Speaker, it would be helpful if this material, as soon as it arrives from the printer, could be available at the clerk's desk so that Members may have it in preparation for a discussion of the matter tomorrow.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield further?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. MILLS of Arkansas. If the gentleman will yield for that purpose now, that is perfectly agreeable to me and I will submit the conference report now for printing under the rules, so as to expedite the matter as much as possible.

Mr. BYRNES of Wisconsin. I would appreciate that.

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CONFERENCE REPORT ON H.R. 10604,  
AMENDMENTS TO TITLE II OF THE  
SOCIAL SECURITY ACT

Mr. BYRNES of Wisconsin. Mr. Speaker, now to this conference report. First, the House passed a very desirable change in the Social Security Act with respect to providing lump sum death benefits in certain cases where the body itself could not be found for burial, in order to help with memorial services, and other expenses in connection with the death. I think it was a laudable purpose; it was a good bill, and it passed here, by unanimous consent.

The Senate added two amendments which I think are also very desirable as changes to the Social Security Act. One provides for the coverage of patients in intermediate care facilities. As an optional source under the medicaid program. Under present law, such service is covered instead as an optional benefit under the various cash assistance benefit programs.

I think this is a most desirable amendment from our standpoint and from the standpoint of the States.

I think it is most important that we enact this at the earliest possible date.

As the chairman pointed out, the Senate also added an amendment to continue the authority of the States to pass through the social security benefits to individuals who, in addition to receiving old-age and survivors insurance, are also receiving old-age assistance, so that when we increase the social security by \$4, it would not mean that some old-age assistance checks automatically would be reduced by \$4, and so that individuals would have, in the end, \$4 more in purchasing power than might be the case if this amendment did not pass.

While I have some question as to the policy involved, I think it is advisable, particularly under current economic circumstances, that we provide for this passthrough and make sure it does not expire. We have provided for it in H.R. 1, but because the Senate has not seen fit to enact the various social security amendments and revisions in H.R. 1, this is one item that does face a deadline,

and therefore I think action here is desirable.

Then, as the chairman has pointed out, the Senate also added a very substantial change in the treatment of people receiving benefits under the program of aid to dependent children. Let me say, Mr. Chairman, that I am completely sympathetic with the objectives and the general purposes of the amendment known as the Talmadge amendment, adopted by the Senate, which does beef up the program to get people into jobs or training for jobs. I do not appear here in opposition to the underlying philosophy of the Senate amendments.

I am going to vote for the conference report. I signed the conference report. In conference I asked to make some changes which were agreed to by the conferees in this particular amendment to make it conform more to what the House had done in passing H.R. 1.

The SPEAKER. The gentleman from Wisconsin has consumed 10 minutes.

Mr. BYRNES of Wisconsin. Mr. Speaker, I yield myself 5 additional minutes.

We were successful in the conference in that regard.

My concern here is twofold. First, I am not sure that because of the limited time we had to deal with a very complex area that we really understand all the implications of what we were doing. It is a very far-reaching and broad amendment. As I said, I am 100 percent for the general proposition and the general principle. The questions I have are on the details. Have we created some problems? Have we created some inequities? Have we created some injustices? Have we thrown up roadblocks to getting people into the economic mainstream of this country, to making them more self-sufficient and less dependent upon public assistance, thus improving our whole welfare system?

I do not know the answers. That is my whole problem, because in the time we had on this complex area, we could not go into all facets and details. We were not fresh from hearings on this subject. We were not fresh from consideration of the issue. We were last year, but many other matters have intervened to occupy the time of the conferees, so we probably entered that conference not as familiar as we normally would have been. We simply had not the time to refresh our minds on all the details. That is the part that really bothers me, the cursory fashion in which we have acted.

There is another problem. I happen to be a proponent, and an enthusiastic proponent, of the welfare reform that was contained in H.R. 1. I think we have a welfare nonsystem which grew up like Topsy, and now we are adding another layer by our action here. It seems to me we should do many of the things that are provided in this amendment, but we should do them in a more coordinated way—coordinated with reform of our current welfare system.

This is a piecemeal approach. It takes part of H.R. 1 and tries to graft it on. I hope it will be an improvement on present operation. It should be, but I think we would do much better if we insisted that the Senate act on a bill that we have twice sent to them, which involves true welfare reform, instead of playing with it

on a piecemeal basis, and never facing up to the real need for reform. I think the conference made a mistake in even agreeing to consider this matter in this context. We should have said we will consider it, and we want to consider it, but bring it to us in a form in which we can have in conference not just what the other body decided to do in the area of welfare, but also what the House has decided to do on two different occasions.

So that is basically what I object to here—the manner in which this is handled, the cursory treatment it has received, and its treatment independently from the overall and more pressing problems that we all know exist, embodied in the need for welfare reform.

I do not know of anyone who will endorse the present welfare system—the taxpayers, the counties, the States, the Federal Government, or the welfare recipients.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. BYRNES of Wisconsin. Mr. Speaker, I yield myself 5 additional minutes.

They are all disgusted with the existing system, and it is time that they became disgusted with the Congress for not doing something about it or for doing it only in a piecemeal fashion.

I believe it is time for us to say to the other body: "Send us this welfare reform bill. Make what changes you want, but send it back so that when we get to conference we have before us what we in the House have done on two different occasions as well as what you desire to have done, and then we can work out a compromise."

There were some changes which we thought should be made in the Senate amendment to make it conform more to the expressed wishes of the House. But we could not do that. Why? Because it would not have been within the purview of the conferees, and the conference report than would have been subject to a point of order.

I believe this House has a right to have its say on what is done in the area of welfare reform. We should have in conference the product of this House and the product of the Ways and Means Committee, which has been twice passed, as I mentioned, but has been held up in the Senate.

When they come to conference, not with that basic legislation and amendments to it, but with some facet of it, we have no opportunity to make changes which would be more in accord with the House position. That is what I protest today, Mr. Speaker.

But I am not going to oppose the conference report because I do realize that there are three other items in this bill which are desirable.

So far as its basic implementation is concerned, the effective date for the main provisions of this controversial amendment is July 1, 1972. We shall have at least 6 months for the staffs, for the Department, for others to go over it in a more studious way, to see whether mistakes or errors have been made in what we have done, and to recommend corrections before the implementing date.

Therefore, I can accept the conference

report on the ground that even though there may be some errors in it, we do at least have some time to make corrections before it becomes effective.

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Speaker, I believe the gentleman is understating both the consideration that was given to this matter and the expertise that was brought to bear, which the gentleman himself has. I want to commend him for going into this conference on each one of the items that are a part of this amendment, and going into them in great detail and great thoroughness.

The gentleman, I know, agrees these are not new concepts. We have been working with every single one of these concepts. Back in 1967 we originated the WIN program, and then we gave them all lengthy consideration in H.R. 1, and then more recently.

These are all concepts the gentleman did bring to bear a great deal of consideration and expertise on in the conference.

So far as I am concerned, I believe we put it together in a better way, perhaps, than we could have done had we had some other vehicle to do it.

Mr. BYRNES of Wisconsin. I appreciate the comments of the gentleman. If this all turns out well I will be glad to accept credit for what has been done. If it does not, let me suggest at this point that I can kind of hold in reserve any responsibility for it, and we can leave it at that.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the chairman.

Mr. MILLS of Arkansas. It is my understanding that the chairman of the Finance Committee in the conference said it was his intention to have H.R. 1 on the floor of the Senate for consideration not later than March 1. Did he make that statement?

Mr. BYRNES of Wisconsin. There was something said that I think generally had that effect. I am not too sure how firm it is or that it was any guarantee, although he did suggest he had had an understanding, I believe, with his party leadership in the Senate and that he would do what he could to bring it to the Senate for action approximately the first of March next year.

The SPEAKER. The time of the gentleman has expired.

Mr. BYRNES of Wisconsin. Mr. Speaker, I yield myself 3 additional minutes.

Mr. Speaker, even March 1 would be a long overdue date. We should have had this in conference several months ago, so that we could have worked out and had in law or in a conference report something in the area of real welfare reform. That is where I have my grievance with what is being done here and with the Senate.

Mr. MILLS of Arkansas. Will the gentleman yield further?

Mr. BYRNES of Wisconsin. Yes. I yield to the chairman.

Mr. MILLS of Arkansas. I only asked the question because if it works out that the Senate does act on H.R. 1 in the first part of March, it is entirely possible that we could complete a conference report by the effective date of this amendment, which is July 1, 1972.

Mr. BYRNES of Wisconsin. I think, though, Mr. Chairman, that since this is grafted onto a federal-state system, and since what we contemplated in H.R. 1, at least in the area of work requirements, was federalization, that you are going to have to make some substantial changes, and it would not change the effective date or the effectiveness on this part of that situation.

Mr. MILLS of Arkansas. That is my point. But if we do have to make some changes, we will have the opportunity to do it before July 1 at least.

Mr. BYRNES of Wisconsin. Right. Really, it seems that even if the Senate does not send us this bill—

Mr. MILLS of Arkansas. Absolutely. Absolutely.

Mr. BYRNES of Wisconsin. But that is what I am going on. However, no matter what happens we can bring it to fruition or have some action to correct any deficiencies or errors in this amendment.

Mr. SAYLOR. Will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. SAYLOR. Mr. Speaker, I want to join with the gentleman from Wisconsin in complaining about this piecemeal approach to welfare reform.

Some cases in Pennsylvania have come to my attention where men are earning \$22,000 a year and drawing as much as \$3,000 in welfare and, believe it or not, that is the program in effect right now. They deduct their Federal and local taxes. They deduct their automobile payments. They can deduct their car payments and deduct all of their transportation expenses. A breakdown of the arithmetic used to justify and trim an annual salary of \$21,853.20 to justify \$3,004.80 in cash grants, plus \$312 worth of food stamps and free medical care are as follows:

Monthly gross earnings.....	\$1,821.10
Less \$30 (WIN regulation).....	30.00
Less 1/2 (WIN regulation).....	579.03
Less Federal and local taxes.....	325.10
Less union dues.....	169.00
Less car payment.....	110.90
Less transportation expenses (7 cents a mile).....	147.51
Adjusted income total.....	441.56
Add contribution of working dependent.....	15.00
Adjusted income for welfare purposes.....	456.56

On this basis the recipient qualified for a monthly cash grant of \$250.40 plus other welfare benefits.

This is one of the things that just has to be gotten rid of. I agree we should not attack the welfare problem in this piecemeal manner.

Mr. MILLS of Arkansas. Will the gentleman yield to me?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. MILLS of Arkansas. As I followed the gentleman from Pennsylvania, my

good friend, the cases he mentions are completely illegal payments under our Federal law.

Mr. SAYLOR. Will the gentleman yield to me?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. SAYLOR. Very frankly, the State of Pennsylvania is paying this kind of arrangement and the Federal Government has concurred in it. John L. Costa, Commissioner, Social and Rehabilitation appeared at a meeting and said that he had heard some of the interpretations being used in Pennsylvania and that they are correct.

He further stated "Under the present Federal law, it is possible for a family to earn substantial income and still be eligible for welfare assistance."

This is just an absolute disgrace to the people who must be on welfare, and who deserve our best.

Mr. BYRNES of Wisconsin. The problem the gentleman refers to is attributable—at least in part—to the methods used in computing the income disregard under existing law. We corrected this problem and many others in H.R. 1; unfortunately, this problem the gentleman refers to and the others the House welfare reform bill dealt with are still with us and have not been corrected in the piecemeal approach taken in this bill.

Mr. MILLS of Arkansas. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. CAREY).

Mr. CAREY of New York. Mr. Speaker, I thank the chairman for yielding me this time.

I take this time in order to propose one query of the chairman.

Those of us who supported the gentleman in the preparation of H.R. 1 knew it was meant to be a massive forward step in cooperating with the major national problem on welfare through the Federalization of welfare, and so forth. The time lag in between the passage of the House bill in two different Congresses and the Senate action thereon caused a great deal of difficulty and dilemma among the State and local welfare agencies in waiting to see what Congress will do.

As I view the action of the conferees and the House today, we are just moving a transmission belt toward a new system. This may help solve the dilemma and the difficulties that the State and local welfare people have who are just waiting for such eventual action as we know Congress is bound to take.

This is a phase-in arrangement and it has in it some attractive features which will make H.R. 1 work more effectively when it comes into being, specifically I note the provision of day care services at Federal expense. A major achievement, in law for family assistance.

Mr. MILLS of Arkansas. I think the gentleman is exactly correct.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. HOLIFIELD).

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Speaker, I

would like to thank the chairman of the committee and the conferees on both sides as well as the distinguished minority leader on the committee for their courteous consideration of this small original bill, I had no idea at the time it would get into such trouble over in the other body. But, we do appreciate the courtesy the committee has shown me in arriving at a resolution of these very difficult problems.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. Yes, I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I think in our experience here that no matter what you send over there, you have got to keep your fingers crossed as to what is going to come back.

Mr. MILLS of Arkansas. Mr. Speaker, if the gentleman will yield, I might suggest to the gentleman from California that his matter was entirely noncontroversial and entirely desirable. We brought back, though, three additions to it which in my opinion enhances the gentleman as the author of the original legislation.

Mr. HOLIFIELD. In my opinion the original bill, about which there was no objection to its purpose, now carries with it a tremendous amount of humanitarian benefits. I thank the members of the Ways and Means Committee again.

Mr. BYRNES of Wisconsin. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. SAYLOR).

(Mr. SAYLOR asked and was given permission to revise and extend his remarks and to include extraneous matter.)

[Mr. SAYLOR addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. EDMONDSON. Mr. Speaker, I support the conference report on H.R. 10604 and commend the House conferees led by our distinguished colleague, the Honorable WILBUR MILLS.

The acceptance by the conferees of a Senate amendment regarding intermediate care will avert a real crisis in the nursing homes of Oklahoma, and I appreciate the action taken in conference.

I trust the conference report will be overwhelming approved.

Mr. ULLMAN. Mr. Speaker, as ranking majority member of the Committee on Ways and Means, I was an active participant in the deliberations of the conference on H.R. 10604. I would like to review this legislation briefly with special emphasis on the changes it makes in the existing work incentive program. I want to show here and now that these changes when taken together can move effectively to break the welfare cycle.

I also want to point out that these WIN amendments have a considerable history and have been the subject of considerable public debate. The Senate passed these amendments on three separate occasions; the first two times the amendments were adopted by the Finance Committee and retained on the floor.

Most recently, the Senate added the provisions to the Revenue Act of 1971.

The conferees on that bill dropped them only because they were not germane. And it should be pointed out that the Finance Committee held hearings on these provisions when Senator TALMADGE first introduced them in 1970.

Mr. Speaker, I wish to express my strong support for the conference agreement reached on H.R. 10604. As passed by the House, this bill would have somewhat broadened the conditions under which a lump-sum payment can be made upon the death of a person who is insured under the social security system. The Senate added amendments dealing with other Social Security Act programs which would extend a temporary provision for passing along to public assistance recipients a portion of their increased social security benefits under 1969 legislation, which would provide for coverage under the medicaid programs of care in intermediate care facilities, and which would make a number of changes in the WIN or work incentive program for recipients of aid to families with dependent children—AFDC.

In general, the conference accepted the Senate amendments in each of these three areas, with several modifications in the WIN provisions. I am particularly enthusiastic about the work incentive amendments since they, in many ways, strike directly at the heart of some of the worst features of the existing program—features which I and others have long recognized as barriers to achieving self-sufficiency for employable welfare recipients and their families.

As agreed to by the conference committee, H.R. 10604 would require the registration with the Labor Department of all AFDC recipients who do not meet one of a limited number of specific exceptions. The exceptions include those categories of recipients who would not generally have much employment potential such as, for example, children, the aged and ill, and mothers caring for pre-school children.

This registration requirement is an important step in the direction of an objective I have seen as an absolute essential if we hope to solve the welfare problem, and that objective is the clear separation of employable and nonemployable recipients so that our efforts at improving employability can be directed to those who can use them.

A second major aspect of the WIN amendments agreed to by the conference committee flows logically from the first. Having identified those who are potentially employable, the State welfare agencies are required to propose them for jobs, or to participate in training leading to jobs. A very reasonable and attainable goal is set by the legislation that each State must certify to the Department of Labor as ready for employment or training at least 15 percent of those required to register. To the extent that a State fails to meet this goal, it would be penalized by having its Federal matching funds for AFDC reduced.

The bill also contains important provisions to help assure that State welfare agencies will be able to meet or exceed the minimum requirements. For one thing, it requires each State welfare

agency to establish a separate unit which will have the sole responsibility for providing to registered AFDC recipients those services necessary to prepare them for work or training. More importantly, it increases the Federal matching share for such services from the 75 percent which is now in effect to 90 percent. And among the services covered by this increased matching is child care.

I have long felt that the lack of an adequate supply of child care is the greatest single barrier to making welfare recipients self-sufficient through employment. And this is a view which I know is nearly universally shared. Similarly, the administration has testified time and again that the greatest barrier to expanded child care under the AFDC program is the requirement of a 25-percent State or local matching. By reducing the required State and local share to 10 percent, this bill should virtually eliminate that barrier to employment. As a safeguard, however, the conference agreement puts a \$750 million limit on the services which can qualify for the 90-percent matching in fiscal year 1973.

After employables are identified and after they are prepared for work or training, there still remains the task of finding work for them or placing them in training which will enable them to get work. The bill also attacks this problem. Because the limited funds that are available for this expensive business of transforming an employable person into an employed person have too often been spent on institutional training which did not in fact lead to a job for the trainee, the bill requires the Secretary of Labor to establish, in each appropriate area, labor-market advisory councils which will advise him of the types of jobs available or likely to become available in each area. It also requires him to expend at least one-third of all WIN funds each year on those employment-based programs of on-the-job training and public-service employment—programs which create jobs for recipients rather than training them for jobs which may or may not exist.

To further bolster the work and training aspects of the WIN program, the bill cuts from 20 to 10 percent the required State or local share of program costs and simplifies the funding of public service employment by providing that a recipient may be placed in a public service job with 100 percent Federal funding of the costs involved for the first year of his employment, 75 percent for the second year, and 50 percent for the third year. This is essentially the same public service employment provision as that already approved by the House as a part of H.R. 1.

To assure the proper and efficient use of WIN program funds, the bill requires that at least half of such funds be allocated among the States under a formula based on the number of registrants and it requires the Secretary of Labor to provide manpower services to those certified to him according to specified priorities.

These amendments to H.R. 10604 are not hastily conceived additions. They are, rather, thoughtful responses to some of the most basic flaws in the present wel-

fare system. Essentially the same amendments, as I indicated above, were proposed by the Senate Committee on Finance as amendments to the social security bill considered at the end of the last Congress. The Ways and Means Committee also heard extensive testimony on these basic points. The faults brought before both committees are in large measure corrected by these amendments.

As I said in my dissenting views in the report on H.R. 1, the keystones of welfare reform are child care, job training, and job placement. This bill takes a significant step in just those directions.

#### GENERAL LEAVE

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days during which to extend their remarks at this point in the RECORD on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS of Arkansas. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 10604) to amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. HANSEN). Is there objection to the present consideration of the report?

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

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of this date a pp. H12444-H12446).

Mr. LONG. Mr. President, the Senate added three amendments to H.R. 10604, a noncontroversial bill providing for the payment of social security lump sum death benefits in certain cases in which the body is not available for burial.

#### IMPROVEMENT OF THE WORK INCENTIVE PROGRAM

The first of these Senate amendments, introduced by Senator TALMADGE, makes a number of changes designed to improve the work incentive program for welfare recipients under the Social Security Act. I am pleased to say that these provisions were accepted by the conferees with very few changes. As agreed to by the conferees, the amendments would:

Insure that welfare recipients are provided the services they need, including child care, to participate effectively in the work incentive program.

Emphasize employment-based rather than institutional training under the program.

Relate institutional training much more closely to actual jobs available.

Set priorities for participation in the work incentive program, giving high priority to mothers who volunteer to participate in the program.

Ease the fiscal burden on the States by increasing Federal matching from 80 to 90 percent for expenses under the work incentive program and from 75 to 90 percent for child care, family planning, and other services needed to permit an individual to participate in the WIN program. Often States will be able to put up their entire 10-percent matching in kind, so this increase in the matching percent should enable them to make significant progress in developing these needed services.

Increase Federal matching for the public service employment component of the work incentive program to 100 percent for the first year of employment, 75 percent for the second year, and 50 percent for the third year.

Institute an orderly registration procedure for participation in the WIN program and make a number of other changes to improve the operation of the program.

I would like to single out one aspect of the conference agreement for comment because it concerns a matter that is critical to the success of the work incentive program. The major failings of the WIN program at the local level have been due to a lack of coordination between the

employment service and the welfare agency. The Senate amendment would have mandated coordination between these two agencies by requiring that they prepare a joint employability plan for each WIN participant.

The Labor Department argued strongly that a joint plan was not feasible. The conferees agreed to drop the statutory requirement, but this was done with the understanding that the lack of coordination which has plagued the program would come to an end. We cannot understand why bureaucratic rivalry should be allowed to undermine a worthwhile program aimed at helping people to help themselves, and I want to assure the Labor Department that we will be following very closely their activities to insure that they make good their promise to make coordination work without a statutory mandate.

One final word on this amendment. As the Senate knows, we will be legislating next year on extensive changes in the welfare system. I have views of my own, as I am sure other Senators do, about what we might do to improve the welfare programs; but in the meantime, I am pleased to see the Congress take this forward step in improving the work incentive program under existing law so that it can be more effective in enabling welfare recipients to become employed. As we know from a number of studies that have been conducted by the Department of Health, Education, and Welfare, most adults in families receiving welfare would prefer to work rather than remain on welfare. It is my hope that the amendments contained in the conference report will help these recipients in their efforts to become independent—efforts that are all too often frustrated today by the welfare system that is supposed to be helping them.

Mr. President, I ask unanimous consent that an exhibit be printed at the end of my remarks showing how this amendment would modify present law.

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

(See exhibit 1.)

#### INTERMEDIATE CARE FACILITIES

Mr. LONG. Mr. President, the second amendment, accepted by the conferees with two very minor clerical changes transfers coverage of intermediate care from title II of the Social Security Act to title 19. The effect of this would be to cover medically indigent persons in need of such services. The indigent are presently eligible for intermediate care.

Intermediate care is defined as services—other than in an institution for tuberculosis or mental diseases in the case of a person under age 65—in a licensed facility which provides health related care and services to individuals who do not require the hospital or skilled nursing home level of care but who, because of physical or mental condition, require institutional care above the level of room and board.

The facility must meet standards of care and safety established by the Secretary. The intermediate care facility must also meet the standards of safety and sanitation required of nursing homes under State law. This feature is intended to protect against the possibility of sub-

#### LUMP-SUM DEATH PAYMENT; PROVISIONS RELATING TO WORK INCENTIVE PROGRAM, INTERMEDIATE CARE FACILITIES COVERAGE UNDER MEDICAID, AND PUBLIC ASSISTANCE INCOME DISREGARD—CONFERENCE REPORT

Mr. LONG. Mr. President, I submit a report of the committee of conference on

standard and marginal nursing homes, perhaps with fire-safety deficiencies, qualifying as intermediate care facilities. Intermediate care may include services in a public institution for the mentally retarded where the primary purpose of the institution is to provide health and/or rehabilitative services, and where such institutions meet standards prescribed by the Secretary. The mentally retarded individual who would be covered must be receiving active care or treatment, and the public agency operating the facility must agree that it will not reduce non-Federal expenditures for such patients because of the additional Federal financing made available.

The amendment also requires a regular program of independent professional review of each intermediate care patient to assure proper placement.

A skilled nursing home or hospital which meets the appropriate ICF requirements, may also qualify as an intermediate care facility with intermediate care patients paid for on a basis less than that of skilled nursing care patients. The Secretary is expected, however, to require assurances that not more than a reasonable proportion of intermediate care patients may be kept in a skilled nursing home to avoid diluting the quality of skilled nursing care. Further, where such patients are intermingled, the Secretary is expected to require safeguards to prevent a nursing home from agreeing to keep an intermediate care patient only until such time as it can find a skilled nursing patient for the bed.

This amendment would become effective on January 1, 1972.

#### SOCIAL SECURITY PASS-ALONG

The last Senate amendment extends for 1 year the existing provision assuring that welfare recipients who also receive social security will continue to get the benefit of at least \$4 of the social security increase that became effective in 1970. The conferees accepted the Senate amendment without change.

#### EXHIBIT 1

EXCERPTS FROM TITLE IV OF THE SOCIAL SECURITY ACT AS MODIFIED BY CONFERENCE AGREEMENT ON H.R. 10604

[Delete the matter enclosed in brackets and insert the matter printed in *italics*]

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES

PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

- Sec. 401. Appropriation
- Sec. 402. State Plans for Aid and Services to Needy Families With Children
- Sec. 403. Payment to States
- Sec. 404. Operation of State Plans
- Sec. 405. Use of Payments for Benefit of Child
- Sec. 406. Definitions
- Sec. 407. Dependent Children of Unemployed Fathers
- Sec. 408. Federal Payments for Foster Home Care of Dependent Children
- Sec. 409. Community Work and Training Programs
- Sec. 410. Assistance by Internal Revenue Service in Locating Parents

#### PART C—WORK INCENTIVE PROGRAM FOR RECIPIENTS OF AID UNDER STATE PLAN APPROVED UNDER PART A

- Sec. 430. Purpose
- Sec. 431. Appropriation
- Sec. 432. Establishment of Programs
- Sec. 433. Operation of Program
- Sec. 434. Incentive Payment
- Sec. 435. Federal Assistance
- Sec. 436. Period of Enrollment
- Sec. 437. Relocation of Participants
- Sec. 438. Participants Not Federal Employees
- Sec. 439. Rules and Regulations
- Sec. 440. Annual Report
- Sec. 441. Evaluation and Research
- Sec. 442. [Review of Special Work Projects by a State Panel] Technical Assistance for Providers of Employment or Training
- Sec. 443. Collection of State Share
- Sec. 444. Agreements with Other Agencies Providing Assistance to Families of Unemployed Parents

#### PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

##### APPROPRIATION

SECTION 401. For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and rehabilitation and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part. 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 aid and services to needy families with children.

#### STATE PLANS FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN

SEC. 402. (a) A State plan for aid and services to needy families with children must

(15) provide—

(A) for the development of a program for each appropriate relative and dependent child receiving aid under the plan, and each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under clause (7), [with the objective of—

(i) assuring, to the maximum extent possible, that such relative, child, and individual will enter the labor force and accept employment so that they will become self-sufficient, and

(ii) [for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life,

[(B) for the implementation of such programs by—

(i) assuring that such relative, child, or individual who is referred to the Secretary of Labor pursuant to clause (19) is furnished child-care services and] and for implementing such program by assuring that in all appropriate cases family planning services are offered them, [and

(ii) in appropriate cases, providing aid to families with dependent children in the form of payments of the types described in section 406(b) (2), and

(C) that the [but acceptance by such child, relative, or individual] of family planning services provided under the plan shall

be voluntary on the part of such [child, relative, or] members and individuals and shall not be a prerequisite to eligibility for or the receipt of any other service [or aid] under the plan [;] and

[(D) for such review of each such program as may be necessary (as frequently as may be necessary, but at least once a year) to insure that it is being effectively implemented,

[(E) for furnishing the Secretary with such reports as he may specify showing the results of such programs, and

[(F) (B) to the extent that [such programs] services provided under this clause or clause (14) are [developed and implemented by services] furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishing of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services;

(19) provide—

[(A) for the prompt referral to the Secretary of Labor or his representative for participation under a work incentive program established by part C of—

(i) each appropriate child and relative who has attained age sixteen and is receiving aid to families with dependent children,

(ii) each appropriate individual (living in the same home as a relative and child receiving such aid) who has attained such age and whose needs are taken into account in making the determination under section 402 (a) (7), and

(iii) any other person claiming aid under the plan (not included in clauses (i) and (ii)), who, after being informed of the work incentive programs established by part C, requests such referral unless the State agency determines that participation in any of such programs would be inimical to the welfare of such person or the family;

[except that the State agency shall not so refer a child, relative, or individual under clauses (i) and (ii) if such child, relative, or individual is—

(iv) a person with illness, incapacity, or advanced age,

(v) so remote from any of the projects under the work incentive programs established by part C that he cannot effectively participate under any of such programs,

(vi) a child attending school full time, or

(vii) a person whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household;]

(A) that every individual, as a condition of eligibility for aid under this part, shall register for manpower services, training, and employment as provided by regulations of the Secretary of Labor, unless such individual is—

(i) a child who is under age 16 or attending school full time;

(ii) a person who is ill, incapacitated, or of advanced age;

(iii) a person so remote from a work incentive project that his effective participation is precluded;

(iv) a person whose presence in the home is required because of illness or incapacity of another member of the household;

(v) a mother or other relative of a child under the age of six who is caring for the child; or

(vi) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by clause (i), (ii), (iii), or (iv) of this subparagraph (unless he has failed to register as required by this subparagraph, or has been found by the Secretary of Labor under section 433(g) to have refused without good cause

to participate under a work incentive program or accept employment as described in subparagraph (F) of this paragraph);

and that any individual referred to in clause (v) shall be advised of her option to register if she so desires, pursuant to this paragraph, and shall be informed of the child care services (if any) which will be available to her in the event she should decide so to register;

(B) that aid under the plan will not be denied by reason of such [referral] registration or the individual's certification to the Secretary of Labor under subparagraph (G) of this paragraph, or by reason of an individual's participation on a project under the program established by section 432(b) (2) or (3);

(C) for arrangements to assure that there will be made a non-Federal contribution to the work incentive programs established by part C by appropriate agencies of the State or private organizations of [20] 10 per centum of the cost of such programs, as specified in section 435(b);

(D) that (i) training incentives authorized under section 434, and income derived from a special work project under the program established by section 432(b) (3) shall be disregarded in determining the needs of an individual under section 402(a) (7), and (ii) in determining such individual's needs the additional expenses attributable to his participation in a program established by section 432(b) (2) or (3) shall be taken into account;

[(E) that, with respect to any individual referred pursuant to subparagraph (A) who is participating in a special work project under the program established by section 432(b) (3), (1) the State agency, after proper notification by the Secretary of Labor, will pay to such Secretary (at such times and in such manner as the Secretary of Health, Education, and Welfare prescribes) the money payments such State would otherwise make to or on behalf of such individual (including such money payments with respect to such individual's family), or 80 per centum of such individual's earnings under such program, whichever is lesser and (ii) the State agency will supplement any earnings received by such individual by payments to such individual (which payments shall be considered aid under the plan) to the extent that such payments when added to the individual's earnings from his participation in such special work project will be equal to the amount of the aid that would have been payable by the State agency with respect to such individual's family had he not participated in such special work project, plus 20 per centum of such individual's earnings from such special work project;] and

(F) that if and for so long as any child, relative, or individual ([referred] certified to the Secretary of Labor pursuant to subparagraph [(A) (1) and (iii) and section 407 (b) (2);] (G)) has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program established by part C with respect to which the Secretary of Labor has determined his participation is consistent with the purposes of such part C, or to have refused without good cause to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined, after notification by him, to be a bona fide offer of employment—

(1) If the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b) (2) (which in such a case shall be without regard to

clauses (A) through (E) thereof) or section 408 will be made;

(ii) aid with respect to a dependent child will be denied if a child who is the only child receiving aid in the family makes such refusal;

(iii) if there is more than one child receiving aid in the family, aid for any such child will be denied (and his needs will not be taken into account in making the determination under clause (7)) if that child makes such refusal; and

(iv) if such individual makes such refusal, such individual's needs shall not be taken into account in making the determination under clause (7);

except that the State agency shall for a period of sixty days, make payments of the type described in section 406(b) (2) (without regard to clauses (A) through (E) thereof) on behalf of the relative specified in clause (i), or continue aid in the case of a child specified in clause (ii) or (iii), or take the individual's needs into account in the case of an individual specified in clause (iv), but only if during such period such child, relative, or individual accepts counseling or other services (which the State agency shall make available to such child, relative, or individual) aimed at persuading such relative, child, or individual, as the case may be, to participate in such program in accordance with the determination of the Secretary of Labor; and

(G) that the State agency will have in effect a special program which (i) will be administered by a separate administrative unit and the employees of which will, to the maximum extent feasible, perform services only in connection with the administration of such program, (ii) will provide (through arrangements with others or otherwise) for individuals who have been registered pursuant to subparagraph (A), in accordance with the order of priority listed in section 433(a), such health, vocational rehabilitation, counseling, child care, and other social and supportive services as are necessary to enable such individuals to accept employment or receive manpower training provided under part C, and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are ready for employment or training under part C, (iii) will participate in the development of operational and employability plans under section 433(b); and (iv) provides for purposes of clause (ii), that, when more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept child care services if they are available;

#### PAYMENT TO STATES

Sec. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall (subject to subsection (d)) pay to each State which has an approved plan for aid and services to needy families with children, for each quarter, beginning with the quarter commencing October 1, 1958—

(3) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

(A) 75 per centum of so much of such expenditures as are for—

(1) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is receiving aid under the plan, or to any other individual (living in the same home as such relative and child) whose needs are taken into account in making the determination under clause (7) of such section,

(ii) any of the services described in clauses

(14) and (15) of section 402(a) which are provided to any child or relative who is applying for aid to families with dependent children or who, within such periods or periods as the Secretary may prescribe, has been or is likely to become an applicant for or recipient of such aid, or

(iii) the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

(B) one-half of the remainder of such expenditures.

(c) Notwithstanding any other provision of this Act, the Federal share of assistance payments under this part shall be reduced with respect to any State for any fiscal year after June 30, 1973, by one percentage point for each percentage point by which the number of individuals certified, under the program of such State established pursuant to section 402(a) (19) (G), to the local employment office of the State as being ready for employment or training under part C, is less than 15 per centum of the average number of individuals in such State who, during such year, are required to be registered pursuant to section 402(a) (19) (A).

(d) (1) Notwithstanding subparagraph (A) of subsection (a) (3) the rate specified in such subparagraph shall be 90 per centum (rather than 75 per centum) with respect to social and supportive services provided pursuant to section 402(a) (19) (G).

(2) Of the sums authorized by section 401 to be appropriated for the fiscal year ending June 30, 1973, not more than \$750,000,000 shall be appropriated to the Secretary for payments with respect to services to which paragraph (1) applies.

#### DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

SEC. 407. (a) The term "dependent child" shall, notwithstanding section 406(a), include a needy child who meets the requirements of section 406(a) (2), who has been deprived of parental support or care by reason of the unemployment (as determined in accordance with standards prescribed by the Secretary) of his father, and who is living with any of the relatives specified in section 406(a) (1) in a place of residence maintained by one or more of such relatives as his (or their) own home.

(b) The provisions of subsection (a) shall be applicable to a State if the State's plan approved under section 402—

(1) requires the payment of aid to families with dependant children with respect to a dependent child as defined in subsection (a) when—

(A) such child's father has not been employed (as determined in accordance with standards prescribed by the Secretary) for at least 30 days prior to the receipt of such aid.

(B) such father has not without good cause, within such period (of not less than 30 days) as may be prescribed by the Secretary refused a bona fide offer of employment or training for employment, and

(C) (i) such father has 6 or more quarters of work (as defined in subsection (d) (1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (ii) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d) (3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

(2) provides—

(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be [referred] certified to the Secretary of Labor as provided in section 402(a) (19) within thirty

days after receipt of aid with respect to such children;

(B) for entering into cooperative arrangements with the State agency responsible for administering or supervising the administration of vocational education in the State, designed to assure maximum utilization of available public vocational education services and facilities in the State in order to encourage the retraining of individuals capable of being retrained; and

(C) for the denial of aid to families with dependent children to any child or relative specified in subsection (a) if, and for as long as, such child's father—

(i) is not currently registered with the public employment offices in the State, or

(ii) receives unemployment compensation under an unemployment compensation law of a State or of the United States.

(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent children as defined in subsection (a), (i) for any part of the 30-day period referred to in subparagraph (A) of subsection (b) (1), or (ii) for any period prior to the time when the father satisfies subparagraph (B) of such subsection, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b) (2)) under the program therein specified, to [refer] certify such father to the Secretary of Labor pursuant to section 402(a) (19).

**PART C—WORK INCENTIVE PROGRAM FOR RECIPIENTS OF AID UNDER STATE PLAN APPROVED UNDER PART A**

**PURPOSE**

SEC. 430. The purpose of this part is to require the establishment of a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in [special work projects public service employment, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program established under this part will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society and that the example of a working adult in these families will have beneficial effects on the children in such families.

**APPROPRIATION**

SEC. 431. (a) There is hereby authorized to be appropriated to the Secretary of Health, Education, and Welfare for each fiscal year a sum sufficient to carry out the purposes of this part. The Secretary of Health, Education, and Welfare shall transfer to the Secretary of Labor from time to time sufficient amounts, out of the moneys appropriated pursuant to this section, to enable him to carry out such purposes.

(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 33½ per centum thereof shall be expended for carrying out the program of on-the-job training referred to in section 432(b) (1) (B) and for carrying out the program of public service employment referred to in section 432(b) (3).

(c) Of the sums appropriated pursuant to subsection (a) to carry out the provisions

of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 per cent shall be allotted among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to such total as—

(1) in the case of the fiscal year ending June 30, 1973, and the fiscal year ending June 30, 1974, the average number of recipients of aid to families with dependent children in such State during the month of January last preceding the commencement of such fiscal year bears to the average number of such recipients during such month in all the States; and

(2) in the case of the fiscal year ending June 30, 1975, or in the case of any fiscal year thereafter, the average number of individuals in such State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 402(a) (19) (A) bears to the average number of individuals in all States who, during such month, are so registered.

**ESTABLISHMENT OF PROGRAMS**

SEC. 432. (a) The Secretary of Labor (hereinafter in this part referred to as the Secretary) shall, in accordance with the provisions of this part, establish work incentive programs (as provided for in subsection (b) in each State and in each political subdivision of a State in which he determines there is a significant number of individuals who have attained age 16 and are receiving aid to families with dependent children. In other political subdivisions, he shall use his best efforts to provide such programs either within such subdivisions or through the provision of transportation for such persons to political subdivisions of the State in which such programs are established.

(b) Such programs shall include, but shall not be limited to, (1) (A) a program placing as many individuals as is possible in employment, and (B) a program utilizing on-the-job training positions for others, (2) a program of institutional and work experience training for those individuals for whom such training is likely to lead to regular employment, and (3) a program of [special work projects] public service employment for individuals for whom a job in the regular economy cannot be found.

(c) In carrying out the purposes of this part the Secretary may make grants to, or enter into agreements with, public or private agencies or organizations (including Indian tribes with respect to Indians on a reservation), except that no such grant or agreement shall be made to or with a private employer for profit or with a private nonprofit employer not organized for a public purpose for purposes of the work experience program established by clause (2) of subsection (b).

[(d) Using funds appropriated under this part, the Secretary, in order to carry out the purposes of this part, shall utilize his authority under the Manpower Development and Training Act of 1962, the Act of June 6, 1933, as amended (48 Stat. 113), and other Acts, to the extent such authority is not inconsistent with this Act.]

(d) In providing the manpower training and employment services and opportunities required by this part, the Secretary of Labor shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available to him under this or any other Act. In order to assure that the services and opportunities so required are provided, the Secretary of Labor shall use the funds appropriated to him under this part to provide programs required by this part through such other Act, to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other

Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary of Labor may reimburse such agencies for services rendered to persons under this part to the extent such services and opportunities are not otherwise available on a nonreimbursable basis.

(e) The Secretary shall take appropriate steps to assure that the present level of manpower services available under the authority of other statutes to recipients of aid to families with dependent children is not reduced as a result of programs under this part.

(f) (1) The Secretary of Labor shall establish in each State, municipality, or other appropriate geographic area with a significant number of persons registered pursuant to section 402(a) (19) (A) a Labor Market Advisory Council the function of which will be to identify and advise the Secretary of the types of jobs available or likely to become available in the area served by the Council; except that if there is already located in any area an appropriate body to perform such function, the Secretary may designate such body as the Labor Market Advisory Council for such area.

(2) Any such Council shall include representatives of industry, labor, and public service employers from the area to be served by the Council.

(3) The Secretary shall not conduct, in any area, institutional training under any program established pursuant to subsection (b) of any type which is not related to jobs of the type which are or are likely to become available in such area as determined by the Secretary after taking into account information provided by the Labor Market Advisory Council for such area.

**OPERATION OF PROGRAM**

SEC. 433. (a) The Secretary shall provide a program of testing and counseling for all persons [referred] certified to him by a State, pursuant to section 402(a) (19) (G), and shall select those persons whom he finds suitable for the programs established by clauses (1) and (2) of section 432(b). Those not so selected shall be deemed suitable for the program established by clause (3) of such section 432(b) unless the Secretary finds that there is good cause for an individual not to participate in such program. The Secretary, in carrying out such program for individuals certified to him under section 402(a) (19) (G), shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed fathers; second, mothers, whether or not required to register pursuant to section 402(a) (19) (A), who volunteer for participation under a work incentive program; third, other mothers, and pregnant women, registered pursuant to section 402(a) (19) (A), who are under 19 years of age; fourth, dependent children and relatives who have attained age 16 and who are not in school or engaged in work or manpower training; and fifth, all other individuals so certified to him.

(b) (1) For each State the Secretary shall develop jointly with the administrative unit of such State administering the special program referred to in section 402(a) (19) (G) a statewide operational plan.

(2) The statewide operational plan shall prescribe how the work incentive program established by this part will be operated at the local level, and shall indicate (i) for each area within the State the number and type of positions which will be provided for training, for on-the-job training, and for public service employment, (ii) the manner in which information provided by the Labor Market Advisory Council (established pursuant to section 432(f)) for any such area will be utilized in the operation of such program, and (iii) the particular State agency or administrative unit thereof which will be responsible for each of the various activities and functions to be performed under such program. Any such operational plan for any

State must be approved by the Secretary, the administrative unit of such State administering the special program referred to in section 402(a)(19)(G), and the regional joint committee (established pursuant to section 439) for the area in which such State is located.

(3) The Secretary shall develop an employability plan for each suitable person [referred] certified to him under section 402(a)(19)(G) which shall describe the education, training, work experience, and orientation which it is determined that [each] such person needs to complete in order to enable him to become self-supporting.

(c) The Secretary shall make maximum use of services available from other Federal and States agencies and, to the extent not otherwise available on a nonreimbursable basis, he may reimburse such agencies for services rendered to persons under this part.

(d) To the extent practicable and where necessary, work incentive programs established by this part shall include, in addition to the regular counseling, testing, and referral available through the Federal-State Employment Service System, program orientation, basic education, training in communications and employability skills, work experience, institutional training, on-the-job training, job development, and special job placement and followup services, required to assist participants in securing and retaining employment and securing possibilities for advancement.

(e) (1) In order to develop [special work projects] public service employment under the program established by section 432(b)(3), the Secretary shall enter into agreements with (A) public agencies, (B) private non-profit organizations established to serve a public purpose, and (C) Indian tribes with respect to Indians on a reservation, under which individuals deemed suitable for participation in such a program will be provided work which serves a useful public purpose and which would not otherwise be performed by regular employees.

(2) Such agreements shall provide—

(A) for the payment by the Secretary to each employer a portion of the wages to be paid by the employer to the individuals for the work performed;

(A) for the payment by the Secretary to each employer, with respect to public service employment performed by any individual for such employer, of an amount not exceeding 100 percent of the cost providing such employment to such individual during the first year of such employment, an amount not exceeding 75 percent of the cost of providing such employment to such individual during the second year of such employment, and an amount not exceeding 50 percent of the cost of providing such employment to such individual during the third year of such employment;

(B) the hourly wage rate and the number of hours per week individuals will be scheduled to work [on special work projects of] in private service employment for such employer;

(C) that the Secretary will have such access to the premises of the employer as he finds necessary to determine whether such employer is carrying out his obligations under the agreement and this part; and

(D) that the Secretary may terminate any agreement under this subsection at any time.

(3) The Secretary shall establish one or more accounts in each State with respect to the special work projects established and maintained pursuant to this subsection and place into such accounts the amounts paid to him by the State agency pursuant to section 402(a)(19)(E). The amounts in such accounts shall be available for the payments specified in subparagraph (A) of paragraph (2). At the end of each fiscal year and for such period of time as he may establish, the Secretary shall determine how much of the

amounts paid to him by the State agency pursuant to section 402(a)(19)(E) were not expended as provided by the preceding sentence of this paragraph and shall return such unexpended amounts to the State, which amounts shall be regarded as overpayments for purposes of section 403(b)(2).

(4) No wage rates provided under any agreement entered into under this subsection shall be lower than the applicable minimum wage for the particular work concerned.

(f) Before entering into a project under [any of the programs established by this part] section 432(b)(3), the Secretary shall have reasonable assurances that—

(1) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

(2) such project will not result in the displacement of employed workers,

(3) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant,

(4) appropriate workmen's compensation protection is provided to all participants.

(g) Where an individual [referred] certified to the Secretary of Labor pursuant to section 402(a)(19)(A) (1) and (1)(g) refuses without good cause to accept employment or participate in a project under a program established by this part, the Secretary of Labor shall (after providing opportunity for fair hearing) notify the State agency which [referred] certified such individual and submit such other information as he may have with respect to such refusal.

(h) With respect to individuals who are participants in [special work projects] public service employment under the program established by section 432(b)(3), the Secretary shall periodically (but at least once every six months) review the employment record of each such individual while on such special work project and on the basis of such record and such other information as he may acquire determine whether it would be feasible to place such individual in regular employment or on any of the projects under the programs established by section 432(b)(1) and (2).

#### INCENTIVE PAYMENT

SEC. 434. (a) The Secretary is authorized to pay to any participant under a program established by section 432(b)(2) an incentive payment of not more than \$30 per month, payable in such amounts and at such times as the Secretary prescribes.

(b) The Secretary of Labor is also authorized to pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs incurred by such member, to the extent such costs are necessary to and directly related to the participation by such member in such training.

#### FEDERAL ASSISTANCE

SEC. 435. (a) Federal assistance under this part shall not exceed [80] 90 per centum of the costs of carrying out this part. Non-Federal contributions may be cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.

(b) Costs of carrying out this part include costs of training, supervision, materials, administration, incentive payments, transportation, and other items as are authorized by the Secretary, but may not include any reimbursement for time spent by participants in work, training, or other participation in the program [; except that with respect to special work projects under the program established by section 432(b)(3), the costs of carrying out this part shall include only the costs of administration].

#### PERIOD OF ENROLLMENT

SEC. 436. (a) The program established by section 432(b)(2) shall be designed by the Secretary so that the average period of enrollment under all projects under such program throughout any area of the United States will not exceed one year.

(b) Services provided under this part may continue to be provided to an individual for such period as the Secretary determines (in accordance with regulations prescribed by the Secretary after consultation) jointly by him and with the Secretary of Health, Education, and Welfare) is necessary to qualify him fully for employment even though his earnings disqualify him from aid under a State plan approved under section 402.

#### RELOCATION OF PARTICIPANTS

SEC. 437. The Secretary may assist participants to relocate their place of residence when he determines such relocation is necessary in order to enable them to become permanently employable and self-supporting. Such assistance shall be given only to participants who concur in their relocation and who will be employed at their place of relocation at wage rates which will meet at least their full need as determined by the State to which they will be relocated. Assistance under this section shall not exceed the reasonable costs of transportation for participants, their dependents, and their household belongings plus such relocation allowance as the Secretary determines to be reasonable.

#### PARTICIPANTS NOT FEDERAL EMPLOYEES

SEC. 438. Participants in [projects under] programs established by this part shall be deemed not to be Federal employees and shall not be subject to the provisions of laws relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

#### RULES AND REGULATIONS

SEC. 439. [The Secretary may issue such rules and regulations as he finds necessary to carry out the purposes of this part: Provided, That in developing policies for programs established by this part the Secretary shall consult with the Secretary of Health, Education, and Welfare.] The Secretary and the Secretary of Health, Education, and Welfare shall, not later than July 1, 1972, issue regulations to carry out the purposes of this part. Such regulations shall provide for the establishment, jointly by the Secretary and the Secretary of Health, Education, and Welfare, of (1) a national coordination committee the duty of which shall be to establish uniform reporting and similar requirements for the administration of this part, and (2) a regional coordination committee for each region which shall be responsible for review and approval of statewide operational plans developed pursuant to section 433(b).

#### ANNUAL REPORT

SEC. 440. The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the work incentive programs established by this part.

#### EVALUATION AND RESEARCH

SEC. 441. (a) The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the work incentive programs established by this part, including their effectiveness in achieving stated goals and their impact on other related programs. He also may conduct research regarding ways to increase the effectiveness of such programs. He may, for this purpose, contract for independent evaluations of and research regarding such programs or individual projects under such programs. For purposes of sections 435 and 443, the costs of carrying out this section shall not be regarded as costs of carrying out work incentive programs established by this

part. *Nothing in this section shall be construed as authorizing the Secretary to enter into any contract with any organization after June 1, 1970, for the dissemination by such organization of information about programs authorized to be carried on under this part.*

[REVIEW OF SPECIAL WORK PROJECTS BY A STATE PANEL]

SEC. 442. (a) The Secretary shall make an agreement with any State which is able and willing to do so under which the Governor of the State will create one or more panels to review applications tentatively approved by the Secretary for the special work projects in such State to be established by the Secretary under the program established by section 432 (b) (3).

[(b) Each such panel shall consist of not more than five and not less than three members, appointed by the Governor. The members shall include one representative of employers and one representative of employees; the remainder shall be representatives of the general public. No special work project under such program developed by the Secretary pursuant to an agreement under section 433 (e) (1) shall, in any State which has an agreement under this section, be established or maintained under such program unless such project has first been approved by a panel created pursuant to this section.]

TECHNICAL ASSISTANCE FOR PROVIDERS OF EMPLOYMENT OR TRAINING

SEC. 442. *The Secretary is authorized to provide technical assistance to providers of employment or training to enable them to participate in the establishment and operation of programs authorized to be established by section 432 (b).*

COLLECTION OF STATE SHARE

SEC. 443. If a non-Federal contribution of [20] 10 per centum of the costs of the work incentive programs established by this part is not made in any State (as specified in section 402(a)), the Secretary of Health, Education, and Welfare may withhold any action under section 404 because of the State's failure to comply substantially with a provision required by section 402. If the Secretary of Health, Education, and Welfare does withhold such action, he shall, after reasonable notice and opportunity for hearing to the appropriate State agency or agencies, withhold any payments to be made to the State under sections 3(a), 403(a), 1003(a), 1403(a), 1603(a), and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a)(19)(C)) equals [20] 10 per centum of the costs of such work incentive programs. Such withholding shall remain in effect until such time as the Secretary has assurances from the State that such [20] 10 per centum will be contributed as required by section 402. Amounts so withheld shall be deemed to have been paid to the State under such sections and shall be paid by the Secretary of Health, Education, and Welfare to the Secretary. Such payment shall be considered a non-Federal contribution for purposes of section 435.

AGREEMENTS WITH OTHER AGENCIES PROVIDING ASSISTANCE TO FAMILIES OF UNEMPLOYED PARENTS

SEC. 444. (a) The Secretary is authorized to enter into an agreement (in accordance with the succeeding provisions of this section) with any qualified State agency (as described in subsection (b)) under which the program established by the preceding sections of this part C will (except as otherwise provided in this section) be applicable to individuals [referred] certified by such State agency in the same manner, to the same extent, and under the same conditions as such program is applicable with respect to individuals [referred] certified to the Secretary by a State agency administering or

supervising the administration of a State plan approved by the Secretary of Health, Education, and Welfare under part A of this title.

(b) A qualified State agency referred to in subsection (a) is a State agency which is charged with the administration of a program—

(1) the purpose of which is to provide aid or assistance to the families of unemployed parents,

(2) which is not established pursuant to part A of title IV of the Social Security Act,

(3) which is financed entirely from funds appropriated by the Congress, and

(4) none of the financing of which is made available under any program established pursuant to title V of the Economic Opportunity Act.

(c) (1) Any agreement under this section with a qualified State agency shall provide that such agency will, with respect to all individuals receiving aid or assistance under the program of aid or assistance to families of unemployed parents administered by such agency, comply with the requirements imposed by [section] 402(a) (15) and [section] 402(a) (19) [(F)] in the same manner and to the same extent as if (A) such qualified agency were the agency in such State administering or supervising the administration of a State plan approved under part A of this title, and (B) individuals receiving aid or assistance under the program administered by such qualified agency were recipients of aid under a State plan which is so approved.

(2) Any agreement entered into under this section shall remain in effect for such period as may be specified in the agreement by the Secretary and the qualified State agency, except that, whenever the Secretary determines, after reasonable notice and opportunity for hearing to the qualified State agency, that such agency has failed substantially to comply with its obligations under such agreement, the Secretary may suspend operation of the agreement until such time as he is satisfied that the State agency will no longer fail substantially to comply with its obligations under such agreement.

(3) Any such agreement shall further provide that the agreement will be inoperative for any calendar quarter if, for the preceding calendar quarter, the maximum amount of benefits payable under the program of aid or assistance to families of unemployed parents administered by the qualified State agency which is a party to such agreement is lower than the maximum amount of benefits payable under such program for the quarter which ended September 30, 1967.

(d) The Secretary shall, at the request of any qualified State agency referred to in subsection (a) of this section and upon receipt from it of a list of the names of individuals rereferred to the Secretary, furnish to such agency the names of each individual on such list participating in [a special work project] public service employment under section 433(a) (3) whom the Secretary determines should continue to participate in such [project] employment. The Secretary shall not comply with any such request with respect to an individual on such list unless such individual has been [referred] certified to the Secretary by such agency under such section 402(a) [(15)] (19) (G) for a period of at least six months.

Mr. LONG. Mr. President, I think we could say that from the Senate's point of view, this was a very successful conference, and I move the adoption of the conference report.

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

Mr. LONG. I yield.

Mr. CURTIS. The bill to which these amendments are attached is a bill that relates to a lump-sum benefit, is it not, in case of death?

Mr. LONG. Yes, and there is no real problem involved in that provision.

Mr. CURTIS. The major amendment is what has been identified as the Talmadge amendment?

Mr. LONG. Yes.

Mr. CURTIS. Is it true that the Talmadge amendment has passed the Senate on three occasions before substantially as it was sent to the conference this time?

Mr. LONG. Yes, on three occasions.

Mr. CURTIS. Is it not true that the major objective of the Talmadge amendment was to get people on "workfare," in contrast to welfare?

Mr. LONG. That was the idea, to try to help people who are presently on the welfare rolls to be prepared for and placed in jobs.

Mr. CURTIS. And the other amendment that was added on the Senate floor, which was accepted in conference, related to the pass-on of certain increases in social security to welfare recipients; that, too, is a reenactment of a principle that has been enacted many times before; is that not correct?

Mr. LONG. Yes, we have done that before. The present provision of law will expire at the end of this year unless it is extended. H.R. 1 would also extend the expiring provision, but since H.R. 1 will not be acted on before the end of this year, it is necessary to continue the provision on this bill.

Mr. CURTIS. Mr. President, I join with my distinguished chairman in urging that the Senate agree to the conference report.

Mr. LONG. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.





Public Law 92-223  
 92nd Congress, H. R. 10604  
 December 28, 1971

## An Act

To amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) the second sentence of section 202(i) of the Social Security Act is amended by striking out "or" at the end of clause (2), by renumbering clause (3) as clause (4), and by inserting after clause (2) the following new clause:

Social Security Act, amendments.  
 74 Stat. 947.  
 42 USC 402.

"(3) if the body of such insured individual is not available for burial but expenses were incurred with respect to such individual in connection with a memorial service, a memorial marker, a site for the marker, or any other item of a kind for which expenses are customarily incurred in connection with a death and such expenses have been paid, to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid such expenses; or".

Memorial service expenses.

(b) The second sentence of section 202(i) of such Act is further amended by striking out "clauses (1) and (2)" in the clause renumbered as clause (4) by subsection (a) and inserting in lieu thereof "clauses (1), (2), and (3)".

SEC. 2. The amendments made by the first section of this Act shall be effective only in the case of lump-sum death payments under title II of the Social Security Act made with respect to deaths which occur after December 31, 1970.

Effective date.

70 Stat. 819.  
 42 USC 401.  
 85 STAT. 802.  
 85 STAT. 803.

### IMPROVEMENT OF WORK INCENTIVE PROGRAM

SEC. 3. (a) (1) Section 402(a)(15) of the Social Security Act is amended to read as follows: "(15) provide (A) for the development of a program, for each appropriate relative and dependent child receiving aid under the plan and for each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under clause (7), for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for implementing such program by assuring that in all appropriate cases family planning services are offered to them, but acceptance of family planning services provided under the plan shall be voluntary on the part of such members and individuals and shall not be a prerequisite to eligibility for or the receipt of any other service under the plan; and (B) to the extent that services provided under this clause or clause (14) are furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services."

81 Stat. 877.  
 42 USC 602.

81 Stat. 881.

(2) Section 402(a)(19)(A) of such Act is amended to read as follows:

Registration.  
 81 Stat. 890.

"(A) that every individual, as a condition of eligibility for aid under this part, shall register for manpower services, training, and employment as provided by regulations of the Secretary of Labor, unless such individual is—

"(i) a child who is under age 16 or attending school full time;

"(ii) a person who is ill, incapacitated, or of advanced age;

“(iii) a person so remote from a work incentive project that his effective participation is precluded;

“(iv) a person whose presence in the home is required because of illness or incapacity of another member of the household;

“(v) a mother or other relative of a child under the age of six who is caring for the child; or

“(vi) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by clause (i), (ii), (iii), or (iv) of this subparagraph (unless he has failed to register as required by this subparagraph, or has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program or accept employment as described in subparagraph (F) of this paragraph);

81 Stat. 885.  
42 USC 633.

85 STAT. 803  
85 STAT. 804

and that any individual referred to in clause (v) shall be advised of her option to register, if she so desires, pursuant to this paragraph, and shall be informed of the child care services (if any) which will be available to her in the event she should decide so to register;”

81 Stat. 890.  
42 USC 602.

Infra.

Repeal.

(3) Section 402(a)(19)(B) of such Act is amended by striking out “by reason of such referral” and inserting in lieu thereof “by reason of such registration or the individual’s certification to the Secretary of Labor under subparagraph (G) of this paragraph.”

(4) Section 402(a)(19)(C) of such Act is amended by striking out “20 per centum” and inserting in lieu thereof “10 per centum”.

(5) Section 402(a)(19) of such Act is further amended by striking out subparagraph (E).

(6) (i) The parenthetical clause in section 402(a)(19)(F) of such Act is amended by striking out “referred to the Secretary of Labor pursuant to subparagraph (A)(i) and (ii) and section 407(b)(2)” and inserting in lieu thereof “certified to the Secretary of Labor pursuant to subparagraph (G)”.

(ii) Section 402(a)(19)(F) of such Act is further amended by adding “and” after the semicolon at the end of clause (iv) thereof.

(7) Section 402(a)(19) of such Act is amended by adding at the end thereof the following new subparagraph:

“(G) that the State agency will have in effect a special program which (i) will be administered by a separate administrative unit and the employees of which will, to the maximum extent feasible, perform services only in connection with the administration of such program, (ii) will provide (through arrangements with others or otherwise) for individuals who have been registered pursuant to subparagraph (A), in accordance with the order of priority listed in section 433(a), such health, vocational rehabilitation, counseling, child care, and other social and supportive services as are necessary to enable such individuals to accept employment or receive manpower training provided under part C, and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are ready for employment or training under part C, (iii) will participate in the development of operational and employability plans under section 433(b); and (iv) provides for purposes of

Post, p. 806.

42 USC 630.

Post, p. 807.

clause (ii), that, when more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept child care services if they are available;”.

(8) Section 403 of such Act is amended by adding at the end thereof the following new subsection:

“(c) Notwithstanding any other provision of this Act, the Federal share of assistance payments under this part shall be reduced with respect to any State for any fiscal year after June 30, 1973, by one percentage point for each percentage point by which the number of individuals certified, under the program of such State established pursuant to section 402(a) (19) (G), to the local employment office of the State as being ready for employment or training under part C, is less than 15 per centum of the average number of individuals in such State who, during such year, are required to be registered pursuant to section 402(a) (19) (A).”

Federal  
assistance,  
computation.  
49 Stat. 628;  
81 Stat. 879.  
42 USC 603.

Ante, p. 804.  
42 USC 630.

(9) Section 403 of such Act is amended by adding after subsection (c) the following new subsection:

“(d) (1) Notwithstanding subparagraph (A) of subsection (a) (3) the rate specified in such subparagraph shall be 90 per centum (rather than 75 per centum) with respect to social and supportive services provided pursuant to section 402(a) (19) (G).”

Ante, p. 803.  
Supportive  
services,  
appropriation.

“(2) Of the sums authorized by section 401 to be appropriated for the fiscal year ending June 30, 1973, not more than \$750,000,000 shall be appropriated to the Secretary for payments with respect to services to which paragraph (1) applies.”

70 Stat. 848.  
42 USC 601.

(10) Section 407(b) (2) (A) of such Act is amended by striking out “referred” and inserting in lieu thereof “certified”.

81 Stat. 882.  
42 USC 607.

(11) Section 407(c) of such Act is amended by striking out “refer such father” and inserting in lieu thereof “certify such father”.

(b) (1) The first sentence of section 430 of the Social Security Act is amended by striking out “special work projects” and inserting in lieu thereof “public service employment”.

81 Stat. 884.  
42 USC 630.

(2) Section 431 of such Act is amended (1) by inserting “(a)” immediately after “SEC. 431.”, and (2) by adding at the end thereof the following new subsections:

“(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 33 $\frac{1}{3}$  per centum thereof shall be expended for carrying out the program of on-the-job training referred to in section 432(b) (1) (B) and for carrying out the program of public service employment referred to in section 432(b) (3).

Post, p. 806.

“(c) Of the sums appropriated pursuant to subsection (a) to carry out the provisions of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 percent shall be allotted among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to such total as—

Funds, distri-  
bution.

“(1) in the case of the fiscal year ending June 30, 1973, and the fiscal year ending June 30, 1974, the average number of recipients of aid to families with dependent children in such State during the month of January last preceding the commencement of such fiscal year bears to the average number of such recipients during such month in all the States; and

“(2) in the case of the fiscal year ending June 30, 1975, or in the case of any fiscal year thereafter, the average number of individuals in such State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 402(a) (19) (A) bears to the average number

85 STAT. 806

of individuals in all States who, during such month, are so registered."

81 Stat. 884.  
42 USC 632.

(3) (A) (i) Clause (1) of section 432(b) of such Act is amended—  
(I) by inserting "(A)" immediately after "(1)"; and  
(II) by striking out "and utilizing" and inserting in lieu thereof "and (B) a program utilizing".

(ii) Clause (3) of section 432(b) of such Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(B) Section 432(d) of such Act is amended to read as follows:

"(d) In providing the manpower training and employment services and opportunities required by this part, the Secretary of Labor shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available to him under this or any other Act. In order to assure that the services and opportunities so required are provided, the Secretary of Labor shall use the funds appropriated to him under this part to provide programs required by this part through such other Act, to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary of Labor may reimburse such agencies for services rendered to persons under this part to the extent such services and opportunities are not otherwise available on a non-reimbursable basis."

Labor Market  
Advisory  
Council,  
establishment.  
Ante, p. 803.

(C) Section 432 of such Act is further amended by adding at the end thereof the following new subsection:

"(f)(1) The Secretary of Labor shall establish in each State, municipality, or other appropriate geographic area with a significant number of persons registered pursuant to section 402(a)(19)(A) a Labor Market Advisory Council the function of which will be to identify and advise the Secretary of the types of jobs available or likely to become available in the area served by the Council; except that if there is already located in any area an appropriate body to perform such function, the Secretary may designate such body as the Labor Market Advisory Council for such area.

"(2) Any such Council shall include representatives of industry, labor, and public service employers from the area to be served by the Council.

Restriction.

"(3) The Secretary shall not conduct, in any area, institutional training under any program established pursuant to subsection (b) of any type which is not related to jobs of the type which are or are likely to become available in such area as determined by the Secretary after taking into account information provided by the Labor Market Advisory Council for such area."

81 Stat. 885.  
42 USC 633.

(4) (A) Section 433(a) of such Act is amended—

(i) by striking out "referred to him by a State, pursuant to section 402" and inserting in lieu thereof "certified to him by a State, pursuant to section 402(a)(19)(G)"; and

Ante, p. 804.  
Priority.

(ii) by adding at the end thereof the following new sentence:  
"The Secretary, in carrying out such program for individuals certified to him under section 402(a)(19)(G), shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed fathers; second, mothers, whether or not required to register pursuant to section 402(a)(19)(A), who volunteer for participation under a work incentive program; third, other mothers, and pregnant women, registered pursuant to section 402(a)(19)(A), who are under 19 years of age; fourth, dependent children and relatives who have attained

age 16 and who are not in school or engaged in work or manpower training; and fifth, all other individuals so certified to him."

(B) Section 433(b) of such Act is amended to read as follows:

"(b) (1) For each State the Secretary shall develop jointly with the administrative unit of such State administering the special program referred to in section 402(a) (19) (G) a statewide operational plan.

Statewide  
operational  
plan.  
81 Stat. 885.  
42 USC 633.  
Ante, p. 804.

"(2) The statewide operational plan shall prescribe how the work incentive program established by this part will be operated at the local level, and shall indicate (i) for each area within the State the number and type of positions which will be provided for training, for on-the-job training, and for public service employment, (ii) the manner in which information provided by the Labor Market Advisory Council (established pursuant to section 432(f)) for any such area will be utilized in the operation of such program, and (iii) the particular State agency or administrative unit thereof which will be responsible for each of the various activities and functions to be performed under such program. Any such operational plan for any State must be approved by the Secretary, the administrative unit of such State administering the special program referred to in section 402(a) (19) (G), and the regional joint committee (established pursuant to section 439) for the area in which such State is located.

Ante, p. 806.

"(3) The Secretary shall develop an employability plan for each suitable person certified to him pursuant to section 402(a) (19) (G) which shall describe the education, training, work experience, and orientation which it is determined that such person needs to complete in order to enable him to become self-supporting."

Post, p. 808.

(C) (i) Section 433(e) (1) of such Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(ii) Section 433(e) (2) (A) of such Act is amended to read as follows:

"(A) for the payment by the Secretary to each employer, with respect to public service employment performed by any individual for such employer, of an amount not exceeding 100 percent of the cost of providing such employment to such individual during the first year of such employment, an amount not exceeding 75 percent of the cost of providing such employment to such individual during the second year of such employment, and an amount not exceeding 50 percent of the cost of providing such employment to such individual during the third year of such employment;"

(iii) Section 433(e) (2) (B) of such Act is amended by striking out "on special work projects of" and inserting in lieu thereof "in public service employment for".

(iv) Section 433(e) (3) of such Act is hereby repealed.

Repeal.

(D) Section 433(f) of such Act is amended by striking out "any of the programs established by this part" and inserting in lieu thereof "section 432(b) (3)".

42 USC 632.

(E) Section 433(g) of such Act is amended—

(i) by striking out "referred to the Secretary of Labor pursuant to section 402(a) (19) (A) (i) and (ii)" and inserting in lieu thereof "certified to the Secretary of Labor pursuant to section 402(a) (19) (G)"; and

(ii) by striking out "which referred such individual" and inserting in lieu thereof "which certified such individual".

(F) Section 433(h) of such Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

Transportation  
allowance.  
81 Stat. 887.  
42 USC 634.

(G) Section 434 of such Act is amended—

(i) by inserting "(a)" immediately after "SEC. 434."; and

(ii) by adding at the end thereof the following new subsection:

"(b) The Secretary of Labor is also authorized to pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs incurred by such member, to the extent such costs are necessary to and directly related to the participation by such member in such training."

42 USC 635.

(5) (A) Section 435(a) of such Act is amended by striking out "80 per centum" and inserting in lieu thereof "90 per centum".

(B) Section 435(b) of such Act is amended by striking out "; except that with respect to special work projects under the program established by section 432(b)(3), the costs of carrying out this part shall include only the costs of administration".

42 USC 636.

(6) Section 436(b) of such Act is amended by striking out "by the Secretary after consultation with" and inserting in lieu thereof "jointly by him and".

42 USC 638.

(7) Section 438 of such Act is amended by striking out "projects under".

Regulations.  
42 USC 639.

(8) Section 439 of such Act is amended to read as follows:

"SEC. 439. The Secretary and the Secretary of Health, Education, and Welfare shall, not later than July 1, 1972, issue regulations to carry out the purposes of this part. Such regulations shall provide for the establishment, jointly by the Secretary and the Secretary of Health, Education, and Welfare, of (1) a national coordination committee the duty of which shall be to establish uniform reporting and similar requirements for the administration of this part, and (2) a regional coordination committee for each region which shall be responsible for review and approval of statewide operational plans developed pursuant to section 433(b)."

Ante, p. 807.  
42 USC 641.

(9) Section 441 of such Act is amended—

(A) by inserting "(a)" immediately after "SEC. 441."; and

(B) by adding immediately after the last sentence thereof the following sentence: "Nothing in this section shall be construed as authorizing the Secretary to enter into any contract with any organization after June 1, 1970, for the dissemination by such organization of information about programs authorized to be carried on under this part."

42 USC 642.

(10) Section 442 of such Act is amended to read as follows:

**"TECHNICAL ASSISTANCE FOR PROVIDERS OF EMPLOYMENT OR TRAINING**

"SEC. 442. The Secretary is authorized to provide technical assistance to providers of employment or training to enable them to participate in the establishment and operation of programs authorized to be established by section 432(b)."

42 USC 632.

42 USC 643.

(11) Section 443 of such Act is amended by striking out "20 per centum" wherever it appears therein and inserting in lieu thereof "10 per centum".

42 USC 644.

(12) (A) Section 444(a) of such Act is amended by striking out "referred" each place it appears and inserting in lieu thereof "certified".

(B) Section 444(c)(1) of such Act is amended by striking out "section 402(a)(15) and section 402(a)(19)(F)" and inserting in lieu thereof "section 402(a)(19)".

Ante, pp. 803,  
804.

(C) Section 444(d) of such Act is amended (i) by striking out "a special work project" and inserting in lieu thereof "public service employment"; (ii) by striking out "project" at the end of the first sentence and inserting in lieu thereof "employment"; and (iii) by

striking out "referred to the Secretary by such agency under such section 402(a)(15)" and inserting in lieu thereof "certified to the Secretary by such agency under section 402(a)(19)(G)".

(c) The amendments made by this section shall, except as otherwise specified herein, take effect on July 1, 1972.

*Ante*, p. 804.

Effective date.

INCLUSION UNDER MEDICAID OF CARE IN INTERMEDIATE CARE FACILITIES

SEC. 4. (a)(1) Section 1905(a) of the Social Security Act as amended—

(A) by striking out "and" at the end of clause (14),

79 Stat. 351.

42 USC 1396d.

(B) by striking out the semicolon at the end of clause (15) and inserting in lieu thereof "; and", and

(C) by inserting after clause (15) the following new clause:

"(16) intermediate care facility services (other than such services in an institution for tuberculosis or mental diseases) for individuals who are determined, in accordance with section 1902(a)(31)(A), to be in need of such care;"

*Infra*.

(2) Section 1905 of such Act is amended by adding at the end thereof the following new subsections:

"(c) For purposes of this title the term 'intermediate care facility' means an institution which (1) is licensed under State law to provide, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment which a hospital or skilled nursing home is designed to provide, but who because of their mental or physical condition require care and services (above the level of room and board) which can be made available to them only through institutional facilities, (2) meets such standards prescribed by the Secretary as he finds appropriate for the proper provision of such care, and (3) meets such standards of safety and sanitation as are established under regulation of the Secretary in addition to those applicable to nursing homes under State law. The term 'intermediate care facility' also includes any skilled nursing home or hospital which meets the requirements of the preceding sentence. The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State. With respect to services furnished to individuals under age 65, the term 'intermediate care facility' shall not include, except as provided in subsection (d), any public institution or distinct part thereof for mental diseases or mental defects.

"Intermediate care facility."

"(d) The term 'intermediate care facility services' may include services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions if—

"Intermediate care facility services."

"(1) the primary purpose of such institution (or distinct part thereof) is to provide health or rehabilitative services for mentally retarded individuals and which meet such standards as may be prescribed by the Secretary;

"(2) the mentally retarded individual with respect to whom a request for payment is made under a plan approved under this title is receiving active treatment under such a program; and

"(3) the State or political subdivision responsible for the operation of such institution has agreed that the non-Federal expenditures with respect to patients in such institution (or distinct part thereof) will not be reduced because of payments made under this title."

(b) Section 1902(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (29);

79 Stat. 344;

81 Stat. 911.

(2) by striking out the period at the end of paragraph (30) and inserting in lieu thereof "; and"; and

42 USC 1396a.

Independent  
professional  
review  
program.

(3) by inserting after paragraph (30) the following new paragraph:

"(31) provide (A) for a regular program of independent professional review (including medical evaluation of each patient's need for intermediate care) and a written plan of service prior to admission or authorization of benefits in an intermediate care facility which provides more than a minimum level of health care services as determined under regulations of the Secretary; (B) for periodic on-site inspections to be made in all such intermediate care facilities (if the State plan includes care in such institutions) within the State by one or more independent professional review teams (composed of physicians or registered nurses and other appropriate health and social service personnel) of (i) the care being provided in such intermediate care facilities to persons receiving assistance under the State plan, (ii) with respect to each of the patients receiving such care, the adequacy of the services available in particular intermediate care facilities to meet the current health needs and promote the maximum physical well-being of patients receiving care in such facilities, (iii) the necessity and desirability of the continued placement of such patients in such facilities, and (iv) the feasibility of meeting their health care needs through alternative institutional or non-institutional services; and (C) for the making by such team or teams of full and complete reports of the findings resulting from such inspections, together with any recommendations to the State agency administering or supervising the administration of the State plan."

Repeal.

81 Stat. 920.

42 USC 1320a.

Effective date.

84 Stat. 2038.

42 USC 415 note.

(c) Section 1121 of such Act is repealed.

(d) The amendments made by this section shall become effective January 1, 1972.

SEC. 5. Section 1007 of the Social Security Amendments of 1969, as amended, is further amended by striking out "1972" where it appears and inserting in lieu thereof "1973".

Approved December 28, 1971.

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**LEGISLATIVE HISTORY:**

HOUSE REPORTS: No. 92-590 (Comm. on Ways and Means) and No. 92-747 (Comm. of Conference).

SENATE REPORT No. 92-552 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 117 (1971):

Nov. 17, considered and passed House.

Dec. 4, considered and passed Senate, amended.

Dec. 14, Senate and House agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 8, No. 1:

Dec. 28, Presidential statement.

December 28, 1971

Statement by the President  
Upon Signing H.R. 10604 Into Law

I am today signing into law H.R. 10604 which covers four unrelated subjects, and makes desirable changes in portions of the Social Security Act.

Two provisions of the measure are technical in nature.

The first would provide more favorable treatment for certain social security beneficiaries, particularly parents who lost their sons in Vietnam, by paying lump-sum death benefits when the body is not recovered for burial.

Under a second amendment being signed into law, Medicaid benefits would be extended to cover services provided by Intermediate Care Facilities, the so-called "ICF's." The purpose of this amendment: to provide a less costly alternative for the medically indigent, who do not need the institutional or intensive care provided in hospitals and skilled nursing homes.

A third worthwhile provision of H.R. 10604 will guarantee that some 600,000 Americans, needy, aged, blind, and disabled, now on public assistance, will continue to enjoy some benefits from the social security increases enacted in 1969. Were it not for this provision, these 600,000 would no longer be protected against a reduction of up to \$4 monthly in their welfare checks.

The fourth provision represents a significant step in the direction of welfare reform.

Although they present some technical difficulties, the amendments the Congress voted to the Work Incentive program (WIN) would, in effect, essentially enact the workfare provisions I have proposed as a part of a complete reform of the welfare system.

Under these amendments, all able-bodied welfare recipients--rightly excepting the aged, children under 16 or attending school, those who are caring for ill or incapacitated persons, and mothers of small children--will be required to register for jobs or job training. The Federal Government will also assume 90 percent of

the cost of child care and supportive services. The Federal matching rate for manpower services will rise from 80 percent to 90 percent. A new public service program will be established to replace some ineffective existing special work projects. Separate units of the Federal Work Incentive program will be established at all State agencies. Also added is a requirement that at least one-third of total WIN expenditures be used for on-the-job training and public service employment--reflecting a clear preference for real jobs, as opposed to long-term classroom training.

These amendments parallel my workfare recommendations embodied in H.R. 1. In my judgment, they reflect the national interest.

The United States today faces a changed world from the postwar world to which we had become accustomed. In the place of exhausted and dependent allies and defeated enemies, we today find ourselves with strong and independent friends and powerful adversaries competing for a new place in the sun.

No nation enjoys the unique advantages America possesses in that competition. But if we are to remain the most competitive, most productive society on earth, we must not forget how we got there. It is the sweat and labor of generations past and present that have brought us where we are today, that have piled high the wealth that enables us to be among the most generous nations in history with our own people, and with the world. The affluent society did not come into being by accident.

To those who deride the "work ethic," Americans must respond that any job for for an able-bodied man is preferable to life on the public dole. No task, no labor, no work, is without dignity or meaning that enables an individual to feed and clothe and shelter himself, and provide for his family. We are a nation that pays tribute to the workingman and rightly scorns the free-loader who voluntarily opts to be a ward of the state. For over the last four decades, we have learned, at inestimable social cost, the truth of Franklin Roosevelt's words:

"Continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fibre. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit."

With passage of these amendments, a number of the workfare ideas outlined in my welfare reform recommendations of 1969 and beyond have now become law. The principle of work requirements is in place. The Federal Government is committed to 90 percent of the cost of day care and supplemental services. Tax deductions have been provided for working mothers, for day care costs, in the tax law I recently signed.

But the welfare system is yet in need of reform. Further economic incentives must be provided to keep families together, rather than break them apart--to encourage welfare recipients to take jobs, rather than to discourage them from working. With its return in January, this Congress should then complete the work of welfare reform.

Note: The statement was released at Key Biscayne, Fla. As enacted, the bill (H.R. 10604) is Public Law 92-223.

# Commissioner's Bulletin

SOCIAL SECURITY ADMINISTRATION

Number 121

January 11, 1972

## SOCIAL SECURITY CHANGES

To Administrative, Supervisory,  
and Technical Employees

### H. R. 10604

On December 28, President Nixon signed H. R. 10604, a bill which contains four amendments to the Social Security Act.

Only one of these amendments affects the OASDHI program (the others affecting programs established under other titles of the Act). This amendment changes title II to permit the payment of the lump sum where the body of an insured worker is not available for burial and the worker had no spouse who was living with him at the time of his death. (The law already provides that the spouse of a worker who was living with him before his death can get the lump-sum death payment whether or not the body is available for burial.) Under the change, the lump-sum death benefit would be paid to any equitably entitled person, or persons, to the extent and in proportion to the expenses each person incurred in connection with the death of the insured worker. The expenses could include a memorial service, a memorial marker, a site for the marker, or other expenses customarily incurred in connection with a death. This amendment is effective for deaths occurring after 1970.

Of the other three amendments, the one probably of most interest to you extends, until the end of 1972, the provision of the Social Security Amendments of 1969 under which all persons who were receiving public assistance and also social security benefits before January 1970 would be guaranteed a net increase in income of at least \$4 or (if less) the actual amount of the increase in their social security benefits for months after February 1970. Had the amendment not been passed, this provision would have expired at the end of 1971.

Under another amendment the provisions pertaining to services provided in an intermediate care facility are transferred from title XI to title XIX

(Medicaid) of the Social Security Act. The effect of the transfer is that the medically indigent (as well as cash assistance recipients) are permitted to receive care in intermediate care facilities rather than in more expensive facilities such as skilled nursing homes and hospitals. This effect is accomplished through authorization of Federal financial participation in the cost of such care under Medicaid. The amendment also has the important effect of establishing, for the first time, Federal quality standards for ICF's. This will give the Department additional legislative authority to fulfill the President's promise to guarantee a decent environment for nursing home patients.

The third amendment changes the work incentive program (WIN) under title IV (Aid to Families with Dependent Children) of the Social Security Act by requiring that able-bodied welfare recipients register for jobs or job training, beginning July 1972, unless they fall within one of six statutory exemptions.

Except for the amendment concerning the lump sum, the amendments mentioned above are contained also in H. R. 1, the comprehensive social security and welfare reform bill which was passed by the House of Representatives in June 1971. Chairman Russell B. Long has announced that the Senate Finance Committee will begin public hearings on H. R. 1 on Thursday, January 20, 1972.

#### Other Changes

The increase in the social security contribution and benefit base from \$7,800 to \$9,000 that was enacted in March 1971 went into effect this month.

On December 31, Secretary Richardson announced a new premium rate, effective July 1, 1972, for part B of Medicare. The new rate will be \$5.80 per month, up from the current \$5.60.



Robert M. Ball  
Commissioner

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Of the other three amendments, the one probably of most interest to you extends, until the end of 1972, the provision of the Social Security Amendments of 1969 under which all persons who were receiving public assistance and also social security benefits before January 1970 would be guaranteed a net increase in income of at least \$4 or (if less) the actual amount of the increase in their social security benefits for months after February 1970. Had the amendment not been passed, this provision would have expired at the end of 1971.

Under another amendment the provisions pertaining to services provided in an intermediate care facility are transferred from title XI to title XIX

(Medicaid) of the Social Security Act. The effect of the transfer is that the medically indigent (as well as cash assistance recipients) are permitted to receive care in intermediate care facilities rather than in more expensive facilities such as skilled nursing homes and hospitals. This effect is accomplished through authorization of Federal financial participation in the cost of such care under Medicaid. The amendment also has the important effect of establishing, for the first time, Federal quality standards for ICF's. This will give the Department additional legislative authority to fulfill the President's promise to guarantee a decent environment for nursing home patients.

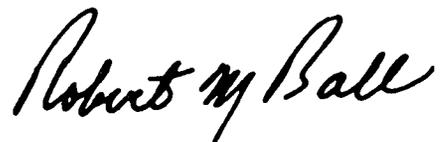
The third amendment changes the work incentive program (WIN) under title IV (Aid to Families with Dependent Children) of the Social Security Act by requiring that able-bodied welfare recipients register for jobs or job training, beginning July 1972, unless they fall within one of six statutory exemptions.

Except for the amendment concerning the lump sum, the amendments mentioned above are contained also in H. R. 1, the comprehensive social security and welfare reform bill which was passed by the House of Representatives in June 1971. Chairman Russell B. Long has announced that the Senate Finance Committee will begin public hearings on H. R. 1 on Thursday, January 20, 1972.

#### Other Changes

The increase in the social security contribution and benefit base from \$7,800 to \$9,000 that was enacted in March 1971 went into effect this month.

On December 31, Secretary Richardson announced a new premium rate, effective July 1, 1972, for part B of Medicare. The new rate will be \$5.80 per month, up from the current \$5.60.



Robert M. Ball  
Commissioner

## **LISTING OF REFERENCE MATERIALS**

U.S. Congress. House Committee on Ways and Means. *Committee Print, Summary of Provisions of H.R. 10604 as approved by the House and the Senate on December 14, 1971*. 92nd Congress. 1st session.

## PUBLIC DEBT LIMITATION

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 15390, the public debt limitation.

The PRESIDING OFFICER. The Chair lays before the Senate H.R. 15390, which will be read a first time by title.

The legislative clerk read as follows:

A bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation.

Mr. ROBERT C. BYRD. Mr. President, I ask that the bill be read a second time.

The PRESIDING OFFICER. The clerk will read the bill a second time by title.

The bill was read the second time by title.

Mr. ROBERT C. BYRD. Mr. President, I object to any further proceedings on the bill at this time.

The PRESIDING OFFICER. Under rule XIV, paragraph 4, objection having been heard to further consideration of the bill at this time, the bill will be placed on the calendar.

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EXTENSION OF PUBLIC DEBT  
LIMIT

The PRESIDING OFFICER. Pursuant to the previous order, the Senate will now proceed to the consideration of H.R. 15390, to increase the debt ceiling, which the clerk will read by title.

The assistant legislative clerk read the bill by title, as follows:

A bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation.

Mr. LONG obtained the floor.

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

Mr. LONG. Mr. President, I ask unanimous consent that, without prejudicing my right to the floor, I may yield first to the distinguished Senator from Washington.

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

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EXTENSION OF PUBLIC DEBT  
LIMITATION

The Senate continued with the consideration of the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation.

The PRESIDING OFFICER. The Senator from Louisiana.

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Mr. LONG. Mr. President, I yield the floor.

Mr. CHURCH and Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

AMENDMENT NO. 1307

Mr. CHURCH. Mr. President, I send to the desk an amendment, No. 1307, and ask that it be read.

Mr. BENNETT. Mr. President, will the Senator yield to me so that I can make an opening statement?

Mr. CHURCH. I will yield after the amendment becomes the pending business.

Mr. BENNETT. All right.

Mr. CHURCH. Mr. President, I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of the bill add the following new title:

TITLE II—AMENDMENTS TO THE SOCIAL SECURITY PROGRAM

INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS, AND IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 OR OVER

SEC. 201. (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 1971 Act)	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—		
-----	\$16.20	\$70.40	-----	\$76	\$84.50	\$128.80
\$16.21	16.84	71.50	\$77	78	85.80	128.80
16.85	17.60	73.10	79	80	87.80	131.70
17.61	18.40	74.50	81	81	89.40	134.20
18.41	19.24	75.80	82	83	91.00	136.50
19.25	20.00	77.40	84	85	92.90	139.40
20.01	20.64	78.80	86	87	94.60	141.90
20.65	21.28	80.10	88	89	96.20	144.30
21.29	21.88	81.70	90	90	98.10	147.20
21.89	22.28	83.10	91	92	99.80	149.70
22.29	22.68	84.50	93	94	101.40	152.20
22.69	23.08	85.80	95	96	103.00	154.60
23.09	23.44	87.40	97	97	104.90	157.40
23.45	23.76	88.90	98	99	106.70	160.10
23.77	24.20	90.60	100	101	108.80	163.20
24.21	24.60	91.90	102	102	110.30	165.50
24.61	25.00	93.40	103	104	112.10	168.20
25.01	25.48	95.10	105	106	114.20	171.30
25.49	25.92	96.60	107	107	116.00	173.90
25.93	26.40	98.20	108	109	117.90	176.90
26.41	26.94	99.70	110	113	119.70	179.60
26.95	27.46	101.10	114	118	121.40	182.10
27.47	28.00	102.70	119	122	123.30	185.00
28.01	28.63	104.20	123	127	125.10	187.70
28.69	29.25	105.90	128	132	127.10	190.70
29.26	29.68	107.30	133	136	128.80	193.20
29.69	30.36	108.70	137	141	130.50	195.80
30.37	30.92	110.40	142	146	132.60	198.80
30.93	31.36	111.90	147	150	134.30	201.50
31.37	32.00	113.30	151	155	136.00	204.00
32.01	32.60	115.00	156	160	138.00	207.00
32.61	33.20	116.40	161	164	139.70	209.60
33.21	33.88	118.00	165	169	141.60	212.40
33.89	34.50	119.50	170	174	143.40	215.20
34.51	35.00	121.00	175	178	145.20	217.80
35.01	35.80	122.60	179	182	147.20	220.80
35.81	36.40	124.00	184	188	148.80	223.20
36.41	37.08	125.70	189	193	150.90	226.40
37.09	37.60	127.20	194	197	152.70	229.10
37.61	38.20	128.60	198	202	154.40	231.60
38.21	39.12	130.30	203	207	156.40	234.60
39.13	39.68	131.80	208	211	158.20	237.30
39.69	40.33	133.10	212	216	159.80	239.70
40.34	41.12	134.80	217	221	161.80	242.70
41.13	41.76	136.30	222	225	163.60	245.40
41.77	42.44	137.90	228	230	165.50	248.30
42.45	43.20	139.40	231	235	167.30	251.00
43.21	43.76	141.10	236	239	169.40	254.00
43.77	44.44	142.50	240	244	171.00	257.80
44.45	44.88	143.90	245	249	172.70	261.00
44.89	45.60	145.60	250	253	174.80	263.30
		147.10	254	258	176.60	267.00
		148.40	259	263	178.10	271.80
		150.10	264	267	180.20	282.00
		151.60	268	272	182.00	287.30

"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 1971 Act)	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—		
		\$153.20	\$273	\$277	\$183.90	\$292.60
		154.70	278	281	185.70	296.80
		156.20	282	286	187.60	302.10
		157.90	287	291	189.50	307.40
		159.20	292	295	191.10	311.60
		160.90	296	300	193.10	316.80
		162.40	301	305	194.90	322.10
		163.80	306	309	196.60	326.40
		165.50	310	314	198.60	331.70
		166.90	315	319	200.30	337.00
		168.30	320	323	202.00	341.20
		170.00	324	328	204.00	346.50
		171.50	329	333	205.80	351.80
		173.20	334	337	207.90	355.00
		174.50	338	342	209.40	361.20
		176.00	343	347	211.20	366.50
		177.70	348	351	213.30	371.70
		179.10	352	356	215.00	378.00
		180.80	357	361	217.00	381.30
		182.20	362	365	219.40	385.60
		183.60	366	370	220.40	390.80
		185.30	371	375	222.40	396.00
		186.80	376	379	224.20	400.40
		188.50	380	384	226.20	405.60
		189.80	385	389	227.80	410.90
		191.30	390	393	229.60	415.10
		193.00	394	398	231.60	420.40
		194.40	399	403	233.30	425.70
		196.10	404	407	235.40	429.90
		197.40	408	412	236.90	435.20
		198.80	413	417	238.60	440.40
		200.20	418	421	240.30	444.60
		201.80	422	426	242.20	449.90
		203.10	427	431	243.80	455.20
		204.50	432	436	245.40	460.50
		206.10	437	440	247.40	462.60
		207.40	441	445	248.90	465.30
		208.80	446	450	250.60	467.90
		210.40	451	454	252.60	470.00
		211.70	455	459	254.10	472.60
		213.10	460	464	255.80	475.20
		214.50	465	469	257.40	477.40
		216.10	469	473	259.40	480.00
		217.40	474	478	260.90	482.70
		218.80	479	482	262.60	484.80
		220.40	483	487	264.50	487.50
		221.70	488	492	266.10	490.10
		223.10	493	496	267.80	492.20
		224.70	497	501	269.70	494.80
		226.00	502	506	271.20	497.40
		227.40	507	510	272.90	499.60
		228.80	511	515	274.60	502.20
		230.30	516	520	276.40	504.90
		231.70	521	524	278.10	506.30

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 1971 Act)	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—		
		\$233.10	\$525	\$529	\$279.80	\$509.60
		234.70	530	534	281.70	512.20
		236.00	535	538	283.20	514.40
		237.40	539	543	284.90	517.00
		239.00	544	548	286.80	519.60
		240.30	549	553	288.40	522.30
		241.70	554	558	290.10	523.80
		242.00	557	560	291.50	526.00
		244.20	561	563	293.10	527.60
		245.50	564	567	294.60	529.70
		246.80	568	570	296.20	531.30
		248.00	571	574	297.60	533.30
		249.30	575	577	299.20	535.00
		250.50	578	581	300.60	537.00
		251.80	582	584	302.20	538.60
		253.00	585	588	303.60	540.80
		251.40	589	591	305.30	542.30
		255.60	592	595	306.80	544.50
		256.90	596	598	308.30	546.00
		258.10	599	602	309.80	548.20
		259.40	603	605	311.30	549.80
		260.60	606	609	312.80	551.80
		262.00	610	612	314.40	553.50
		263.20	613	616	315.90	555.50
		264.50	617	620	317.40	557.70
		265.70	621	623	318.90	559.20
		267.00	624	627	320.40	561.40
		268.20	628	630	321.90	563.30
		269.50	631	634	323.40	566.10
		270.80	635	637	325.00	568.70
		272.10	638	641	326.60	571.50
		273.30	642	644	328.00	574.00
		274.60	645	648	329.60	576.80
		275.80	649	652	331.00	579.30
		276.60	653	656	332.00	581.00
		277.40	657	660	332.90	582.60
		278.40	661	665	334.10	584.70
		279.40	666	670	335.30	586.80
		280.40	671	676	336.50	588.90
		281.40	676	680	337.70	591.00
		282.40	681	685	338.90	593.10
		283.40	686	690	340.10	595.20
		284.40	691	695	341.30	597.30
		285.40	699	700	342.50	599.40
		286.40	701	705	343.70	601.50
		287.40	706	710	344.90	603.60
		288.40	711	715	346.10	605.70
		289.40	716	720	347.30	607.80
		290.40	721	725	348.50	609.90
		291.40	726	730	349.70	612.00
		292.40	731	735	350.90	614.10
		293.40	736	740	352.10	616.20

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 1971 Act)	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—		
		\$294.40	\$741	\$745	\$353.30	\$618.30
		295.40	746	750	354.50	620.40
			751	755	355.60	622.20
			756	760	356.50	623.90
			761	765	357.50	625.70
			766	770	358.60	627.40
			771	775	359.60	629.20
			776	780	360.50	630.90
			781	785	361.60	632.70
			786	790	362.50	634.40
			791	795	363.60	636.20
			796	800	364.50	637.90
			801	805	365.60	639.70
			806	810	366.50	641.40
			811	815	367.60	643.20
			816	820	368.60	644.90
			821	825	369.50	646.70
			826	830	370.50	648.40
			831	835	371.50	650.20
			836	840	372.50	651.90
			841	845	373.50	653.70
			846	850	374.60	655.40
			851	855	375.60	657.20
			856	860	376.50	658.90
			861	865	377.50	660.70
			866	870	378.50	662.40
			871	875	379.50	664.20
			876	880	380.60	665.90
			881	885	381.60	667.70
			886	890	382.50	669.40
			891	895	383.60	671.20
			896	900	384.60	672.90
			901	905	385.50	674.70
			906	910	386.60	676.40
			911	915	387.60	678.20
			916	920	388.60	679.90
			921	925	389.60	681.70
			926	930	390.60	683.40
			931	935	391.60	685.20
			936	940	392.60	686.90
			941	945	393.60	688.70
			946	950	394.60	690.40
			951	955	395.60	692.20
			956	960	396.60	693.90
			961	965	397.60	695.70
			966	970	398.60	697.40
			971	975	399.60	699.20
			976	980	400.60	700.90
			981	985	401.60	702.70
			983	990	402.60	704.40
			991	995	403.60	706.20
			998	1,000	404.60	707.90.

(b) Section 203(a) of such Act is amended by striking out paragraph (2) 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 August 1972 on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection were applicable in January 1971 or any prior month in determining the total of the benefits for persons entitled for any such month on the basis of such wages and self-employment income, such total of benefits for September 1972 or any subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title for August 1972 (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), for each person for such month, by 120 percent and raising 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), and (ii) if section 202(k)(2) (A) was applicable in the case of any such benefits for September 1972, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2) (A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for September 1972, or"

(c) Section 215(a) of such Act is amended by striking out the matter which precedes the table and inserting in lieu thereof the following:

"(a) The primary insurance amount of an insured individual shall be determined as follows:

"(1) Subject to the conditions specified in subsection (b), (c), and (d) of this section and except as provided in paragraph (6) of this subsection, such primary insurance amount shall be whichever of the following amounts is the largest:

"(A) the amount in column IV of the following table on the line on which in column III of such table appears his average monthly wage (as determined under subsection (b));

"(B) the amount in column IV of such table on the line on which in column II appears his primary insurance amount (as determined under subsection (c)); or

"(C) the amount in column IV of such table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)).

"(2) 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, such primary insurance amount shall be the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table and in the following month became entitled to an old-age insurance benefit, or he died in such following month then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c))

instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined)."

(d) Section 215(b)(4) of such Act is amended by striking out "December 1970" each time it appears and inserting in lieu thereof "August 1972".

(e) Section 215(c) of such Act is amended to read as follows:

"Primary Insurance Amount Under Act of March 17, 1971

"(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 on the basis of the law in effect prior to September 1972.

"(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 September 1972, or who died before such month."

(f) Section 215(1)(2) of such Act is amended by striking out "(a)(1) and (3)" and inserting in lieu thereof "(a)(1) (A) and (C)".

(g)(1)(A) Section 227(a) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00", and by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(B) Section 227(b) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00".

(2)(A) Section 228(b)(1) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00".

(B) Section 228(b)(2) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00", and by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(C) Section 228(c)(2) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(D) Section 228(c)(3)(A) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00".

(E) Section 228(c)(3)(B) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(h)(1) Section 203(a) of the Social Security Act (as amended by subsection (b) of this section) is further amended by striking out "or" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", or", and by inserting after paragraph (3) the following new paragraph:

"(4) notwithstanding any other provision of law, when—

"(A) two or more persons are entitled to monthly benefits for a particular month on the basis of the wages and self-employment income of an insured individual and (for such particular month) the provisions of this subsection and section 202(q) are applicable to such monthly benefits, and

"(B) such individual's primary insurance amount is increased for the following month under any provision of this title,

then the total of monthly benefits for all persons on the basis of such wages and self-employment income for such particular month, as determined under the provisions of this subsection, shall for purposes of determining the total monthly benefits for all persons on the basis of such wages and self-employment income for months subsequent to such particular month to be considered to have been increased by the smallest amount that would have been required in order to assure that the total of monthly benefits payable on the basis of such wages

and self-employment income for any such subsequent month will not be less (after the application of the other provisions of this subsection and section 202(q)) than the total of monthly benefits (after the application of the other provisions of this subsection and section 202(q)) payable on the basis of such wages and self-employment income for such particular month."

(2) In any case in which the provisions of section 1002(b)(2) of the Social Security Amendments of 1969 were applicable with respect to benefits for any month in 1970, the total of monthly benefits as determined under section 203(a) of the Social Security Act shall, for months after 1970, be increased to the amount that would be required in order to assure that the total of such monthly benefits (after the application of section 202(q) of such Act) will not be less than the total of monthly benefits that was applicable (after the application of such sections 203(a) and 202(q)) for the first month for which the provisions of such section 1002(b)(2) applied.

(1) The amendments made by this section (other than the amendments made by subsections (g) and (h)) shall apply with respect to monthly benefits under title II of the Social Security Act for months after August 1972 and with respect to lump-sum death payments under such title in the case of deaths occurring after such month. The amendments made by subsection (g) shall apply with respect to monthly benefits under title II of such Act for months after August 1972. The amendments made by subsection (h)(1) shall apply with respect to monthly benefits under title II of such Act for months after December 1971.

#### AUTOMATIC ADJUSTMENTS IN BENEFITS AND IN THE CONTRIBUTION AND BENEFIT BASE

##### Adjustments in Benefits

SEC. 202. (a)(1) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:

##### "Cost-of-Living Increases in Benefits

"(1)(1) For purposes of this subsection—

"(A) the term 'base quarter' means (i) the calendar quarter ending on June 30 in each year after 1972, or (ii) any other calendar quarter in which occurs the effective month of a general benefit increase under this title;

"(B) the term 'cost-of-living computation quarter' means a base quarter, as defined in subparagraph (A)(1), in which the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, such Index in the later of (i) the last prior cost-of-living computation quarter which was established under this subparagraph, or (ii) the most recent calendar quarter in which occurred the effective month of a general benefit increase under this title; except that there shall be no cost-of-living computation quarter in any calendar year in which a law has been enacted providing a general benefit increase under this title or in which such a benefit increase becomes effective; and

"(C) the Consumer Price Index for a base quarter, a cost-of-living computation quarter, or any other calendar quarter shall be the arithmetical mean of such index for the 3 months in such quarter.

"(2)(A)(i) The Secretary shall determine each year beginning with 1974 (subject to the limitation in paragraph (1)(B) and to subparagraph (E) of this paragraph) whether the base quarter (as defined in paragraph (1)(A)(1)) in such year is a cost-of-living computation quarter.

"(ii) If the Secretary determines that such base quarter is a cost-of-living computation quarter, he shall, effective with the month of January of the next calendar year (subject to subparagraph (E)) as provided in subparagraph (B), increase the benefit amount of each individual who for such month is entitled to benefits under section

227 or 228, and the primary insurance amount of each other individual under this title, by an amount derived by multiplying each such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the nearest one-tenth of 1 percent) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such index for the most recent prior calendar quarter which was a base quarter under paragraph (1)(A)(ii) or, if later, the most recent cost-of-living computation quarter under paragraph (1)(B). Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply (subject to subparagraph (E)) in the case of monthly benefits under this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, and in the case of lump-sum death payments with respect to deaths occurring after December of such calendar year.

"(C)(i) Whenever the level of the Consumer Price Index as published for any month exceeds by 2.5 percent or more the level of such index for the most recent base quarter (as defined in paragraph (1)(A)(ii)) or, if later, the most recent cost-of-living computation quarter, the Secretary shall (within 5 days after such publication) report the amount of such excess to the House Committee on Ways and Means and the Senate Committee on Finance.

"(ii) Whenever the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance of such determination on or before August 15 of such calendar year, indicating the amount of the benefit increase to be provided, his estimate of the extent to which the cost of such increase would be met by an increase in the contribution and benefit base under section 230 and the estimated amount of the increase in such base, the actuarial estimates of the effect of such increase, and the actuarial assumptions and methodology used in preparing such estimates.

"(D) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall publish in the Federal Register on or before November 1 of such calendar year a determination that a benefit increase is resolutely required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be the amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been most recently revised by another law or pursuant to this paragraph); and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

"(1) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall reflect the year in which the primary insurance amounts set forth in column IV of the table immediately prior to its revision were effective.

"(ii) The amounts on each line of column I and column III, except as otherwise provided by clause (v) of this subparagraph, shall be the same as the amounts appearing in each such column in the table immediately prior to its revision.

"(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

"(iv) The amounts on each line of column IV and column V shall be increased from the amounts shown in the table immediately prior to its revision by increasing each such amount by the percentage specified in subparagraph (A)(ii) of this paragraph. The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(v) If the contribution and benefit base (determined under section 230) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV, and V of such table shall be extended. The amounts on each additional line of column III shall be the amounts on the preceding line increased by \$5 until in the last such line of column III the second figure is equal to one-twelfth of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised. The amount on each additional line of column IV shall be the amount on the preceding line increased by \$1.00, until the amount on the last line of such column is equal to the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised (as determined under section 230) over such base for the calendar year in which the table of benefits is revised. The amount in each additional line of column V shall be equal to 1.75 times the amount on the same line of column IV. Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(E) Notwithstanding a determination by the Secretary under subparagraph (A) that a base quarter in any calendar year is a cost-of-living computation quarter (and notwithstanding any notification or publication thereof under subparagraph (C) or (D)), no increase in benefits shall take effect pursuant thereto, and such quarter shall be deemed not to be a cost-of-living computation quarter, if during the calendar year in which such determination is made a law providing a general benefit increase under this title is enacted or becomes effective.

"(3) As used in this subsection, the term 'general benefit increase under this title' means an increase (other than an increase under this subsection) in all primary insurance amounts on which monthly insurance benefits under this title are based."

(2)(A) Effective January 1, 1974, section 203(a) of such Act is amended by striking out "the table in section 215(a)" in the matter preceding paragraph (1) and inserting in lieu thereof "the table in or deemed to be in section 215(a)".

(B) Effective January 1, 1974, section 203(a)(2) of such Act (as amended by section 201(b) of this Act) is further amended to read as follows:

"(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 January 1971 or any prior month on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection as in effect for any such month were applicable in determining the benefit amount of any persons on the basis of such wages and self-employment income, the total of benefits for any month after January 1971 shall not be reduced to less than the largest of—

"(A) the amount determined under this subsection without regard to this paragraph, "(B) the largest amount which has been determined for any month under this subsection for persons entitled to monthly benefits on the basis of such insured individual's wages and self-employment income, or

"(C) if any persons are entitled to benefits on the basis of such wages and self-employment income for the month before the effective month (after September 1972) of a general benefit increase under this title (as defined in section 215(i)(3)) or a benefit increase under the provisions of section 215(i), an amount equal to the sum of amounts derived by multiplying the benefit amount determined under this title for the month before such effective month including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), for each such person for such month, by a percentage equal to the percentage of the increase provided under such benefit increase (with any such increased amount which is not a multiple of \$0.10 being rounded to the next higher multiple of \$0.10);

but in any such case (1) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B) or (C), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for a month, and ceases to apply for a month after such month, the provisions of subparagraph (B) or (C) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for the last month for which subparagraph (B) or (C) was applicable, or"

(3)(A) Effective January 1, 1975, section 215(a) of such Act (as amended by section 201(c) of this Act) is further amended—

(i) by inserting "(or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (1)(2)(D))" after "the following table" in paragraph (1)(A); and

(ii) by inserting "(whether enacted by another law or deemed to be such table under subsection (1)(2)(D))" after "effective month of a new table" in paragraph (2).

(B) Effective January 1, 1975, section 215(b)(4) of such Act (as amended by section 201(d) of this Act) is further 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 to benefits under section 202(a) or section 223 in or after the month in which a new table that appears in (or is deemed by subsection (1)(2)(D) to appear in) subsection (a) becomes effective; or

"(B) who dies in or after the month in which such table becomes effective 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)."

(C) Effective January 1, 1975, section 215(c) of such Act (as amended by section 201(e) of this Act) is further amended to read as follows:

"Primary Insurance Amount Under Prior Provisions

"(c)(1) For the purposes of column II of the latest table that appears in (or is deemed to appear in) subsection (a) of this section, an individual's primary insurance amount shall be computed on the basis of the law in effect prior to the month in which the latest such table became effective.

"(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, or who died, before such effective month."

(4) Effective January 1, 1975, sections 227

and 228 of such Act (as amended by section 201(g) of this Act) are further amended by striking out "\$58.00" wherever it appears and inserting in lieu thereof "the larger of \$58.00 or the amount most recently established in lieu thereof under section 215(1)", and by striking out "\$29.00" wherever it appears and inserting in lieu thereof "the larger of \$29.00 or the amount most recently established in lieu thereof under section 215(1)".

Adjustments in Contribution and Benefit Base

(b) (1) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

"ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

"SEC. 230. (a) Whenever the Secretary pursuant to section 215(1) increases benefits effective with the first month of the calendar year following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs (along with the publication of such benefit increase as required by section 215(1)(2)(D)) the contribution and benefit base determined under subsection (b) which shall be effective (unless such increase in benefits is prevented from becoming effective by section 215(1)(2)(E)) with respect to remuneration paid after the calendar year in which such quarter occurs and taxable years beginning after such year.

"(b) The amount of such contribution and benefit base shall be the amount of the contribution and benefit base in effect in the year in which the determination is made or, if larger, the product of—

"(1) the contribution and benefit base which was in effect with respect to remuneration paid in (and taxable years beginning in) the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made, and

"(2) the ratio of (A) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made to the latest or (B) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1973 or the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under subsection (a), with such product, if not a multiple of \$300, being rounded to the next higher multiple of \$300 where such product is a multiple of \$150 but not of \$300 and to the nearest multiple of \$300 in any other case.

"(c) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the 'contribution and benefit base' with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1973 and prior to the calendar year with the first month of which the first increase in benefits pursuant to section 215(1) of this Act becomes effective shall be \$12,000 or (if applicable) such other amount as may be specified in a law enacted subsequent to the law which added this section."

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

SEC. 203. (a) (1) (A) Section 209(a) (6) of the Social Security Act is amended by inserting "and prior to 1973" after "1971".

(B) Section 209(a) of such Act is further amended by adding at the end thereof the following new paragraphs:

"(7) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$10,800 with respect to employment has been paid to an individual during any calendar year after 1972 and prior to 1974, is paid to such individual during such calendar year;

"(8) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$12,000 with respect to employment has been paid to an individual during any calendar year after 1973 and prior to 1975, is paid to such individual during such calendar year;

"(9) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to the contribution and benefit base (determined under section 230) with respect to employment has been paid to an individual during any calendar year after 1974 with respect to which such contribution and benefit base is effective, is paid to such individual during such calendar year."

(2) (A) Section 211(b) (1) (F) of such Act is amended by inserting "and prior to 1973" after "1971", 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 subparagraphs:

"(G) For any taxable year beginning after 1972 and prior to 1974, (1) \$10,800, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(H) For any taxable year beginning after 1973 and prior to 1975, (i) \$12,000, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(I) For any taxable year beginning in any calendar year after 1974, (1) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(3) (A) Section 213(a) (2) (ii) of such Act is amended by striking out "after 1971" and inserting in lieu thereof "after 1971 and before 1973, or \$10,800 in the case of a calendar year after 1972 and before 1974, or \$12,000 in the case of a calendar year after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective".

(B) Section 213(a) (2) (iii) of such Act is amended by striking out "after 1971" and inserting in lieu thereof "after 1971 and before 1973, or \$10,800 in the case of a taxable year beginning after 1972 and before 1974, or \$12,000 in the case of a taxable year beginning after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1974".

(4) Section 215(e) (1) of such Act is amended by striking out "and the excess over \$9,000 in the case of any calendar year after 1971" and inserting in lieu thereof "the excess over \$9,000 in the case of any calendar year after 1971 and before 1973, the excess over \$10,800 in the case of any calendar year after 1972 and before 1974, the excess over \$12,000 in the case of any calendar year after 1973 and before 1975, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective".

(b) (1) (A) Section 1402(b) (1) (F) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is

amended by inserting "and before 1973" after "1971", 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 subparagraphs:

"(G) for any taxable year beginning after 1972 and before 1974, (1) \$10,800, minus (ii) the amount of the wages paid to such individual during the taxable year;

"(H) for any taxable year beginning after 1973 and before 1975, (1) \$12,000, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(I) for any taxable year beginning in any calendar year after 1974, (1) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(2) (A) Section 3121(a) (1) of such Code (relating to definition of wages) is amended by striking out "\$9,000" each place it appears and inserting in lieu thereof "\$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3121(a) (1) of such Code is amended by striking out "\$10,800" each place it appears and inserting in lieu thereof "\$12,000".

(C) Effective with respect to remuneration paid after 1974, section 3121(a) (1) of such Code is amended—

(1) by striking out "\$12,000" each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)", and

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective".

(3) (A) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "\$9,000" and inserting in lieu thereof "\$10,800".

(B) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out "\$10,800" and inserting in lieu thereof "\$12,000".

(C) Effective with respect to remuneration paid after 1974, the second sentence of section 3122 of such Code is amended by striking out "the \$12,000 limitation" and inserting in lieu thereof "the contribution and benefit base limitation".

(4) (A) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "\$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "\$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out "\$10,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "\$12,000".

(C) Effective with respect to remuneration paid after 1974, section 3125 of such Code is amended by striking out "the \$12,000 limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base limitation".

(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 1973" after "the calendar year 1971";

(B) by inserting after "exceed \$9,000," the following: "or (F) during any calendar year after the calendar year 1972 and prior to the calendar year 1974, the wages received by him during such year exceed \$10,800, or (G) during any calendar year after the calendar year 1973 and prior to the calendar year 1975, the

wages received by him during such year exceed \$12,000, or (H) during any calendar year after 1974, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year," and

(C) by inserting before the period at the end thereof the following: "and before 1973, or which exceeds the tax with respect to the first \$10,800 of such wages received in such calendar year after 1972 and before 1974, or which exceeds the tax with respect to the first \$12,000 of such wages received in such calendar year after 1973 and before 1975, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1974 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year".

(6) Section 6413(a)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "or \$9,000 for any calendar year after 1971" and inserting in lieu thereof "\$9,000 for the calendar year 1972, \$10,800 for the calendar year 1973, \$12,000 for the calendar year 1974, or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1974 with respect to which such contribution and benefit base is effective".

(7) (A) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "\$9,000" and inserting in lieu thereof "\$10,800".

(B) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "\$10,800" and inserting in lieu thereof "\$12,000".

(C) Effective with respect to taxable years beginning after 1974, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "the excess of \$12,000 over the amount" and inserting in lieu thereof "the excess of (I) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount".

(c) The amendments made by subsections (a)(1) and (a)(3)(A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1972. The amendments made by subsections (a)(2), (a)(3)(B), (b)(1), and (b)(7) shall apply only with respect to taxable years beginning after 1972. The amendment made by subsection (a)(4) shall apply only with respect to calendar years after 1972.

#### CHANGES IN TAX SCHEDULES

SEC. 204. (a)(1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "and before January 1, 1973" in paragraph (3) and inserting in lieu thereof "and before January 1, 1978";

(B) by striking out "and" at the end of paragraph (3); and

(C) by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 2011, the tax shall be equal to 6.7 percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 2010, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of

old-age, survivors, and disability insurance) is amended—

(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "any of the calendar years 1971 through 1977"; and

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages received during any of the calendar years 1978 through 2010, the rate shall be 4.5 percent; and

"(5) with respect to wages received after December 31, 2010, the rate shall be 5.35 percent."

(3) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "any of the calendar years 1971 through 1977"; and

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages paid during any of the calendar years 1978 through 2010, the rate shall be 4.5 percent; and

"(5) with respect to wages paid after December 31, 2010, the rate shall be 5.35 percent."

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 0.9 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1986, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1985, and before January 1, 1993, the tax shall be equal to 1.1 percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1992, the tax shall be equal to 1.2 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 0.9 percent;

"(3) with respect to wages received during the calendar years 1978, 1979, 1980, 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.0 percent;

"(4) with respect to wages received during the calendar years 1986, 1987, 1988, 1989, 1990, 1991, and 1992, the rate shall be 1.1 percent; and

"(5) with respect to wages received after December 31, 1992, the rate shall be 1.2 percent."

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 0.9 percent;

"(3) with respect to wages paid during the calendar years 1978, 1979, 1980, 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.0 percent;

"(4) with respect to wages paid during the calendar years 1986, 1987, 1988, 1989, 1990, 1991, and 1992, the rate shall be 1.1 percent; and

"(5) with respect to wages paid after December 31, 1992, the rate shall be 1.2 percent."

(c) The amendments made by subsections (a)(1) and (b)(1) shall apply only with respect to taxable years beginning after December 31, 1972. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1972.

#### ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 205. (a) Section 201(b)(1) of the Social Security Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "1969, and so reported," and inserting in lieu thereof "1969, and before January 1, 1973, and so reported, (E) 1.0 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1978, and so reported, (F) 1.1 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 2011, and so reported, and (G) 1.4 per centum of the wages (as so defined) paid after December 31, 2010, and so reported," (b) Section 201(b)(2) of such Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "beginning after December 31, 1969," and inserting in lieu thereof "beginning after December 31, 1969, and before January 1, 1973, (E) 0.75 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1978, (F) 0.825 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 2011, and (G) 0.915 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010,"

Amend the title so as to read: "An Act to provide for a four-month extension of the present temporary level in the public debt limitation, and for other purposes."

Mr. CHURCH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CHURCH. Is amendment No. 1307, which has just been read, the pending business?

The PRESIDING OFFICER. It is the pending business.

Mr. CHURCH. I am now happy to yield to the distinguished Senator from Utah for an opening statement.

Mr. BENNETT. Is the Senator yielding the floor, or is he just yielding to me?

Mr. CHURCH. I am yielding to the Senator from Utah, but I am retaining my right to the floor.

Mr. BENNETT. I just want to be sure what the situation is. I assure the Senator from Idaho that I had no idea of taking him off the floor, under any circumstances.

Mr. CHURCH. I understand that.

Mr. BENNETT. Mr. President, I want to indicate my support for the proposed legislation now before the Senate to extend the temporary debt limit of \$450 billion through October 31, 1972. I am sure that I am not overstating the case when I say that bills relating to the debt

ceiling have never been popular in the Senate; and from my experience in working on them over the years. I doubt that they ever really have been understood by many of my colleagues. I am not happy that circumstances now force us to go through the same process again to provide new legislation to raise the debt limit. The plain fact is that this time, as in every other time, we really have no choice. This bill must be passed. We must provide a ceiling sufficient to permit the Government to continue to operate and meet its financial obligations.

In considering the proposed legislation, we should remember that, in a real sense, any debt ceiling that is required at a particular time is a symptom, certainly not a cause, of our financial problems. In dealing with it, we do not deal with the cause. The real culprit is not the debt limit itself. It is the fact that the Federal Government has been spending beyond its means, incurring huge budgetary deficits. These deficits can be financed in only one way—through borrowing. When the deficits reach the point at which our need to borrow takes us above the existing debt ceiling, we have no choice but to raise the ceiling; because if we find ourselves in a position in which the Federal Government has outstanding obligations that are in excess of its cash balance and it is forbidden by law to borrow, then the Federal Government has to grind to a halt. This is the real reason why we are here today to face the old problem and provide new legislation to raise the debt ceiling.

Actually, what we are doing is to provide authorization to continue the present debt ceiling for a few months more. If we want to keep the debt down, we must control our spending, rather than try to put on a tighter ceiling. Once the Federal Government has spent the money, we cannot say that we will not honor the bills. We must pay the bills, and that is why the proposed legislation must be adopted.

As I said earlier, this bill does not raise the debt ceiling by a single dollar. It merely extends the temporary \$450 billion ceiling that under present law is scheduled to expire at midnight tomorrow night—extends it through an additional 4 months, to October 31 of this year. Without this section, the debt limit will revert to what we call the permanent ceiling of \$400 billion, at 1 minute after midnight, Saturday morning. We cannot permit this to happen, because the actual amount of debt is now substantially higher than the \$400 billion. It reached \$426.8 billion on June 27, which is the latest Treasury figure I have, and will drop back to approximately \$425 billion tomorrow night.

The \$450 billion temporary debt ceiling that this bill provides for the period through October 31 is a very tight ceiling, which will just about get us through that period, in view of the fact that the Treasury estimates that the actual debt will exceed \$447 billion sometime during October, leaving us just a \$3 billion margin.

Actually, the ceiling that this bill provides is considerably under the admin-

istration's request. The administration asked the House for an increase in the temporary debt ceiling of \$465 billion and asked that the period be extended to March 1, 1973.

On the whole, I think it would have been preferable for the bill to have provided for the ceiling requested by the administration and the expiration date. But that was not done by the House, and now the important thing is to adopt the proposed legislation as it is and to avoid delaying the adoption of the necessary authorization before the deadline runs out tomorrow night.

The administration has indicated that it can satisfactorily carry on its operations with this limit of \$450 billion through October. Since the \$450 billion temporary debt ceiling will carry us only through October 31 of this year, we will have to be back again before that time to consider this matter. At that time, we will have additional information on Federal receipts and expenditures, which will help us determine an appropriate new ceiling. But at this time I think it is important that we approve this measure quickly.

We must act responsibly and provide an adequate ceiling within the few hours we have left. The results of our failure to act are unthinkable. Without having a debt limit within which it could operate, the Treasury Department would not be able to issue any new Government obligations after midnight tomorrow night. This includes the savings bonds which people are buying with payroll deductions, some of which are in the process of being bought right now. The curtain on those must come down absolutely at midnight tomorrow night, and I think Senators can realize the confusion that would cause. In a few days' time, the Treasury's present cash balance would be exhausted, and the Government would be compelled to stop payments on virtually all its obligations. Nobody can guess exactly when that minute would come, but from the best information I can obtain, it probably would come within a week, while the Senate and the House would be in recess.

The result would be disastrous not only at home but also abroad, since it would disrupt the international monetary system. Just think, for example, of the hardships that would result if the U.S. Government were forced to suspend payments of salaries, grants to State and local governments, contract obligations, redemption of securities held in the hands of foreigners—and I could list a lot of other things. Imagine the effect that a cessation of U.S. payments on its obligations would have on the value of the dollar abroad. I am sure that when you examine all these unfortunate consequences, Mr. President, you will agree that it is imperative to pass this measure and to pass it promptly.

I thank my friend from Idaho for the opportunity to make this statement.

Mr. CHURCH. The Senator from Utah is most welcome.

Mr. TOWER. Mr. President, we have come a long way in this country since our ancestors declared their independence of too-much-government in 1776.

We were then a people who were committed to a principle of maximum self-determination for the individual over his own fate and well-being. We disliked big government in those days—in fact, it was very difficult after the American Revolution for the representatives of the various sovereign States to agree to any type of centralized government at all. The only reason any type of union was eventually achieved was really the need for a common defense effort.

Now, however, we as a people seem to have come to accept the principle that big government is necessary for the individual's best interests. We seem to have subverted the old philosophy that an individual is best off when he is most free to pursue his own chosen path in life, however many twists and turns may be thrown into that path by unplanned events beyond his control, with a rather insidious philosophy of governmental planning of the life activities of everyone of us. It is always easy for a sector of the population with a particular problem—say, inadequate water supplies, or a downtown slum, or inadequate transportation facilities—to turn immediately to the huge Federal Government and say: "We have an important and urgent problem, help us."

There is no doubt at all about these problems being important and needing immediate attention. The people of this country want a decent standard of living, and there is no good reason why our tremendous economy and our great pool of human talent cannot achieve this goal if properly orchestrated. However, we have made a basic mistake in assuming that the Federal Government should be handed all of the authority and resources needed to achieve this decent standard of living. The private sector of our economy and the basic rules of a market economy are the essential means for achieving a decent living standard. Certainly, we need a certain amount of Federal law in various areas, such as the environment, the antitrust field, the financial institutions area, the whole realm of interstate commerce, and so on. The private sector, guided by sound and limited governmental rules in the appropriate areas, can do the job of providing full employment and decent incomes, and can provide people the opportunity to pursue their own self-determined courses through life.

Instead, what we have is a very substantially government dominated life-path for our citizens. Every problem that crops up seems to be thrown to the Federal Government for subsidy and solution. This basic fact of life is very evident in the bill we have before us now—to raise the debt ceiling once again.

We obviously are relying too heavily on the Federal Government for solving our problems if it continues to run deficits of this magnitude. A strong economy could handle most of the problems we face, including the unemployment problem which these deficits are supposed to cure, and the tax revenues from a strong economy will be quite adequate to finance the necessary Government services to deal with the other problems.

I am, therefore, advocating that we

turn our national attention toward resolving problems to the maximum extent possible at the individual, business firm, and local government levels. The Federal Government cannot do everything for everybody. We simply could not afford it even if we wanted to be totally dominated by the Federal Government. What we need is a strong economy that is doing most things for most people, and let the Federal Government do only those other things which are necessarily governmental.

To this end, I am still in strong support of the proposal to place a firm spending limit on the Government each year before authorizations and appropriations are approved, so that attention will be focused each year on eliminating the least meritorious requests for Federal assistance in order to meet the pre-set spending limitation. In this way, national attention will be focused on the fact that the Federal Government will not and, in fact, cannot, be all things to all people. It will have to limit its activities to the most important and necessary Federal Government functions. I regret very much that the Roth proposal to accomplish this goal did not succeed in Congress earlier this year. It is evident that a change in congressional philosophy will be necessary in order for meaningful attention be given to this most vital of all national concerns, and I expect to see a revitalized effort at this goal launched when a new Congress forms next January, if the present Congress continues to turn a deaf ear to efforts for a spending limitation and fiscal sanity.

PRIVILEGE OF THE FLOOR

Mr. CHURCH. Mr. President, I ask unanimous consent that David Affeldt, from the Committee on Aging, which I chair, and Frank Crowley, of the congressional research staff, be allowed the privilege of the floor during consideration and the vote on my amendment. Both Mr. Affeldt and Mr. Crowley will provide technical assistance during consideration of the amendment.

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

Mr. CHURCH. Mr. President, I also want to announce that this amendment has the cosponsorship of the following Senators: KENNEDY, WILLIAMS, PERCY, MCGOVERN, EASTLAND, MOSS, HOLLINGS, RANDOLPH, RIBICOFF, THURMOND, BAKER, CHILES, MONDALE, PELL, EAGLETON, TUNNEY, HART, HUMPHREY, BAYH, CRANSTON, MONTOYA, PASTORE, MCGEE, CANNON, GRAVEL, METCALF, HATFIELD, SPARKMAN, MANSFIELD, STEVENSON, HUGHES, SAXBE, ROBERT C. BYRD, HARRIS, JAVITS, MCINTYRE, NELSON, GAMBRELL, PROXMIRE, BROOKE, MAGNUSON, INOUE, and MUSKIE.

Mr. President, a few days ago I announced my intention to amend the debt ceiling bill by adding a 20-percent across-the-board increase in social security benefits.

Today, I would like to confirm that intention and to offer additional arguments for my amendment.

That amendment, I should add, will include a mechanism for automatic cost-of-living adjustments which will keep social security inflation-proof, now and in the future.

This two-pronged approach, it seems to me, can and should be adopted by the Congress in the few remaining days before we recess for the Democratic National Convention.

How else, during a session which will later be interrupted by the Republican Convention and all the subsequent activities related to a presidential campaign, can our elderly be sure of receiving a desperately needed increase in retirement income?

How else are we to avoid the trap into which we have fallen in the past—the trap which opens up and closes shut when social security reforms are tied to welfare measures?

Such a prospect is before us again. H.R. 1—the welfare reform bill—is a cumbersome, controversial legislative package. And entrapped in this massive and complex bill is an urgently needed social security increase.

For over a year now, the needs of the elderly have been held hostage to action on welfare reform. But the situation is causing far too much hardship to wait any longer.

Nearly 7 million elderly Americans live in poverty or near poverty—about one out of every three persons 65 and older. Millions more are faced with the stark prospect of slipping below the poverty level.

These Americans, in particular, need help, immediate help. And my proposed 20-percent increase would be of substantial benefit, removing from poverty in one stroke almost 1½ million older people. In addition, over one-half million people under age 65—people who retired early or are severely disabled and their dependents, and the young survivors of deceased workers—would be removed from poverty.

My amendment would also be of great help to the millions of social security beneficiaries who are now only slightly above the poverty level. At these levels of low income, the additional benefits would be especially meaningful. Any increase that can be provided in the level of living for these aged and disabled beneficiaries and their families and for young widows with children is of great importance.

In terms of dollars and cents, this measure would increase average monthly social security benefits for a retired worker from \$133 to \$161. On an annual basis, this would mean an additional \$336 in retirement income. For a retired couple, average monthly benefits would increase from \$223 to \$270, or \$564 in a year.

In addition to providing an immediate increase in benefits, my amendment also would provide a mechanism for keeping benefits up to date with increases in prices.

Our elderly citizens are the least able to suffer losses in the purchasing power of their limited incomes. Social security benefits are the only regular income for half of our retired workers. Benefit increases have too often lagged behind increases in the cost of living. We have an obligation to guarantee, in the law, that social security benefits will not deteriorate because of inflation.

Equally important, all this can be achieved without impairing the actuarial soundness of the social security trust funds and without any increase in the contribution rates for the cash benefits part of the social security program for several decades. In fact, the cash benefit improvements in my amendment can be financed until well into the next century with contribution rates that are lower than the rates under present law.

The contribution rates that my amendment would set for the cash benefits program are based on recommendations made by the Advisory Council on Social Security and endorsed by the Nixon administration. The Advisory Council was a distinguished and knowledgeable 13-member panel chaired by Arthur S. Flemming, who is now the President's Special Consultant on Aging.

The contribution rates in my amendment are set at a level that assures sufficient income to meet current expenditures and to allow for growth in the trust funds. These contribution rates would maintain the funds at a reasonable contingency-reserve level, in line with the recommendations of the Advisory Council.

In addition, the contribution rates are based on the assumptions that benefits will rise in the future to take account of increases in prices—as my amendment would provide—and that the maximum amount of earnings counted for social security purposes will increase as earnings levels rise—also as my amendment would provide. The Advisory Council recommended the adoption of contribution rates based on rising benefits and earnings assumptions in lieu of the past practice of basing rates on the assumption that earnings levels would not rise.

As a result of the lower contribution rates in my amendment, a worker whose future earnings will be \$9,245 or less will actually pay less in social security contributions from 1973 through the end of this century than he would pay under the contribution rates scheduled in present law.

Under my amendment, the maximum amount of annual earnings on which social security contributions are paid and which count in determining social security benefits would be increased to \$10,800 in 1973 and to \$12,000 in 1974. In relation to the increases that have occurred in earnings levels since the program began, these are modest increases. A substantially smaller percentage of workers would have their full earnings covered under the program than was the case when the program began.

A worker who has high earnings will pay more in social security contributions. But he will be getting his money's worth or more in social security protection. He will get considerably more in such protection than he would get under present law.

For example, a worker who is 65 in 1975 and who has always earned the maximum annual earnings counted under social security will get a monthly benefit of \$283.20; for a couple, the monthly benefit would be \$424.80. This is \$54.40 more a month for a worker and

\$81.60 more a month for the couple than the benefits under present law.

The difference is even more dramatic for those who retire in the future. Using the same assumptions with respect to earnings levels and prices used by the social security actuaries and accepted by the Committee on Finance, a man now age 50, for example, can expect to get a monthly benefit at age 65 of \$522.40; he and his wife at 65 can get \$783.60. This is \$261.80 more per month than the \$260.60 he would get under present law; and it is \$392.70 more per month than the \$390.90 he and his wife could get under present law.

Moreover, the benefit protection for young workers and their families, an aspect of the social security program often overlooked, would be increased because of the increase in the earnings base in my amendment. As early as 1976 a young disabled worker could qualify for a monthly benefit as high as \$404.50, \$109.10 more than the \$295.40 he could get under present law; he and his family could get a benefit as high as \$707.90, \$190.90 more than the \$517 they could get under present law.

After 1974, the maximum amount of a worker's annual earnings that can be counted for social security benefit and contribution purposes would be adjusted to reflect future increases in average earnings in employment covered under social security. This provision for future automatic increases in the earnings base to take account of increases in earnings levels is in line with the Advisory Council's recommendations.

Further, this provision is of considerable significance in the financing of the automatic benefit increases provided under my amendment. With the realistic assumption that earnings levels will rise and will rise significantly faster than price levels, as has been the case over the last several decades, the additional financing needed to meet the cost of the automatic benefit increases will come from the contributions paid by workers at increasing earnings levels. About two-thirds of the cost of each successive automatic benefit increase under the provisions of this amendment would be financed by the additional contribution income generated directly by rising earnings levels. The remaining one-third of the cost of each successive benefit increase would be financed by the additional income to the system that would result from the application of the scheduled contribution rate to those with earnings in the upper brackets. Thus, all workers will share in the cost of the automatic adjustment in social security benefits, and the automatic adjustment in the base merely assures that workers at upper earnings levels will share proportionately in this cost with workers at lower earnings levels.

Mr. CURTIS. Mr. President, would the distinguished Senator yield?

Mr. CHURCH. Mr. President, I yield.

Mr. CURTIS. Mr. President, what would be the tax increase in dollars for a \$5,000-a-year man between what he is

paying now, 1972, and what he will be paying in 1973?

Mr. CHURCH. The difference would be \$15.

Mr. CURTIS. Mr. President, what would be the tax increase in 1973 over 1972 under the Senator's proposal for the \$7,000-a-year man?

Mr. CHURCH. The difference would be \$21.

Mr. CURTIS. And for the \$9,000-a-year man?

Mr. CHURCH. The difference would be \$27.

Mr. CURTIS. And for the \$10,000-a-year man?

Mr. CHURCH. The difference would be \$72.

Mr. CURTIS. Would it be \$82?

Mr. CHURCH. The Senator is correct. It would be \$82.

Mr. CURTIS. And for the \$11,000-a-year man under your proposal, what would be his tax increase for 1973 over 1972?

Mr. CHURCH. My figure is \$85.50.

Mr. CURTIS. The \$11,000-a-year man is now paying \$468. I believe under this proposal he would pay \$594.

Mr. CHURCH. In 1973. However, he is not taxed until 1973, so I compare the 1973 figure with that year when the base is extended.

Mr. CURTIS. What he is paying this year compared with next year is an increase of \$136.

Mr. CHURCH. He is paying the \$468 maximum for 1972. But, the Senator understands the base will be enlarged to \$10,800 and ultimately to \$12,000.

Mr. CURTIS. Even looking at dollars they take out this year and dollars they take out next year, if the Senator's proposal is agreed to, it is roughly \$10 a month, a little more. The \$12,000-a-year man, according to my figures, is now paying \$468 a year.

Mr. CHURCH. His situation would be the same as that of the \$11,000-a-year man.

Mr. CURTIS. However, by 1974 he will be paying \$660 or a tax increase of \$192, if the Senator's proposal is agreed to.

Mr. CHURCH. The Senator is correct.

Mr. CURTIS. I will not ask for all of those figures with reference to the self-employed. I might call attention to the fact that the self-employed person who is now making \$12,000 a year is paying \$675 a year in social security tax, and his tax would go to \$842.40 in 1973, and to \$936 in 1974. The lower earning income person would have quite a tax, too. The man making \$5,000 will have an increase of \$15 and the \$7,000 a year self-employed person will have an increase of about \$19.

Mr. CHURCH. I just wish to point out that the Senator's figures are correct. I would like at this point to place in the Record a schedule which reflects this discussion so that the entire table may be in the Record. I think it covers all the figures to which the Senator referred.

There being no objection, the table was ordered to be printed in the Record, as follows:

## SOCIAL SECURITY EMPLOYEE TAXES

Annual income	1972 under present law and proposals		Church amendment	
	Present law 1973 and 1974	1973	1973	1974
\$5,000.....	\$260	\$282.50	\$275.00	\$275
\$7,000.....	364	395.50	385.00	385
\$9,000.....	468	508.50	495.00	495
\$10,000.....	468	508.50	550.00	550
\$11,000.....	468	508.50	594.00	605
\$12,000.....	468	508.50	594.00	660

## SOCIAL SECURITY SELF-EMPLOYMENT TAXES

Annual income	1972 under present law and proposals		Church amendment	
	Present law 1973 and 1974	1973	1973	1974
\$5,000.....	\$375	\$382.50	\$390.00	\$390
\$7,000.....	525	535.50	546.00	546
\$9,000.....	675	688.50	702.00	702
\$10,000.....	675	688.50	780.00	780
\$11,000.....	675	688.50	842.40	858
\$12,000.....	675	688.50	842.40	936

Mr. CURTIS. I thank the Senator.

Mr. CHURCH. It is very important in this regard to remember that some 70 million workers who are paying into the social security system, or about three-fourths of those now paying into the social security system would actually be paying a lower rate under this amendment than under the scheduled rates in the present law. So we are not only accomplishing a 20-percent increase in benefits, but also for the great majority of those paying into the system we are accomplishing, starting next year a modest reduction in the cost of the program compared with schedules under the existing law.

Mr. CURTIS. Mr. President, will the Senator yield at that point?

Mr. CHURCH. I am happy to yield to the Senator from Nebraska.

Mr. CURTIS. Will the Senator point out any bracket that will pay fewer dollars in social security next year compared to this year if the Senator's proposal is agreed to?

Mr. CHURCH. I will submit figures for the Record bearing on this point which show how my amendment will reduce individual tax payments. I will insert the table in the Record at the appropriate place following my introductory remarks?

Mr. CURTIS. Do any of those tables show that under the proposal anyone in any bracket will pay fewer dollars in 1973 on the same income than they are paying in 1972?

Mr. CHURCH. In 1973 cuts in the tax rate will be made.

Mr. CURTIS. The Senator's answer is not responsive to my question. Can the Senator point out a single social security taxpayer who will pay fewer dollars in 1973 than in 1972 on the same earnings?

Mr. CHURCH. No.

Mr. CURTIS. They will all pay more, will they not?

Mr. CHURCH. The reductions will come thereafter, and the table will show the reduction.

Mr. CURTIS. Those tables must have a proper interpretation. Congress projects tables many years in advance but they never find out whether those tables are accurate because they are changed about every 2 years, and although some tables were projected, we come along with

another table and we say that this table gives lower rates and it does not give us the right to say that the social security taxpayers are having lower taxes. They are not.

All that those tables reflect is the pious hope of Congress of what the future tax might be.

I want to be just as generous as the circumstances allow, taking into account the situation. I do not criticize those who come to different conclusions. But I do criticize the assertion that you can increase benefits and tax people less. The amount of the reserve in the social security fund is about a 12-month reserve.

In other words, if we collected no more taxes, we could pay present beneficiaries for 12 months and that would be it. That is all there is. So it is absurd to say you can grant a 5-percent increase in social security benefits and then at a later time say you can raise to 20 percent without raising the taxes. It just cannot be done. You have to take a great many more dollars away from taxpayers to pay 20 percent than you do 5 percent. Were we to consider here a 30-percent increase in benefits, we would have to take a great deal of more money away from the social security taxpayers than if we made it 15 percent.

I make this statement not as an argument for any particular level of increase. Many of these beneficiaries need all the increase they can get. But I think we should make a full statement to the tax-paying public, and the fact is that no one's tax will be reduced by a single dollar under the Senator's amendment. Everyone's tax will be raised.

The only way you can do that, and that is only partial, is to use up the reserve. Under the Senator's proposal, is it not true that the Senator proposes to use up one-fourth of the reserves and cut the reserves back to 9 months?

Mr. CHURCH. Yes. The proposal I offer is based on the same treatment of the trust funds that I understand the Committee on Finance adopted for H.R. 1.

Mr. CURTIS. I think that is correct.

Mr. CHURCH. I think it is, too.

Mr. CURTIS. I think that is correct. I do not think it is the right answer, nor the sound answer, but I think it is correct.

Mr. CHURCH. Let me just say, Mr. President, that I am not here attempting to play the role of Merlin the Magician. I am not saying we are not going to spend more money when we increase social security benefits by 20 percent. Any suggestion that I have made that argument of course is not properly grounded.

What I am saying is that, based upon new actuarial assumptions—assumptions approved by the Finance Committee, the 1971 Social Security Advisory Council, and the Nixon administration. The actual tax rate can be decreased for the great majority—three-quarters of the workers—under the program—and the 20 percent benefit increase authorized by not providing funds in excess of the needs of the program.

Mr. CURTIS. Now—

Mr. CHURCH. If I may continue, un-

der present law those reserves would build up, between calendar year 1972 and calendar year 1977, to about \$120 billion. It is not true that the social security system needs reserves that even begin to amount to such a fantastic sum.

I think the Senate Finance Committee did a proper thing when it accepted the new financing basis, and all I have done is to adopt the judgment of the Finance Committee.

Mr. CURTIS. If the Senator will yield right there—

Mr. CHURCH. Before I yield, I just would like to point out that, under this amendment, in 1973 the total tax rate would be 5.5 percent, compared to 5.65 percent under present law. This is not the result of any act of magic; it is simply the result of a prudent decision—by the Senate Finance Committee and the administration and all who have studied the program—that it is unnecessary to base these rates on old assumptions of how to build up a tremendous reserve. We can operate social security soundly on a pay-as-you-go basis and maintain a reasonable reserve for contingencies. This is all that this kind of program requires.

So I follow the lead of the Finance Committee in this respect, the lead of the chairman of the Ways and Means Committee, and the lead of the Nixon administration.

Mr. CURTIS. If the Senator would yield right there, the projection as to what the reserves will be in 1977 is purely speculative. The Congress is going to meet every year between now and then, and we will have several elections in the meantime, and there will be no such accumulation.

The trend of the reserves has been to go down in relation to the outgo. There was a time, not many years ago, when we had about a 3-year reserve. We are now down to a year's reserve. Under this proposal it will go to a 9-month reserve.

Again I repeat that the statement that the taxes are going to go down is inaccurate. What is going to go down is somebody's speculation about what is going to happen in the future, without regard to the grim fact that Congress has never let those reserves accumulate in that way. But the fact remains that everyone is going to have a tax increase, in every bracket, and there will be no person who will pay lesser social security taxes than he pays now.

I thank the Senator.

Mr. CHURCH. Mr. President, I shall place in the RECORD tables that fully substantiate everything I have said with respect to the tax rates in the coming years under this amendment as compared with tax rates in the coming years under present law. They will show that this amendment not only finances itself, but finances itself in coming years at a rate which is less than the rate that would otherwise obtain under present law, and at the same time accomplishes a 20-percent increase in benefits.

I have explained how this occurs. I think that, rather than being a radical departure or unsound procedure, it is one that has the full support and endorsement of both the Finance Committee and

the Nixon administration. So I think that in this respect this argument is sound.

If in the future the Congress adds the benefits, then I think they would not be self-financing; we would have to add more financing. We will face that when we get to it. But for the purpose of pointing up this amendment, it not only finances an increased benefit of 20 percent, but in future years it means a lesser rate of taxes and automatic cost-of-living benefit increases.

Finally, my amendment addresses the problem that under current financing the hospital insurance trust fund will be exhausted in 1974. Under my amendment, the hospital insurance program will be financially sound and there will be sufficient funds to pay all benefits provided under the program now and in the future.

And, there are other very practical reasons for taking action on my amendment before we recess.

First, since I offered this proposal as an amendment to H.R. 1 on March 7, it has received the strong and enthusiastic support of more than two-thirds of the Senate. Republicans as well as Democrats are among its 60 cosponsors and seven unlisted supporters.

Second, the debt ceiling bill provides the only expeditious means for delivering a long overdue social security increase.

Third, I am confident that my proposed 20-percent amendment would be acceptable to the House of Representatives. Several Members of the House have already sponsored or endorsed similar proposals. And Representative WILBUR MILLS, the distinguished chairman of the Ways and Means Committee, is strongly in support of a 20-percent benefit increase. In fact, he has introduced companion legislation in the House.

Before concluding, I wish to make one additional crucial point which cannot be overlooked. Any further changes to the debt ceiling bill will practically insure the defeat of a social security increase at this time.

Both the Senate and the House are now operating under a stringent time deadline because action on the debt ceiling legislation must be completed by June 30. It is, therefore, absolutely necessary that these essential changes that I am suggesting—changes limited to a 20-percent increase, cost of living automatic adjustments based on the House-approved tax arrangement to finance those changes—be unencumbered by any other amendments to the pending bill.

If the Senate simply adopts my amendment, there is an excellent prospect that the House will accept this proposal, without the necessity of a Conference Committee.

Additionally, I wish to emphasize that other reforms in H.R. 1—

Mr. LONG. Mr. President, will the Senator yield on that point?

Mr. CHURCH. Yes, I am happy to yield to the distinguished Senator from Louisiana.

Mr. LONG. Mr. President, I would like to emphasize what the Senator has said. There are a lot of good provisions in H.R. 1 that have been recommended by

Senators, and others, which have already been agreed to in the House of Representatives, which could and should be enacted. But if we get into matters which, desirable though they may be, would require a conference and, perhaps, an argument between the Senate and the House, than I fear that at this late date, it would just mean that we would have to drop them all.

So if Senators want the 20-percent amendment, they ought to vote to keep other things off this bill. There are a lot of things, for example, in H.R. 1 that I myself suggested and which I have succeeded in getting the House to agree to on other occasions, that I would like to see become law; but I am not going to offer them, and I would urge other Senators to endeavor not to amend this measure, because to do so would be an exercise in futility; it would prejudice us to the disadvantage of the possibility of achieving the one thing we can do, and could very well lead to financial chaos in this country by tying up the Nation so it could not pay its bills.

This 20 percent matter is something everyone understands, and I would think, for something this significant to this many people—I think 26 million people would be favorably affected by this proposal—if we must face a confrontation with the President, for example, on a matter of this sort, I think the Nation would understand and probably applaud us for doing it. But to get into the other things would simply mean that what the Senator is trying to achieve, which is a very worthy endeavor, could not happen. To load this bill down would result in fiscal chaos for the country, for which the people of this country would condemn us.

Mr. CHURCH. I agree completely with the distinguished chairman of the Finance Committee. If we load this boat up, it will sink. There is no question about that. And the elderly in this country have waited too long for a substantial increase in benefits under social security. They are in a hard way. When you consider that this is the richest country in history, and that one-fourth of our elderly 65 years of age or older are living in poverty as the Government defines poverty, and that if we add those who live within 25 percent of that poverty income level—in other words, those living next to poverty—the total number comes to about one-third of all older Americans. The Social Security System is simply not doing what we wanted it to do when Franklin Roosevelt first proposed it in the 1930's.

We wanted it to provide a decent retirement income for elderly people in this country. I do not know of another industrialized nation in the world which does so poorly by its elderly as this country. There is no excuse for it. And now what do we have? We have an administration-sponsored 5-percent increase, which involves the most controversial welfare reform proposals that have ever come before Congress. This measure will probably be debated for weeks and months. It may be bogged down in such a way that the welfare measure will never pass Congress at all. And trapped in

that bill we have these benefits so badly needed by the elderly of this country.

I am trying to do something for them. I do not think they should be held hostage to the time that this Congress can resolve the dilemmas that exist over welfare reform. I do not think they should have to wait months, possibly even until the next Congress, before the welfare problem is worked out. I want to take these particular provisions, on which there is no controversy between the two Houses, and propose a clean 20-percent increase, and I think if we do that—

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

Mr. CHURCH. Not until I complete my argument.

I think if we can do that, we can get the increase, we can get it to the elderly in a few months, with just the time required to take care of the mechanics of getting the increase into their checks. And they can get some benefits.

That is why I hope we will not load down this bill with other provisions that would make it impossible for the two houses to reach agreement in the limited time that remains.

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

Mr. CHURCH. I yield to the Senator from Indiana.

Mr. HARTKE. I agree with my colleague from Idaho on this 20-percent amendment. The Senator will know this is something many of us have been concerned about for quite some time.

As a matter of fact, on February 22, 1971, some 16 months ago, I introduced a bill, S. 906, asking for a 20-percent increase, and I have repeatedly tried to get the Finance Committee to at least take some affirmative steps in the direction of trying to alleviate some of the difficulties our aged face.

We just passed the so-called poverty bill, the Office of Economic Opportunity bill, here on the floor of the Senate a few hours ago. As the Senator well knows, the minimum payment under social security today for a person who has full benefits is \$70.60 a month. Some people may think that is the lowest amount of any of the social security checks that go out. That is not true; we have people drawing social security checks, on a monthly basis, as low as \$40 and \$50 a month. As a matter of fact, right now the average social security payment is only \$131 a month.

I do not intend to load down this bill, nor offer any amendments except possibly one, and that is on a question concerning veterans. I would like to ask the Senator now if the veterans benefits are protected, or whether the veteran will find himself in the position that all he is going to do is have an increase in his social security payment, but a corresponding reduction in his pension benefit, as a result of this amendment.

Mr. CHURCH. I say to the Senator that is my understanding that the laws providing pensions to veterans are not touched by the amendment I have offered. It is the same as it is under the present law.

Mr. HARTKE. Well, the present law

does not so provide, as I understand it. I hope the chairman of the Finance Committee will sponsor an amendment which will make this very clear, because I would not want to have this legislation passed unless right now we add a provision to assure that the veteran of today is not mistreated. Three times I have had to come to the floor of the Senate to provide for remedial legislation when veterans, especially from World War I, have been denied their benefits simply because of the fact that what happens is that when we increase the social security payments, we thereby increase their earnings, and the Veterans' Administration in turn comes back, as it by law is required to do, and cuts back on the veterans pension.

Mr. LONG. Mr. President, may I speak to that point?

Mr. CHURCH. I yield to the distinguished Senator from Louisiana.

Mr. LONG. Mr. President, the problem the Senator raises is one we have repeatedly had to resolve after we voted social security increases through. To add the Senator's amendment on this measure, if the House sought to take the amendment, would then invite a conflict between the Ways and Means Committee and the Veterans' Affairs Committee on the other side. The Senator, fortunately, is a member of both the Finance Committee and the Veterans' Subcommittee. Before the people get their first check it will be October, and that will give the Senator plenty of time to prepare an answer to this thing, to assure that they do not lose their veterans' pension checks because they get an increase in their social security checks. I will assure the Senator, as chairman of the Finance Committee, on which he serves as well as being chairman of the Veterans' Subcommittee, that I will help him to get it together, so that by the time they get their social security checks we can pass the legislation to resolve the problem.

But that would involve a conference headed by the Senator from Indiana (Mr. HARTKE) on this side and Chairman TEAGUE on the other side, rather than one headed by the Senator from Louisiana on this side and Representative MILLS on the other side. That is something which the Veterans' Committees ought to work out, and not the Finance and Ways and Means Committees.

Mr. HARTKE. The point I am making is that I think it is unfortunate that we are going to favor nonveterans by this legislation. I trust that the distinguished chairman of the Finance Committee will look out for the interests of the veterans, but the point still remains that what we will do here is give the preference to nonveterans. All I can say is, I would not want to be a part of legislation which would say that the nonveteran aged, especially those of World War I, of which we still have approximately 1,600,000 still living—of course, they are dying rapidly; their average age is 77—that those individuals ought to be given the same rights as every other aged person.

If this measure is passed, as I understand it, a veteran of World War I would have a 20-percent increase in his social security payment and a commensurate

decrease in his pension, and he would be no better off. He would be in worse shape than before.

Mr. President, I support the proposal to add the 20 percent social security increase to the public debt limit bill before us today. Almost one-fourth of the elderly live in or near poverty. In spite of the increases in social security benefits provided in recent years, the benefits remain inadequate. That is why the elderly can wait no longer for the increase they so justly deserve. On February 22, 1971, in the wake of a 10-percent benefit increase, I proposed an additional 20-percent increase in my bill, S. 906. That increase is needed even more today than it was a year ago when I first proposed it.

From January 1971, when the last benefit increase was effective, to July 1971, the consumer price index increased 2.2 percent. In the year since that time, it has increased even more. The administration's proposed 5-percent increase embodied in H.R. 1 as it passed the House of Representatives and the 10-percent increase proposed by the Senate Finance Committee, do little more than restore the buying power of the benefits paid for January 1971.

Within the Senate Finance Committee, I have led the fight for a 20-percent increase. My proposal would provide a major improvement in benefit adequacy while offsetting the price increase that has occurred since January 1971.

Mr. President, piecemeal increases in social security benefits do little to provide the more than 20 million elderly people of this country with an adequate retirement income. If social security is truly to provide social insurance, its benefits must be adequate to provide a decent standard of living consistent with current costs. There is no reason why a person who retires at 65 should be forced to live on an income which is only a fraction of that which he received when he was 64. There is no reason why anyone who has worked hard all of his life and contributed to his family, his community, and his country should be forced to live in poverty and despair. That is why, for the past 16 months, I have fought for a minimum of a 20-percent benefit increase and that is why I am happy to join in that effort today.

Mr. LONG. All I am saying is that the matter can be solved; but it is something that Chairman HARTKE as the chairman of the Veterans' Committee ought to thresh out with the chairman of the House Veterans' Committee (Mr. TEAGUE) rather than something that we on the Finance Committee ought to try to settle.

I am proud that the Senator is the chairman of the Veterans' Committee, and I am proud of the fine job he is doing for veterans. I salute him for that. I urge him to work that out. There is no reason why he cannot have the veterans' part of this answer catch up with the social security part before they get their first check on October 2.

Mr. CHURCH. Mr. President, I am told by my experts that the increased benefit here contemplated would have no adverse effect on veterans for the remainder of this year. So there will be ample opportunity for appropriate legislative remedies to be enacted by Congress.

I hope the Senator will not attempt to add this provision, meritorious as it is, to the amendment I have offered, for the reasons we have mentioned heretofore.

I can think of other benefits I would like very much to see adopted that are contained in H.R. 1, such as full benefits for widows, liberalization of the retirement test, and extension of medicare to the disabled, and others.

They will be considered by the Senate, after the recess, as a part of the omnibus bill, H.R. 1, which contains the reform of welfare and other matters. It is a very large, complicated bill. There are many provisions that relate to social security in that bill that I favor and will vote for. As a sponsor of several of these provisions, I wish to reaffirm my strong commitment for early and favorable consideration of these measures by the Senate.

But I would hope that the Senator would refrain from adding to this amendment, because to do so is to run the risk that the boat will sink. As a consequence, we will not succeed in securing the increase in the social security benefits that I know the Senator from Indiana favors as strongly as I do.

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

Mr. CHURCH. I yield.

Mr. HARTKE. I want to ask a question. I understand the assurance I received from the Senator concerning how the legislation would not affect the veterans' benefits for the remainder of this year if the benefits are increased by 20 percent and we do not have a saving clause for their pension benefits, but could the Senator explain this for the benefit of my colleagues.

Mr. CHURCH. I am advised by my expert that this deduction is based upon estimated annual income.

Mr. HARTKE. That is correct.

Mr. CHURCH. And that, therefore, the practical effect would be that veterans would not have any deductions made in their pensions this year. So there is ample time for the Senator to accomplish his objective without jeopardizing this amendment.

Mr. HARTKE. I am going to accept that, and I am going to assure the chairman of the Finance Committee that I am accepting it.

I would hope, though, that in the future we could come to the realization that this country has an obligation to those people who have given of their time, given of their lives, given of their bodies and minds and everything else, in the service of this Nation.

I know of no Member of this body who has opposed the war in Vietnam for a longer period of time than I have, including the distinguished so-called leading candidate for the Presidency on this side of the aisle. I am opposed to the war, and I think it is a miserable shame to blame those people who have taken of their time and participated in the wars for causing the war. I think it is high time we stop treating veterans as second-class citizens.

What this says, in substance, is that until we correct it, a nonveteran is going to receive the benefit from this Congress and from this Government that is going

to be denied to a veteran, until we pass remedial legislation.

I think it is high time that we come to some understanding that we do not always have to come with hat in hand asking for fair treatment—not asking for special treatment for the veteran—but just asking for equality of treatment for the veteran. If there is one group in this country which is going to be gone soon, it is the veterans of World War I. They will be gone soon, unless their life expectancy is extended. Their average age today is 77.6 years.

Mr. CHURCH. I thank the Senator for his observation. I assure the Senator from Indiana that, as a veteran myself, I share his sentiments for veterans generally. I have great confidence that he will see to it that the remedial legislation is enacted in timely fashion to prevent any penalty to veterans.

Mr. President, before yielding to the Senator from West Virginia, I ask unanimous consent that a table comparing the contribution rate schedule under my amendment and under present law and a recent letter I sent to my colleagues outlining my position be printed at this point in the RECORD.

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

Year	Present law <sup>1</sup>			Church Amendment <sup>2,3,4,5</sup>		
	OASDI percent	HI percent	Total tax	OASDI tax	HI percent	Total tax
1972	4.60	0.60	5.20	4.60	0.60	5.20
1973	5.00	.65	5.65	4.60	.90	5.50
1974	5.00	.65	5.65	4.60	.90	5.50
1975	5.00	.65	5.65	4.60	.90	5.50
1976	5.15	.70	5.85	4.60	.90	5.50
1977	5.15	.70	5.85	4.60	.90	5.50
1978	5.15	.70	5.85	4.50	1.00	5.50
1979	5.15	.70	5.85	4.50	1.00	5.50
1980	5.15	.80	5.95	4.50	1.00	5.50
1981	5.15	.80	5.95	4.50	1.00	5.50
1982	5.15	.80	5.95	4.50	1.00	5.50
1983	5.15	.80	5.95	4.50	1.00	5.50
1984	5.15	.80	5.95	4.50	1.00	5.50
1985	5.15	.80	5.95	4.50	1.00	5.50

<sup>1</sup> Tax rates apply to annual earnings up to \$9,000.

<sup>2</sup> Tax rates apply to annual earnings up to \$9,000 for 1972.

<sup>3</sup> Tax rates apply to annual earnings up to \$10,800 for 1973.

<sup>4</sup> Tax rates apply to annual earnings up to \$12,000 for 1974.

<sup>5</sup> Automatically adjusted from 1975-85.

JUNE 27, 1972.

DEAR COLLEAGUE: As you know, I recently announced that I intend to offer, as an amendment to the Debt Ceiling legislation, my proposed amendment to H.R. 1 to provide a 20% across the board increase in Social Security benefits. Since I made that announcement, I have conferred with Senator Long, Chairman of the Senate Finance Committee and Congressman Mills, Chairman of the House Ways and Means Committee.

I have reason to believe there is a strong possibility such a proposal can become law. The key to making the 20% increase a reality is to avoid adding other amendments to the debt ceiling bill. Therefore, I have foregone the temptation of proposing, in addition to a 20% increase, other Social Security changes which I feel are meritorious, in hopes that those changes will be made later, when H.R. 1 comes up for debate. Accordingly, my amendment to the Debt Limitation Bill will be limited to a 20% increase with cost of living adjustments and the financing needed to fund this provision.

I am advised that if this increase were to pass the Congress and be signed into law by the President before July 10, the new benefits

would be reflected in Social Security checks for the month of October.

If you would like to cosponsor this amendment to the Debt Ceiling bill, please get in touch with Mike Wetherell of my staff (5-6142) or Dave Affeldt of the staff of the Senate Special Committee on Aging (5-5364).

With best wishes,  
Sincerely,

FRANK CHURCH.

Mr. CHURCH. Mr. President, I now am happy to yield to the distinguished Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, may I ask the distinguished Senator if he would first yield to the distinguished Senator from Vermont and then yield to me?

Mr. CHURCH. I am happy to yield to the distinguished Senator from Vermont.

Mr. AIKEN. Mr. President, I believe there should be a substantial increase in social security payments. Furthermore, I believe that the proper time to consider such a proposal would be when the bill reported by the Committee on Finance comes before the Senate. However, the matter has already been brought up and the discussion has commenced. Therefore, I send to the desk an amendment to the pending amendment. I understand that will be the pending business.

The PRESIDING OFFICER. Does the Senator from Idaho yield for the purpose of allowing the Senator from Vermont to submit an amendment to the amendment?

Mr. CHURCH. Would the Senator first explain what the amendment would do?

Mr. AIKEN. The amendment calls for an increase of 30 percent in social security payments, instead of 20 percent.

I can assure the Members of Congress that this is not an attempt to embarrass the administration politically or otherwise. I would not offer it tonight, except that the matter has already been brought up without waiting for H.R. 1 to make its appearance on the floor. I certainly would not want to embarrass the administration, having had all these weeks and months to make such a proposal, by waiting until tonight to do it. But it seems to me that it is about the only thing to do under the circumstances. It calls for a 30-percent increase, instead of 20 percent.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. CHURCH. Mr. President, I yield for that purpose.

The PRESIDING OFFICER. The amendment will be stated.

The assistance legislative clerk read the amendment, as follows:

On page 22 of Amendment 1307, between lines 22 and 23, insert the following: "Notwithstanding any other provision of this section, the benefits otherwise increased by this section shall be increased by 30 per centum rather than by 20 per centum, and the Secretary shall by regulation prescribe the amounts payable under sections 215, 227, and 228 of the Social Security Act."

Mr. CHURCH. Mr. President, before yielding to the Senator from West Virginia, I simply will observe that the effect of adopting the amendment to the amendment, in my judgment, would be to defeat any prospect for securing an increase in social security benefits at this time. The amendment I have presented

has been worked out with great care with those in the House of Representatives who will have to undertake, in the limited time available, to secure the consent of that body.

I think that without any question at all, piling on an additional 10 percent to the proposed 20 percent increase must have the practical effect of killing any increase at this time.

One would wonder when the legislation would emerge again, considering the lengthy, complex controversy over welfare in which other proposed increases in social security are now entrapped. I think that my amendment is the only way we can free social security from that trap with any practical assurance of getting the job done. It has to be done now, as the Senator knows, not only in the Senate but also with the full cooperation of the House of Representatives. It has to be done between now and midnight tomorrow evening.

So, on those grounds, I shall have to oppose the amendment offered by the distinguished Senator from Vermont. Of course, I am happy to oblige him and enable him to present it to the Senate.

Mr. AIKEN. Mr. President, I am sure that all Senators know that if the amendment of the Senator from Idaho carries, it will have to go to conference and many likely wind up with a 5-percent increase, which the House has already agreed on. At most, not over 10 percent, but if the Senate votes a 30-percent increase we stand a good chance of getting 20 percent in conference.

Further, I believe that our retired people are more deserving than that. As long as this matter is up for action now, I want to make a more reasonable proposal.

Again may I say this is not an attempt to embarrass the administration, the President, the social security board, or the Finance Committee in any way. I actually believe that we should have 20 percent, but we are not going to get it under the proposal offered by the Senator from Idaho.

Mr. CHURCH. On that, of course, I disagree. I believe that my amendment is the only chance we will have to get it within the near future and that is why I am offering it.

Mr. AIKEN. Do I correctly understand that there has been objection to my offering this amendment?

The PRESIDING OFFICER (Mr. BUCKLEY). The Senator's amendment is now pending.

Mr. CHURCH. No. I have no objection. I merely indicated the reasons why I oppose it.

Mr. ROBERT C. BYRD. Mr. President, is the Senator from Idaho willing to yield the floor at this time?

Mr. CHURCH. Yes. I am willing to yield the floor.



[No. 266 Leg.]

YEAS—71

Allen	Dominick	Montoya
Anderson	Eagleton	Moss
Baker	Eastland	Muskle
Bayh	Fannin	Nelson
Beall	Fong	Packwood
Bellmon	Fulbright	Pearson
Bennett	Griffin	Percy
Bentsen	Gurney	Proxmire
Bible	Hart	Randolph
Boggs	Hollings	Ribicoff
Brock	Hruska	Roth
Burdick	Hughes	Scott
Byrd,	Humphrey	Sparkman
Harry F., Jr.	Inouye	Spong
Byrd, Robert C.	Jackson	Stevenson
Cannon	Javits	Symington
Case	Jordan, N.C.	Taft
Chiles	Jordan, Idaho	Talmadge
Church	Long	Thurmond
Cook	Mathias	Tower
Cotton	McGovern	Tunney
Cranston	McIntyre	Weicker
Curtis	Miller	Williams
Dole	Mondale	Young

NAYS—18

Aiken	Hatfield	Pell
Brooke	Magnuson	Schweiker
Cooper	Mansfield	Smith
Ervin	McClellan	Stafford
Harris	Metcalf	Stennis
Hartke	Pastore	Stevens

NOT VOTING—11

Allott	Goldwater	McGee
Buckley	Gravel	Mundt
Ellender	Hansen	Saxbe
Gambrell	Kennedy	

So the motion to lay Mr. AIKEN'S amendment on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Idaho.

Mr. AIKEN. Mr. President, if the Senator will yield me just a minute, since Members of this body received a 41-percent increase in salary over the last 3 years and approximately a 50-percent increase in all categories of their expense accounts, I want to thank my 17 colleagues who voted not to table my amendment because they apparently agree with me that retired people are entitled to a comparable increase in income.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

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

Mr. CHURCH. I yield.

Mr. HARTKE. As I indicated to the chief sponsor of this amendment, I am a cosponsor of other amendments that I have indicated. I would not do anything to jeopardize the opportunity for social security recipients to receive a 20-percent increase in their benefits.

I do want to point out to people who look upon a 20-percent increase as anything substantial that it is not very substantial. The average retired worker under the social security system today—this is the average for all people on social security—receives \$131 a month. That is \$1,572 a year. Even after they received a 20-percent increase, a single person under social security is still going to receive only \$1,886 a year. If a person has paid into social security, and then, through no fault of his own, is totally disabled, at present he receives \$145 a month, or \$1,740 a year; with the 20-percent increase, he would receive \$2,088 a year.

Of course, if one is an aged widow— and there are many aged widows throughout the country; in fact, there are more aged widows than aged widow-

ers—then that poor lady out there has been relegated to the point where she cannot even buy chewing gum for her grandchildren. She receives at this time \$113 a month, or \$1,352 a year. She will receive \$1,527 a year with this 20 percent social security increase.

I just wonder if these people who have some reluctance to pass a 20-percent increase would really consider that their own fathers or mothers could live upon such a subsistence.

We talk about curing poverty. I have said repeatedly that one way to get rid of our present welfare system is to stop the double payment. At the present time we have a guaranteed income. What happens to the elderly people I have mentioned? The average retired worker receiving social security benefits then has to degrade himself and sign a statement that he has to receive welfare. We could take all those people off welfare if we simply adopted a position of providing a minimum social security payment of \$200 a month.

That could be done without taking one single penny out of a working man's paycheck. Of course, we are not going to do that.

I agree with the Senator from Vermont. That is why I voted against the motion to table. I think a 30-percent increase in social security benefits would have certainly been justified.

There are those who argue and say that the reason for the motion was to kill the bill. If that was the reason, then it was a very sad reason. I am not concerned over the reasons as much as the results.

The fact is that if we are going to provide a way to get people off welfare, instead of taking this minimum step to provide for people who have contributed to the Social Security System for 30 years, we ought to say, as a matter of right, that we are not going to have anybody over the age of 65 in poverty.

Do Senators think we are going to rehabilitate those people or put them on workfare or anything else? They are wrong if they think that.

I want to compliment the Senator from Idaho for this proposal, but I criticize any person who says it is extravagant or it is extreme. If anything whatsoever, this amendment provides miniscule benefits. It still treats our senior citizens as second-class citizens, and still puts them at a level of payment far below that of any other industrialized nation in the world. This country, which claims it is so wealthy, ought to do better by its senior citizens.

Mr. CHURCH. I think the Senator for his observation. I can only say it is the best we can do under present circumstances. It would represent a substantial increase that is badly needed by those who depend on social security benefits for their support. But there are also those who are at the bottom of the ladder, who are in particular hardship. I think we must come one day to a supplemental payment that come directly out of the Treasury to lift them out of the poverty level.

Their problem is that they were working back in the 1930's, when people were able to live on \$100 or \$125 a month. They were paying very low monthly pre-

### EXTENSION OF PUBLIC DEBT LIMITATION

The Senate continued with the consideration of the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation.

Mr. LONG. Mr. President, it seems to me that we ought to have a vote up or down on the 20-percent amendment. And while I think that much is to be said for the 30-percent amendment, I really do not think the Senate is going to agree to it. I think that with the time we have available, we should confine ourselves to things that have a better chance of being agreed to.

Therefore, Mr. President, I move to table the amendment of the Senator from Vermont to the amendment of the Senator from Idaho.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Vermont.

Mr. AIKEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. AIKEN. Mr. President, what is the question?

The PRESIDING OFFICER. The question on agreeing to the motion to table the amendment of the Senator from Vermont to the amendment of the Senator from Idaho.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Wyoming (Mr. MCGEE) are necessarily absent.

I further announce that the Senator from Louisiana (Mr. ELLENDER) is absent on official business.

I further announce that, if present and voting, the Senator from Georgia (Mr. GAMBRELL) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from New York (Mr. BUCKLEY) is absent on official business.

The Senator from Colorado (Mr. ALLOTT), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), and the Senator from Ohio (Mr. SAXBE) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Colorado (Mr. ALLOTT) would vote "yea."

The result was announced—yeas 71, nays 18, as follows:

miums into the social security system, and now they are getting back benefits based upon those low salary levels.

There is nothing much we can do to help them except to do what I think we should in the very near future—and perhaps the time to do it is when the omnibus bill comes before us. And that is to make a special provision for a supplemental payment for those in the very low brackets to lift them out of the poverty levels and off the welfare rolls. I hope we can do that and the many other proposed improvements in the Social Security System that have been recommended by the Senate Finance Committee when H.R. 1 comes before us. I think that would be the proper time to consider all the other changes needed in the Social Security System.

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

Mr. CHURCH. I yield.

Mr. PASTORE. Another element that has not been emphasized is the fact that inflation has deprived these recipients of the promise of social security. Most of them put their money into the system out of wages earned when a dollar was worth a dollar. Today, because of inflation, that dollar is worth only about 39 cents or 40 cents or 50 cents, or whatever the case may be. So what they are getting now is a dollar that is worth a lot less than the dollar they put into the fund was worth when they put it in.

So I say that the promise has never been achieved, and the fault, of course—I am not going to put it on this administration or any administration; I think we are all at fault. We have allowed inflation to get out of hand, and we are responsible for it, because we did not put in the checks when we should have. For that reason, the segment of our society that is being victimized the most by inflation are the elderly who receive this meager amount, and most of them who receive it are still in the poverty area. I would hope we can do something about it this afternoon, and I think 20 percent is a very modest amount.

Mr. CHURCH. Mr. President, with the enactment of this amendment we will take 1.9 million people presently receiving social security out from under poverty including 1.4 million people 65 years old or older. So we are accomplishing a great deal here. Although we are providing a substantial increase, we are not doing everything that should be done. But it is not possible now to do everything that should be done.

Tomorrow at midnight, unless this bill passes and unless the House of Representatives accedes to these amendments, the Government cannot pay its bills. I have every reason to believe there is an excellent prospect if we limit this amendment to 20 percent and to the automatic cost-of-living increase, and do not add anything more to it except to provide the financing mechanism that the Committee on Finance itself has approved. We can secure this very substantial benefit for elderly Americans, and we can do it within the time limit. But if we go farther, and attempt to tack on the many other improvements that should be considered at a later time when the omnibus bill comes before the

Senate, we will overload the boat and sink it tonight. And then who knows how long the elderly will have to wait for any increase at all?

Everybody understands the controversy in this body and the other body over welfare reform. We simply do not want to keep social security as the hostage to the resolution of the whole welfare problem.

I am happy to yield to the distinguished Senator from Maryland.

Mr. MATHIAS. I thank the Senator for yielding. I have shared with him a long-standing concern for the plight of elderly people living on fixed incomes, faced with the very rapid rise in the cost of living which has necessarily affected the quality of their lives, and which has necessarily caused them to be restricted in their way of living in a manner which they ill deserve when we consider what they have contributed to bringing this country to the position where we now are.

But, as the Senator from Rhode Island just observed, this inflationary spiral is one of the causes which has brought about the severe position of the elderly people. I think we have to examine here, and perhaps discuss, the effect of any amendment, including the amendment of the Senator from Idaho, on these inflationary problems. We do not want to end up by hoisting ourselves on our own petard, or, perhaps even more tragically, fashioning a petard which is going to hoist the social security benefits in the future.

With this amendment, we would be introducing a substantial payout into our economy. The payout, as I understand it, would amount to \$3.5 billion for each 5 percent of increase, or a payout of about \$14 billion, which is going to have a substantial effect on the economy.

Mr. CHURCH. Mr. President, if the Senator will yield at that point—

Mr. MATHIAS. Let me just develop—

Mr. CHURCH. May I just say that my fiscal experts—something in which I have an advantage over the Senator—tell me that every 5-percent increase represents about \$2 billion of additional expense, rather than the figure the Senator uses. But nevertheless, the Senator has a valid point: What is the overall impact of this increase on the inflationary question?

Mr. MATHIAS. It is my understanding that for every 5 percent increase in benefits, there would be a necessity to raise an additional \$2.1 billion to finance the 5 percent increase. Are we in agreement on that figure?

Mr. CHURCH. I think we are.

Mr. MATHIAS. That being so, I think we have to consider what the effect is going to be.

If we can agree on the \$2.1 billion figure as both the payout and the pay-in, we are going to have the inflationary effect of disbursing moneys more rapidly than we are collecting them. I think we have to face that very squarely.

However, it is not totally a payout. The payout represents moneys that will be collected and withdrawn again from the economy. But I am wondering if the Senator has some observations on the effect that the payout will create in the economy.

Mr. CHURCH. First of all, as the Senator knows, the inflation itself has probably caused greater hardship to the elderly than to any other element in our population. For example, property taxes have risen by 14.3 percent from January 1971 to May 1972, just in that short period, which is indicative of the impact of inflation upon the elderly, since approximately 70 percent of the elderly own their own homes.

This is just one example. Food costs are another, up by 5.9 percent. Approximately 27 percent of the elderly person's budget is spent for food, as compared to only 16 percent for the total population.

Another example of how inflation discriminates against the elderly, to give the Senator a third example, is that there has been a 5.7 percent increase in the cost of medical care in fiscal year 1971. The elderly now pay almost as much in out-of-pocket payments for medical care, an average of \$225, as they did in the year before medicare, which was supposed to relieve them of this burden, went into effect. Here we are, with the elderly so victimized by inflation that today, only a few years after we passed the medicare program, their out-of-pocket expense for medical care amounts to practically what it was the year before we passed the medicare program to give them relief.

This is only by way of prelude to an answer to the Senator's question. I think he would agree that of all the elements of our population, the elderly are the hardest hit by inflation. But what would be the effect of this amendment on the economy itself, insofar as inflation is concerned?

As to that question, I would have this reply: The Pay Board has established a standard which it regards as reasonable in terms of controlling inflation. That standard, as the Senator knows, is 5.5 percent for pay increases. It has made an exception for the low wages, wages of \$1.90 an hour or less.

If we look at the impact of this 20-percent increase for the typical retired person, it would increase his income by \$336 annually. A 5-percent pay raise for a worker earning \$8,000 a year, which the Pay Board itself regards as noninflationary, would boost the worker's annual income by \$400 a year.

In other words, the inflationary impact of this 20-percent increase on the economy falls well within the guidelines of the Wage Board, and would indeed be permissible by the standard set as it affects increases in wages in this country.

Mr. MATHIAS. Mr. President, that is the exact point that I wanted the Senator to bring out. It is one which I think we have to analogize to the rest of the economy, because, while we have a special responsibility and care for these social security beneficiaries, they are a part of the total economy. They ride with the rest of the economy. They will suffer with the rest of the economy if we overheat it unduly. So I think the Senator's point here is a very important one.

Mr. CHURCH. I thank the Senator very much. I think his questions have helped to demonstrate that this 20 percent increase will not have an inflationary impact on the economy and comes

will within the guidelines of the administration's own board.

Mr. MONDALE. Mr. President, I am pleased to cosponsor this important amendment which will increase social security benefits across-the-board by 20 percent. It is long overdue.

Mr. President, in 1935 when social security was first passed, President Roosevelt called it "the supreme achievement of the great 74th Congress."

Yet, social security for all its promise, has not in recent years lived up to the hopes which it raised 37 years ago. The elderly have seen their rewards for labor eroded, and millions of older citizens have become imprisoned in poverty.

In my own State of Minnesota, more than 400,000 elderly citizens depend upon social security. More than 100,000 other people—children and the disabled—also depend on social security benefits.

The average social security benefit for a retired worker in Minnesota is less than \$120 a month—a mere \$1,548 a year.

More than 61,000 widows and widowers in Minnesota receive, on the average, only \$113 a month—and almost 60 percent of the widows had no other means of support.

For couples, the average benefit in Minnesota is hardly \$208 a month, still only slightly more than \$2,400 a year—and 30 percent of these couples had no other income.

Thirty percent of those who receive social security in Minnesota get less than \$100 a month.

Clearly, our senior citizens cannot live in the dignity and decency that the 74th Congress intended on the basis of benefits like these.

In light of the real needs of the elderly, the administration's request for a 5-percent increase in benefits is clearly inadequate. Since the last benefit increase in January 1971, inflation has eaten up at least 5 percent of benefits. Increases in rents, property taxes, and medical costs, which are a large part of the cost of living for the elderly, have risen particularly rapidly.

A 5 percent increase would hardly catch up with inflation at all—and a 10 percent increase would fall too far short of the recommendation of the White House Conference on the Aging; that conference called for a 25 percent increase.

In April, I introduced a bill supporting a 25 percent raise, and suggesting 15 other improvements. But the immediate approval of a 20 percent increase is of such priority now that I am glad to support this compromise.

The 20 percent increase in benefits which I am joining Senator CHURCH in offering today will be meaningful.

The average retired worker in Minnesota will get \$26 more each month, the average couple about \$40 more, and the average widow about \$25 more.

Benefits will still not be generous, particularly for those who at present have the lowest benefits. There is still much to be done. But I think a 20 percent increase is a must now—and it is a long step in the right direction.

In addition to the 20 percent increase,

I want to emphasize how important I think a second provision of Senator CHURCH's amendment is for the elderly. It provides an automatic cost of living adjustment when inflation erodes the value of benefits. The elderly have been viciously squeezed by inflation, and this cost of living provision will insure that this will not happen again in the future. I have on several occasions offered a provision like this myself, and I am pleased to see it included here.

A 20 percent increase will not completely redeem our pledge to the elderly—it does not fulfill our entire obligation—but it is absolutely necessary at this time. We will have more work to do this summer, but the elderly deserve this 20-percent increase right now with no further delay.

Mr. MCGOVERN. Mr. President, I join with the distinguished Senator from Idaho (Mr. CHURCH) in urging swift approval of his amendment to provide a 20-percent increase in social security benefits.

One out of every four Americans 65 and older is living in poverty now and the situation is getting worse.

A 20-percent social security boost is not the complete answer, but it will permit us to lift nearly 2 million elderly out of poverty this fall and give millions of others beginning hope for the future.

There has been widespread support for this amendment all across this land. Two-thirds of the Senate has either cosponsored the original amendment or otherwise announced support for a 20 percent social security boost. Because they could see Congress beginning to react favorably to meet a pressing need, there has been a marked rise in public expectations.

I have heard from people all over America, and spoken to thousands in my primary campaigns, expressing their growing concern over inflation and its constant threat to financial security—and it is recognized by most of us that the elderly poor suffer most of all.

It is deplorable, therefore, to have the President's spokesman accuse supporters of the 20-percent increase of "playing politics" on this issue. The present occupant of the White House last December told the White House Conference on Aging he would not let their recommendations gather dust in the archives. The Conference recommended a 25-percent social security increase. President Nixon has called only for a woefully inadequate 5-percent increase which will keep our older Americans on the treadmill of poverty.

Later this year, the reelection campaign, in seeking votes of older Americans, will be trumpeting all the benefits conferred during the Nixon administration. That will be "playing politics"—and playing fast and loose with the truth.

Since his election, President Nixon has consistently opposed adequate social security benefits. That record, which I will now document, has not prevented him from falsely claiming credit for the 15-percent catchup social security increase in 1969, or the 10-percent catchup enacted in 1971.

In 1969, the President proposed a 7-

percent social security increase—a raise that would have been totally wiped out by rapidly rising prices long before the higher benefit checks would have reached social security beneficiaries. The House Ways and Means Committee recommended a 15-percent increase. Mr. Nixon countered with 10 percent and threatened to veto any higher amount. Congress, understanding the severity of the economic conditions of the elderly, tied a 15-percent increase to tax reform legislation sought by the administration. That needed increase became law.

In 1970, the House passed a 5-percent social security increase and the administration warned that any larger increase would be unacceptable. When we subsequently considered the matter in the Senate, however, prices had escalated so rapidly we were persuaded to vote for a 10-percent increase. Congress enacted a 10-percent increase in 1971 but was again required to attach it as a legislative rider that would be veto-proof, this time to an increase in the debt ceiling.

Once more, in 1972, the President refuses to consider the needs of the aged and the merits of a social security increase. The American people will judge this November who has "played politics" with older Americans.

Most of us realize that the 5-percent social security boost which passed the House early last year is now terribly inadequate. The distinguished chairman of the House Ways and Means Committee and the distinguished chairman of the Senate Committee on Finance are among those who are now calling for a 20-percent social security increase.

All the national organizations of the elderly are calling for at least a 20-percent social security boost.

The last social security increase became effective in January 1971. From that date through May of this year, the consumer price index jumped 5 percent—food prices have risen at least 5.9 percent—and the elderly spend 27 percent of their budget on food in comparison to 15 percent for the total population.

Medical care has seen a 5.7 increase in cost over the same period. Last year—in the sixth year of medicare—the elderly paid out-of-pocket medical expenses at a level nearly equal to their expenses before medicare went into effect.

Those older Americans who own their own homes are overburdened with property taxes. Many cannot afford to maintain the property which is falling into continually worsening disrepair.

Food, medical care, and shelter costs are the largest items in the budgets of older Americans—and not even a 20-percent social security increase will permit them to keep abreast of the rising costs of living and enable them to share a little in the rising standards of living. But a 20-percent boost will demonstrate to 20 million elderly Americans that we care—that we are determined to face up to their problems and seek proper solutions.

Mr. EAGLETON. Mr. President, as one of its original cosponsors, I strongly support the amendment offered by the Senator from Idaho (Mr. CHURCH) to pro-

vide a 20-percent increase in social security benefits.

Inadequate income is by far the most serious problem facing older Americans. And it is not the problem of a small minority only. It is a problem faced day by day, week in and week out, every month of the year by a majority of the elderly.

More than 4.7 million older Americans—one out of every four—live on incomes below the official poverty line. A total of 6.5 million are classified poor or near poor.

As measured by the Bureau of Labor Statistics' intermediate budget for a retired couple, which amounts to \$4,776, an even greater proportion of the elderly have inadequate incomes.

Many of the problems that come before this body are exceedingly difficult and complicated and not susceptible of easy solution. An adequate income for our elderly citizens is not one of them.

The rather simple combination of more adequate social security benefits and a program of supplemental payments, financed by general revenues, can assure every older American an income above the poverty level.

I strongly believe that the Senate should enact this year a federally administered minimum income program for the aged, blind, and disabled, and I will have more to say on this subject in the near future.

Today we have an opportunity to make a significant improvement in the adequacy of social security benefits—the major source of income for most retired persons, and the only source of income for many.

The 5-percent increase in benefits contained in the House version of H.R. 1 and now recommended by the administration, and even the 10-percent increase approved by the Senate Finance Committee, is not a satisfactory response to the need of 27 million social security recipients who see their incomes continually eaten up by rising food prices, increased property taxes, and the inflated cost of medical care.

What the average social security recipient desperately needs is not a few extra dollars at the beginning of each month but an increase in income that will make a real difference in his or her monthly budget for food, shelter, clothing, medical care—the essentials of life.

With the 20-percent increase we are proposing today, the benefit for the average retired worker would be increased by about \$25 per month, and the monthly benefit for the typical retiree couple would be increased by about \$50.

Approximately 1.9 million social security recipients, including 1.4 million aged, would be lifted above the poverty line.

I am pleased that the Senator from Idaho has included in his amendment provision for cost-of-living adjustments. This is a measure I have cosponsored since coming to the Senate in 1969.

It will assure that whenever the cost of living increases by as much as 3 percent, and Congress fails to provide a benefit increase, a cost-of-living adjustment will be made automatically.

Later this summer, when H.R. 1 comes to the Senate floor, we will consider many

other important improvements in social security, including an unreduced benefit for widows, a new special minimum benefit, increased benefits for those who delay retirement beyond 65, and an increase in the earnings limitation.

These changes, combined with the benefit increase we are considering today, will represent a significant improvement in the adequacy of social security benefits.

I commend the Senator from Idaho for offering this amendment to the bill now before us, and I urge its approval by the Senate.

Mr. BROOKE. Mr. President, on May 4, addressing the Senate on the subject "National Senior Citizens Month—A Time for Action," I predicted a protracted debate over alternative welfare reform proposals and suggested that we defer consideration of such reform and proceed at once with consideration of an across-the-board social security benefit increase.

Since my speech I have been pleased to note that other Senators have agreed to move expeditiously to provide older Americans the increased security they have patiently and anxiously awaited. I find too an increasing concurrence that welfare reform proposals should stand or fall on their own merits and not cling to the coattails of social security.

For too long our elderly citizens have been held hostage to welfare reform. It is time they were freed. It has been a year and a day since the House passed H.R. 1 with its provision for a 5 percent across-the-board social security benefits increase. While the rate of this increase is inadequate, the delays in the Senate have become intolerable.

Today we have the opportunity to respond to the most compelling plight of our senior citizens—inadequate cash incomes. I earnestly urge Senators to support the amendment offered by the Senator from Idaho (Mr. CURRAN), myself, and other Senators to provide a 20 percent across-the-board social security benefits increase.

Our older Americans deserve our prompt attention where their need is greatest. But we cannot provide this increase and rest contented that we have done enough in this Congress for our 20 million older Americans.

On the contrary, our agenda for action on behalf of the elderly is full and demanding. And upon our return from the pending recess, we must consider promptly and fully the need for: expansion of medicare coverage and the reduction of medicare premiums; deductibles and coinsurance; revision of the adult categories of assistance; increasing the retirement test and providing relief from the burdens of property taxes and rents.

The breadth of this agenda underscores the years in which our Nation failed to provide a fair share of the abundance with those who produced it through years of toil.

Our older Americans have served the Nation better than the Nation has served them. They rightly demand and deserve that we do better by them. Today we have the opportunity to signal the beginning of a new era in which

the Nation will move to provide its elderly the dignity and security they deserve. I urge that we make this signal loud and clear by adopting the 20 percent across-the-board social security benefits increase by the widest possible margin.

Mr. TUNNEY. Mr. President, it gives me great pleasure to be able to support a 20 percent increase in social security benefits, a provision which I have cosponsored.

I believe that such a significant increase is not only justified, but very necessary to bring relief to the hardship which many millions of our senior citizens have been experiencing over these interminable months of rising costs and charges.

It is always those who are on fixed incomes who bear an unfair share of the burden in times of inflation, and our senior citizens are of all groups the most closely tied to fixed incomes.

Let us just take a few strategic examples of rising costs they have faced since January last year.

The cost of medical care has gone up 5.9 percent. In part that meant that for fiscal year 1971 the elderly paid almost as much in out-of-pocket expenses for medical care—\$225—as they had to in the year before the medicare program went into effect—\$234.

About 70 percent of the elderly own their own homes, and they have faced property taxes which have increased on an average by more than 14 percent from January 1971 to May this year.

Older people generally spend more than a quarter of their total income just on food. And food costs have gone up by 5.9 percent, and the signs for the future are far from encouraging.

A very sizeable increase is certainly necessary, just to make up for these developments.

If we succeed in implementing the 20 percent increase, the average payment to a retired worker will rise from \$133 a month to \$161 a month—an extra \$336 a year.

A retired couple will go from \$223 to \$270 a month, or some \$564 more in a year.

A worker with maximum earnings coverage will go from \$216 to \$259 a month—\$516 extra a year.

A couple with maximum coverage will go from \$324 to \$389—\$780 extra each year.

Widows figure largely in the ranks of the impoverished. With this change they would get on average \$137 a month instead of \$114, or \$276 extra each year.

These improved benefits are definitely needed and they should be put into effect quickly. It is true that we have been promised that the Senate will be able to act on the welfare reform bill after the impending recess, but there are so many delays built into that process—and there have been so many already—that the time to act is now.

Naturally these changes are going to involve a great amount of money. To begin with, such a cost must be borne in the interests of the elderly of our Nation, who have too often been handed the short end of the stick.

Beyond that, however, it has been demonstrated by the Social Security Ad-

visory Council that reforms in financing and changes in the actuarial assumptions now used in relating contributions to eventual benefits make it possible to handle these extra costs in an entirely responsible way, and without the necessity to throw an extra heavy burden on the wage earner.

It is of very great importance that we should not put more pressure on the payroll tax than is necessary. This tax has become one of the most important in our whole tax system, and is responsible for a great amount of its regressive impact.

I believe that the approach taken to the financing of these necessary increases in social security in the amendment of Senator CHURCH is correct, avoiding excessive increases in payroll tax, and in fact keeping the increases down below those proposed to finance much more modest increases.

#### MUCH MORE TO BE DONE

Finally, I would like to say that while these changes should be made now, without any further delay, it is no less important that the Senate should press ahead with comprehensive welfare reform legislation as soon as possible after the recess.

There are many other reforms and improvements which must be made in social security and medicare provisions.

Although far too little attention has been directed to it, there are substantial changes to be made in welfare programs for the elderly, the disabled, and the blind.

More than 4.7 million persons 65 years and older now live in poverty—they have to subsist on less than \$1,850 a year for a single aged person and \$2,330 for a couple. And that is just the count for those in the official figures. It is well known that there are many more who do not appear in the statistics at all—perhaps an extra 1½ million.

These people cannot be left to this fate, denied the possibility of retirement with dignity at even a modest income level, after having spent their lives contributing in their various ways to the strengths and affluence of our Nation.

Substantial social security increases are necessary. I give them my full and unreserved support. But the matter cannot be left there. If we are truly concerned with the difficulties of our senior citizens, we must carry through with reshaped welfare provisions to end the specter of a retirement which means a plunge into poverty for so many of our citizens.

#### OUR OBLIGATION TO OLDER AMERICANS

Mr. WILLIAMS. Mr. President, the elderly in America have served their country with the utmost dignity and honor. They have given their all to assure that this Nation could continue to prosper and mature.

Yet, tragically, we have been ignoring their basic needs at a time when they are most vulnerable to physical and financial reverses. Although they are the link to America's past and the master builders of what we have in the present, our senior citizens have been neglected for too long.

Indeed, it would seem to be everyone's

interest to improve the living conditions of the elderly. Probably, more than any other factor, aging is the common denominator of mankind. Whatever our social or economic standing, ethnic background, sex, aptitudes, or beliefs, we share the fact that we all grow older. What we do to aid today's older citizens, we potentially do for each of us no matter how remote retirement may seem.

I introduced a bill in February 1971 calling for comprehensive reforms in the social security system, including a 30-percent increase in benefits over a 2-year period. Since that time the need for a large benefit increase has become even greater. Therefore, I wish to add my wholehearted support for this amendment which increases social security benefits by 20 percent and which provides for long overdue cost-of-living adjustments. This is an essential step if our senior citizens are to live in comfort and dignity.

One of the tragic facts of our society is the pervasive poverty which has been inflicted on our elderly. Approximately 25 percent of those 65 years of age or older live in poverty today. The median income of single older individuals is \$1,951, just barely above the subsistence level.

Adding only a few dollars to the present social security benefits will accomplish very little. With the substantial increases in the cost of medical care, transportation, public utilities, rent, taxes, and nearly all other costs of living, a corresponding substantial increase in social security benefits is essential. Since 1968 the number of senior citizens living in poverty has actually increased. We must not only stop this horrifying trend, we must reverse it immediately.

The substantial increase in benefits contemplated by this amendment has received the approval of Representative MILLS, chairman of the House Ways and Means Committee; Senator LONG, chairman of the Senate Finance Committee; the Social Security Advisory Council; Dr. Flemming, the President's Special Consultant on Aging; and more than 60 Members of the Senate.

All of us who have studied the problems of the elderly—the Senate Finance Committee, the House Ways and Means Committee, and those of us on the Special Committee on Aging and the Committee on Labor and Public Welfare—have learned many times over that adequate income is the major need of the aged. We have had a White House Conference on Aging which reaffirmed this fact to the entire Nation.

For the 27 million social security beneficiaries the most important issue before Congress today is the desperately needed benefit increase. In my own State of New Jersey, a 20-percent increase would mean an additional \$280 million annually to more than 891,000 recipients.

Of course a 20-percent increase in benefits is not a complete solution to the problems facing our senior citizens, and comprehensive social security bill, S. 923, contains many more of the elements essential for the well-being of our elderly.

We need an income floor for all of our elderly which places them above the

poverty level; one in four would be lifted above the subsistence existence they now have.

Widows should receive a 100-percent benefit instead of the 82½ percent they now receive; it is contrary to all logic to believe a woman needs less income to live than a man does.

We must liberalize the earnings limitation substantially; the present limitation is unrealistically low and it discourages the productive use of the talents and experience of our senior citizens.

Couples that include working wives should be treated more equitably; my legislation permits a high percentage of their combined earnings to be the basis for their social security benefits.

Men should have age 62 for computation of benefits; this is the same age that is used for computing the benefits for women at present.

We must update the retirement income credit for former policemen, firemen, teachers, and other government annuitants.

All of these are high priority items for older Americans, and they should also be among our highest legislative priorities.

One other area that needs prompt attention is that of health care for our elderly. Persons 65 and older comprise 10 percent of our total population, but they account for nearly 27 percent of all health care expenditures in the United States.

Unfortunately, gaps in our medicare coverage make it necessary for the average elderly person to spend \$226 a year for medical expenses, 125 percent more than younger persons with larger incomes will spend. Effective medicare reform requires:

Including the cost of out-of-hospital drugs under medicare;

Elimination of the monthly premium charge for supplementary medical insurance;

Rescinding the raise in the deductible for part B of medicare from \$50 to \$60.

Disallowing the increase on the hospital deductible from \$60 to \$68;

Repeal of the requirement for 3 days of hospitalization prior to eligibility for home health care; and

Liberalization of the 2-year waiting period for disability coverage under medicare.

I have and will continue to advocate this comprehensive approach to dealing with the financial and medical needs of our elderly. These are essential reforms if our Nation is to come to grips with the economic crisis which now affects millions of older Americans and threatens to engulf many more approaching retirement age.

However, political differences, the problem of other time-consuming issues before Congress, and disagreements over the feasibility of comprehensive reforms have delayed action for too long. Since I can see that there will be continued delays in comprehensive reforms, I feel we are obligated to enact whatever reforms can be passed now. This 20-percent increase is a vital part of the social security reform package. I urge its adoption without further delay.

When this 20-percent increase is en-



"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 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 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—		
		171.50	329	333	188.70
		173.20	334	337	190.60
		174.50	338	342	192.00
		176.00	343	347	193.60
		177.70	348	351	195.50
		179.10	352	356	197.10
		180.80	357	361	198.90
		182.20	362	365	200.50
		183.60	366	370	202.00
		185.30	371	375	203.90
		186.80	376	379	205.50
		188.50	380	384	207.40
		189.80	385	389	208.80
		191.30	390	393	210.50
		193.00	394	398	212.30
		194.40	399	403	213.90
		196.10	404	407	215.80
		197.40	408	412	217.20
		198.80	413	417	218.70
		200.20	418	421	220.30
		201.80	422	426	222.00
		203.10	427	431	223.50
		204.50	432	436	225.00
		206.10	437	440	226.80
		207.40	441	445	228.20
		208.80	446	450	229.70
		210.40	451	454	231.50
		212.70	455	459	232.90
		213.10	460	464	234.50
		214.50	465	468	236.00
		216.10	469	473	237.80
		217.40	474	478	239.20
		218.80	479	482	240.70
		220.40	483	487	242.50
		221.70	488	492	243.90
		223.10	493	496	245.50
		224.70	497	501	247.20
		226.00	502	506	248.60
		227.40	507	510	250.20
		228.80	511	515	251.70
		230.30	516	520	253.40
		231.70	521	524	254.90
		233.10	525	529	256.50
		234.70	530	534	258.20
		236.00	535	538	259.60
		237.40	539	543	261.20
		239.00	544	548	262.90
		240.30	549	553	264.40
		241.70	554	558	265.90
		242.00	557	560	267.20
		244.20	561	563	268.70
		245.50	564	567	270.10
		246.80	568	570	271.50
		248.00	571	574	273.80
		249.30	575	577	274.30
		250.50	578	581	275.80
		251.80	582	584	277.00
		253.00	585	588	278.30
		254.40	589	591	279.60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	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—		
		255.60	502	505	281.20	499.10
		256.90	596	598	282.60	500.50
		258.10	599	602	284.00	502.50
		259.40	603	605	285.40	504.00
		260.60	606	609	286.70	505.80
		262.00	610	612	288.20	507.40
		263.20	613	616	289.60	509.20
		264.50	617	620	291.00	511.20
		265.70	621	623	292.30	512.60
		267.00	624	627	293.70	514.60
		268.20	628	630	295.10	516.40
		269.50	631	634	296.50	518.90
		270.80	635	637	297.90	521.30
		272.10	638	641	299.40	523.90
		273.30	642	644	300.70	526.20
		274.60	645	648	302.10	528.70
		275.80	649	652	303.40	531.00
		276.60	653	656	304.30	532.60
		277.40	657	660	305.20	534.10
		278.40	661	665	306.30	536.00
		279.40	666	670	307.40	537.90
		280.40	671	675	308.50	539.80
		281.40	676	680	309.60	541.80
		282.40	681	685	310.70	543.70
		283.40	686	690	311.80	545.60
		284.40	691	695	312.90	547.50
		285.40	696	700	314.00	549.50
		286.40	701	705	315.10	551.40
		287.40	706	710	316.20	553.30
		288.40	711	715	317.30	555.20
		289.40	716	720	318.40	557.20
		290.40	721	725	319.50	559.10
		291.40	726	730	320.60	561.00
		292.40	731	735	321.70	562.90
		293.40	736	740	322.80	564.90
		294.40	741	745	323.90	566.80
		295.40	746	750	325.00	568.70
			751	755	326.00	570.50
			756	760	327.00	572.30
			761	765	328.00	574.00
			766	770	329.00	575.80
			771	775	330.00	577.50
			776	780	331.00	579.30
			781	785	332.00	581.00
			786	790	333.00	582.80
			791	795	334.00	584.50
			796	800	335.00	586.30
			801	805	336.00	588.00
			806	810	337.00	589.80
			811	815	338.00	591.50
			816	820	339.00	593.30
			821	825	340.00	595.00
			826	830	341.00	596.80
			831	835	342.00	598.50
			836	840	343.00	600.30
			841	845	344.00	602.00
			846	850	345.00	603.80

(b) Section 203(a) of such Act is amended by striking out paragraph (2) 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 August 1972 on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection were applicable in January 1971 or any prior month in determining the total of the benefits for persons entitled for any such month on the basis of such wages and self-employment income, such total of benefits for September 1972 or any subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) an amount derived by multiplying the sum of the benefit amounts determined under this title for August 1972 (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), by 110 percent and raising 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), and (ii) if section 202(k) (2)(A) was applicable in the case of any such benefits for September 1972, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k) (2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for June 1972, or".

(c) Section 215(a) of such Act is amended by striking out the matter which precedes the table and inserting in lieu thereof the following:

"(A) The primary insurance amount of an insured individual shall be determined as follows:

"(1) Subject to the conditions specified in subsections (b), (c), and (d) of this section and except as provided in paragraph (2) of this subsection, such primary insurance amount shall be whichever of the following amounts is the largest:

"(A) the amount in column IV of the following table on the line on which in column III of such table appears his average monthly wage (as determined under subsection (b));

"(B) the amount in column IV of such table on the line on which in column II appears his primary insurance amount (as determined under subsection (c)); or

"(C) the amount in column IV of such table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)).

"(2) 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, such primary insurance amount shall be the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table and in the following month became entitled to an old-age insurance benefit or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which

his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined)." (d) Section 215(b) (4) of such Act is amended by striking out "December 1970" each time it appears and inserting in lieu thereof "August 1972".

(e) Section 215(c) of such Act is amended to read as follows:

"Primary Insurance Amount Under Act of March 17, 1971

"(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 on the basis of the law in effect prior to June 1972.

"(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 September 1972, or who died before such month."

(f) Section 215(f) (2) of such Act is amended by striking out "(a) (1) and (3)" and inserting in lieu thereof "(a) (1) (A) and (C)".

(g) (1) Section 203(a) of the Social Security Act (as amended by subsection (b) of this section) is further amended by striking out "or" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof ". or", and by inserting after paragraph (3) the following new paragraph:

"(4) notwithstanding any other provision of law, when—

"(A) two or more persons are entitled to monthly benefits for a particular month on the basis of the wages and self-employment income of an insured individual and (for such particular month) the provisions of this subsection and section 202(q) are applicable to such monthly benefits, and

"(B) such individual's primary insurance amount is increased for the following month under any provision of this title,

then the total of monthly benefits for all persons on the basis of such wages and self-employment income for such particular month, as determined under the provisions of this subsection, shall for purposes of determining the total of monthly benefits for all persons on the basis of such wages and self-employment income for months subsequent to such particular month be considered to have been increased by the smallest amount that would have been required in order to assure that the total of monthly benefits payable on the basis of such wages and self-employment income for any such subsequent month will not be less (after the application of the other provisions of this subsection and section 202(q)) than the total of monthly benefits (after the application of the other provisions of this subsection and section 202(q)) payable on the basis of such wages and self-employment income for such particular month."

(2) In any case in which the provisions of section 1002(b) (2) of the Social Security Amendments of 1969 were applicable with respect to benefits for any month in 1970, the total of monthly benefits as determined under section 203(a) of the Social Security Act shall, for months after 1970, be increased to the amount that would be required in order to assure that the total of such monthly benefits (after the application of section 202(q) of such Act) will not be less than the total of monthly benefits that was applicable (after the application of such sections 203(a) and 202(q)) for the first month for which the provisions of such section 1002(b) (2) applied.

(h) (1) (A) Section 227(a) of such Act is amended by striking out "\$48.30" and insert-

ing in lieu thereof "\$53.20", and by striking out "\$24.20" and inserting in lieu thereof "\$26.70".

(B) Section 227(b) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$53.20".

(2) (A) Section 228(b) (1) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$53.20".

(B) Section 228(b) (2) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$53.20", and by striking out "\$24.20" and inserting in lieu thereof "\$26.70".

(C) Section 228(c) (2) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$26.70".

(D) Section 228(c) (3) (A) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$53.20".

(E) Section 228(c) (3) (B) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$26.70".

(1) The amendments made by this section (other than the amendments made by subsection (g) and (h)) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1972 and with respect to lump-sum death payments under such title in the case of deaths occurring after such month. The amendments made by subsection (g) shall apply with respect to monthly benefits under title II of such Act for months after May 1972.

#### AUTOMATIC ADJUSTMENTS IN BENEFITS AND THE CONTRIBUTION AND BENEFIT BASE

##### Adjustments in Benefits

SEC. 202. (a) (1) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:

##### "Cost-of-Living Increases in Benefits

"(1) (1) For purposes of this subsection—  
"(A) the term 'base quarter' means (i) the calendar quarter ending on June 30 in each year after 1972, or (ii) any other calendar quarter in which occurs the effective month of a general benefit increase under this title;

"(B) the term 'cost-of-living computation quarter' means a base quarter, as defined in subparagraph (A) (1), in which the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, such index in the later of (i) the last prior cost-of-living computation quarter which was established under this subparagraph, or (ii) the most recent calendar quarter in which occurred the effective month of a general benefit increase under this title; except that there shall be no cost-of-living computation quarter in any calendar year in which a law has been enacted providing a general benefit increase under this title or in which such a benefit increase becomes effective; and

"(C) the Consumer Price Index for a base quarter, a cost-of-living computation quarter, or any other calendar quarter shall be the arithmetical means of such index for the 3 months in such quarter.

"(2) (A) (1) The Secretary shall determine each year beginning with 1974 (subject to the limitation in paragraph (1) (B) and to subparagraph (E) of this paragraph) whether the base quarter (as defined in paragraph (1) (A) (1)) in such year is a cost-of-living computation quarter.

"(ii) If the Secretary determines that such base quarter is a cost-of-living computation quarter, he shall, effective with the month of January of the next calendar year (subject to subparagraph (E)) as provided in subparagraph (B), increase the benefit amount of each individual who for such month is entitled to benefits under section 227 or 228, and the primary insurance amount of each other individual under this title (but not including a primary insurance amount determined under subsection (a) (3) of this section), by an amount derived by multiplying

each such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the nearest one-tenth of 1 percent) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such index for the most recent prior calendar quarter which was a base quarter under paragraph (1)(A)(ii) or, if later, the most recent cost-of-living computation quarter under paragraph (1)(B). Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply (subject to subparagraph (E)) in the case of monthly benefits under this title for months this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, and in the case of lump-sum death payments with respect to deaths occurring after December of such calendar year.

"(C) (i) Whenever the level of the Consumer Price Index as published for any month exceeds by 2.5 percent or more the level of such index for the most recent base quarter (as defined in paragraph (1)(A)(ii) or, if later, the most recent cost-of-living computation quarter, the Secretary shall (within 5 days after such publication) report the amount of such excess to the House Committee on Ways and Means and the Senate Committee on Finance.

"(ii) Whenever the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance of such determination on or before August 15 of such calendar year, indicating the amount of the benefit increase to be provided, his estimate of the extent to which the cost of such increase would be met by an increase in the contribution and benefit base under section 230 and the estimated amount of the increase in such base, the actuarial estimates of the effect of such increase, and the actuarial assumptions and methodology used in preparing such estimates.

"(D) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall publish in the Federal Register on or before November 1 of such calendar year a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be the amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been most recently revised by another law or pursuant to this paragraph); and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

"(1) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall reflect the year in which the primary insurance amounts set forth in column IV of the table immediately prior to its revision were effective.

"(ii) The amounts on each line of column I and column III, except as otherwise provided by clause (v) of this subparagraph, shall be the same as the amounts appearing in each such column in the table immediately prior to its revision.

"(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

"(iv) The amounts on each line of column IV and column V shall be increased from the amounts shown in the table immediately prior to its revision by increasing each such amount by the percentage specified in subparagraph (A) of paragraph (2). The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(v) If the contribution and benefit base (determined under section 230) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV, and V of such table shall be extended. The amounts on each additional line of column III shall be the amounts on the preceding line increased by \$5 until in the last such line of column III the second figure is equal to one-twelfth of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised. The amount on each additional line of column IV shall be the amount on the preceding line increased by \$1.00, until the amount on the last line of such column is equal to the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised (as determined under section 230) over such base for the calendar year in which the table of benefits is revised. The amount on each additional line of column V shall be equal to 1.75 times the amount on the same line of column IV. Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(E) Notwithstanding a determination by the Secretary under subparagraph (A) that a base quarter in any calendar year is a cost-of-living computation quarter (and notwithstanding any notification or publication thereof under subparagraph (C) or (D)), no increase in benefits shall take effect pursuant thereto, and such quarter shall be deemed not to be a cost-of-living computation quarter, if during the calendar year in which such determination is made a law providing a general benefit increase under this title is enacted or becomes effective.

"(3) As used in this subsection, the term 'general benefit increase under this title' means an increase (other than an increase under this subsection) in all primary insurance amounts (but not including those determined under subsection (a)(3) of this section) on which monthly insurance benefits under this title are based."

(2)(A) Effective January 1, 1974, section 203(a) of such Act is amended by striking out "the table in section 215(a)" in the matter preceding paragraph (1) and inserting in lieu thereof "the table in (or deemed to be in) section 215(a)".

(B) Effective January 1, 1974, section 203(a)(2) of such Act (as amended by section 201(b) of this Act) is further amended to read as follows:

"(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 January 1972 or any prior month on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection as in effect for any such month were applicable in determining the benefit amount of any persons on the basis of such wages and self-employment income, the total of benefits for any month after January 1972 shall not be reduced to less than the largest of—

"(A) the amount determined under this subsection without regard to this paragraph.

"(B) the largest amount which has been determined for any month under this subsection for persons entitled to monthly benefits on the basis of such insured individual's wages and self-employment income, or

"(C) if any persons are entitled to benefits on the basis of such wages and self-employment income for the month before the effective month (after September 1972) of a general benefit increase under this title (as defined in section 215(1)(3)) or a benefit increase under the provisions of section 215(1), an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title for the month before such effective month (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), for each such person for such month by a percentage equal to the percentage of the increase provided under such benefit increase (with any such increased amount which is not a multiple of \$0.10 being rounded 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) or (C), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for a month, and ceases to apply for a month after such month, the provisions of subparagraph (B) or (C) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for the last month for which subparagraph (B) or (C) was applicable, or".

(3)(A) Effective January 1, 1975, section 215(a) of such Act (as amended by section 201(c) of this Act) is further amended—

(i) by inserting "(or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (1)(2)(D))" after "the following table" in paragraph (1)(A); and

(ii) by inserting "(whether enacted by another law or deemed to be such table under subsection (1)(2)(D))" after "effective month of a new table" in paragraph (2).

(B) Effective January 1, 1975, section 215(b)(4) of such Act (as amended by section 201(d) of this Act) is further 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 to benefits under section 202(a) or section 223 in or after the month in which a new table that appears in (or is deemed by subsection (1)(2)(D) to appear in) subsection (a) becomes effective; or

"(B) who dies in or after the month in which such table becomes effective 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)."

(C) Effective January 1, 1975, section 215(c) of such Act (as amended by section 201(e) of this Act) is further amended to read as follows:

"Primary Insurance Amount Under Prior Provisions

"(c)(1) For the purposes of column II of the latest table that appears in (or is deemed to appear in) subsection (a) of this section, an individual's primary insurance amount shall be computed on the basis of the law in effect prior to the month in which the latest such table became effective.

"(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, or who died, before such effective month."

(4) Effective January 1, 1975, sections 227 and 228 of such Act (as amended by section 201(g) of this Act) are further amended by striking out "\$53.20" wherever it appears and inserting in lieu thereof "the larger of \$53.20 or the amount most recently established in lieu thereof under section 215(i)", and by striking out "\$26.70" wherever it appears and inserting in lieu thereof "the larger of \$26.70 or the amount most recently established in lieu thereof under section 215(i)".

#### ADJUSTMENT OF THE TAX AND BENEFIT BASE

(b) (1) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

#### "ADJUSTMENT OF THE TAX AND BENEFIT BASE

"SEC. 230. (a) If the Secretary determines pursuant to subsection (1) of section 215 that an increase in benefits provided by subparagraph (A) of paragraph (2) of such subsection applies in the case of monthly benefits under sections 202 and 223 for months of a calendar year immediately following a cost-of-living computation quarter he shall also estimate the long-range additional level-cost (without regard to any estimated actuarial surplus which may exist at such time) of such benefits. He shall also determine the increase that is necessary in (1) the amount of earnings and self-employment income that may be taxed under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance and (2) the rate of tax specified in sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, to meet the total of such level cost and the cost (not previously taken into account under this subsection) of increasing the exempt amount pursuant to section 203(f) (8) for years prior to the year in which such increase in benefits becomes effective so that one-half (or approximately one-half) of such total is to be met by the increase specified in clause (1) and the remainder is to be met by the increase specified in clause (2).

"(b) The tax and benefit base for the calendar year referred to in subsection (a) and all succeeding calendar years, prior to the first calendar year thereafter in which an increase in benefits authorized by subsection (1) of section 215 becomes effective, shall be the sum of the amount of earnings of individuals that may be counted for benefits under this title and that may be taxed under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance with respect to the calendar year immediately preceding the calendar year referred to in subsection (a) and the increase referred to in subsection (a), with such sum, if not a multiple of \$150, being rounded to the nearest multiple of \$150; except that—

"(1) if prior to such first calendar year a law is enacted which provides that for any calendar year a different amount of earnings may be so counted and may be so taxed, such different amount shall be the contribution and benefit base for the calendar years specified in such law but only until the first calendar year thereafter for which an increase in benefits is authorized by subsection (1) of section 215; and

"(2) the contribution and benefit base for any year after 1973 and prior to the first calendar year in which the first increase in benefits pursuant to section 215(i) becomes effective shall be \$10,200 or (if applicable) such other amount as may be specified in a law enacted subsequent to the date of this Act is enacted.

"(c) The Secretary shall allocate the increase in tax rates specified in clause (2) of subsection (a) of this section among the rates of tax specified in sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 so that—

"(A) the rate of tax under section 3101(a) of such Code with respect to wages (as defined in section 3121(a) of such Code) received during a calendar year is equal to

the rate of tax under section 3111(a) of such Code with respect to wages (as defined in section 3121(a) of such Code) paid during such calendar year;

"(B) the rate of tax under section 1401(a) of such Code with respect to self-employment income (as defined in section 1402(b) of such Code) for any taxable year beginning during a period specified in such section 1401(a) shall be equal to 150 percent of the rate of tax under section 3101(a) of such Code with respect to wages (as defined in section 3121(a) of such Code) received during any calendar year occurring in such period.

After such allocation, the Secretary shall round any such tax rate, increased by reason of such allocation, to the nearest one-tenth of 1 percent.

"(d) At the time the Secretary publishes in the Federal Register the table required by section 215(1)(2)(D), he shall also publish in such Register—

"(1) the actuarial assumptions and methodology used in estimating the additional long-range level-cost referred to subsection (a), and

"(2) the tax and benefit base resulting pursuant to subsection (b), and

"(3) the amount of the increase in tax rates required pursuant to such subsection (a) and the allocation of such increase determined under subsection (b) (including any rounding authorized by such subsection).

"(e) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the 'tax and benefit base' with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1972 and prior to the calendar year with the first month of which the first increase in benefits pursuant to section 215(1) of this Act becomes effective shall be \$10,200 or (if applicable) such other amount as may be specified in a law enacted subsequent to the Social Security Amendments of 1972."

#### SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT

Sec. 203. (a) Section 215(a) of the Social Security Act (as amended by section 201(c) of this Act) is further amended—

(1) by striking out "paragraph (2)" in the matter preceding subparagraph (A) of paragraph (1) and inserting in lieu thereof "paragraphs (2) and (3)"; and

(2) by inserting after paragraph (2) the following:

"(3) Such primary insurance amount shall be an amount equal to \$10 multiplied by the individual's years of coverage in excess of 10 in any case in which such amount is higher than the individual's primary insurance amount as determined under paragraph (1) or (2).

For purposes of paragraph (3), an individual's 'years of coverage' is the number (not exceeding 30) equal to the sum of (1) the number (not exceeding 14 and disregarding any fraction) determined by dividing the total of the wages credited to him for years after 1936 and before 1951 by \$900, plus (2) the number equal to the number of years after 1950 each of which is a computation base year (within the meaning of subsection (b)(2)(C)) and in each of which he is credited with wages and self-employment income of not less than 25 percent of the maximum amount which, pursuant to subsection (e), may be counted for such year."

(b) Section 203(a) of such Act (as amended by sections 201(b) and 202(a)(2) of this Act) is further amended by striking out "or" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof

" , or", and by inserting after paragraph (3) the following new paragraph:

"(4) whenever the monthly benefits of such individuals are based on an insured individual's primary insurance amount which is determined under section 215(a)(3) and such primary insurance amount does not appear in column IV of the table in (or deemed to be in) in section 215(a), the applicable maximum amount in column V of such table shall be the amount in such column that appears on the line on which the next higher primary insurance amount appears in column IV, or, if larger, the largest amount determined for such persons under this subsection for any month prior to February 1971."

(c) Section 215(a)(2) of such Act (as amended by section 201(c) of this Act) is further amended by striking out "such primary insurance amount shall be" and all that follows and inserting in lieu thereof the following:

"such primary insurance amount shall be—

"(A) the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table (whether enacted by another law or deemed to be such table under subsections (1)(2)(D) and in the following month became entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined); or

"(B) an amount equal to the primary insurance amount upon which such disability insurance benefit is based if such primary insurance amount was determined under paragraph (3)."

(d) Section 215(f)(2) of such Act (as amended by section 201(f) of this Act) is further amended by striking out "subsection (a)(1) (A) and (C)" and inserting in lieu thereof "subsections (a)(1) (A) and (C) and (a)(3)".

(e) Whenever an insured individual is entitled to benefits for a month which are based on a primary insurance amount under paragraph (1) or paragraph (3) of section 215(a) of the Social Security Act and for the following month such primary insurance amount is increased or such individual becomes entitled to benefits on a higher primary insurance amount under a different paragraph of such section 215(a), such individual's old-age or disability insurance benefit (beginning with the effective month of the increased primary insurance amount, shall be increased by an amount equal to the difference between the higher primary increase amount and the primary insurance amount on which such benefit was based for the month prior to such effective month, after the application of section 202(q) of such Act where applicable to such difference.

(f) The amendments made by this section shall apply with respect to monthly insurance benefits under title II of the Social Security Act for months after December 1971 (without regard to when the insured individual became entitled to such benefits or when he died) and with respect to lump-sum death payments under such title in the case of deaths occurring after such month.

**AUTOMATIC INCREASES OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES**

SEC. 204. (a) (1) Section 209(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(7) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to the contribution and benefit base (determined under section 230) with respect to employment has been paid to an individual during any calendar year after 1973 with respect to which such contribution and benefit base is effective, is paid to such individual during such calendar year;"

(2) Section 211(b)(1) of such Act is amended by adding at the end thereof the following new subparagraph:

"(G) For any taxable year beginning in any calendar year after 1973, (i) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or"

(3) (A) Section 213(a)(2)(ii) of such Act is amended by inserting immediately after "calendar year after 1971" the following: "and before 1974, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1973 with respect to which such contribution and benefit base is effective";

(B) Section 213(a)(2)(iii) of such Act is amended by inserting immediately after "calendar year after 1971" the following: "and before 1974, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1973";

(4) Section 215(e)(1) of such Act is amended by inserting immediately after "calendar year after 1971" the following: "and before 1974, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1973 with respect to which such contribution and benefit base is effective";

(b) (1) Section 1402(b)(1) of such Code is further amended by adding at the end thereof the following new subparagraph:

"(G) for any taxable year beginning in any calendar year after 1973, (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or"

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended—

(i) by striking out "\$9,000" each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)", and

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective";

(B) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out "the \$9,000 limitation" and inserting in lieu thereof "the contribution and benefit base limitation";

(\*) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out "the \$9,000 limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base limitation".

(5) Section 6413(c)(1) of such Code (relating to special funds of employment taxes) is amended—

(A) by inserting "and before 1973" after "after the calendar year 1971";

(B) by inserting after "exceed \$9,000," the following:

"or (F) during any calendar year after the calendar year 1973, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year"; and

(C) by inserting immediately before the period at the end thereof "and before 1974, or which exceeds the tax with respect to an amount of such wages received and such calendar year after 1973 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year";

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by inserting after "or \$9,000 for any calendar year after 1971" the following: "or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1973 with respect to which such contribution and benefit base is effective";

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B) (ii) of such Code is amended by striking out an amount equal to the contribution and inserting in lieu thereof "the excess of (I) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount";

(c) The amendments made by subsections (a)(1) and (a)(3)(A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1972. The amendments made by subsections (a)(2), (a)(3)(B), (b)(1), and (b)(7) shall apply only with respect to taxable years beginning after 1972. The amendment made by subsection (a)(4) shall apply only with respect to calendar years after 1972.

**CHANGES IN TAX SCHEDULES**

SEC. 205. (a) (1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "and" at the end of paragraph (3); and

(B) by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 6.7 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1977, and before January 1, 2011, the tax shall be equal to 6.6 percent of the amount of the self-employment income for such taxable year; and

"(6) in the case of any taxable year beginning after December 31, 2010, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable year.

Such tax with respect to self-employment income for any taxable year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."

(2) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages received during

the calendar years 1973 through 1977 the rate shall be 4.45 percent;

"(5) with respect to wages received during the calendar years 1978 through 2010, the rate shall be 4.4 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.3 percent.

Such tax with respect to wages received during any calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."

(3) Section 3111(a) of the such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar years 1973 through 1977 the rate shall be 4.45 percent;

"(5) with respect to wages paid during the calendar years 1978 through 2010, the rate shall be 4.4 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.3 percent.

Such tax with respect to wages received during any calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."

(b) (1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 0.9 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1982, the tax shall be equal to 1.1 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1981, and before January 1, 1991, the tax shall be equal to 1.2 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1990, the tax shall be equal to 1.3 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar years 1973 through 1977, the rate shall be 0.9 percent;

"(3) with respect to wages received during the calendar years 1978 through 1981, the rate shall be 1.1 percent;

"(4) with respect to wages received during the calendar years 1982 through 1990 the rate shall be 1.2 percent;

"(5) with respect to wages received after December 31, 1990, the rate shall be 1.3 percent."

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar years 1973 through 1977, the rate shall be 0.9 percent;

"(3) with respect to wages paid during the calendar years 1978 through 1981 the rate shall be 1.1 percent;

"(4) with respect to wages paid during the

calendar years 1982 through 1990, the rate shall be 1.2 percent;

"(5) with respect to wages paid after December 31, 1990, the rate shall be 1.3 percent."

(b) The amendments made by subsection (a) (1) shall apply only with respect to taxable years beginning after December 31, 1972. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1972.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 206. (a) Section 201(b)(1) of the Social Security Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "1969, and so reported" and inserting in lieu thereof "1969, and before January 1, 1973, and so reported, (E) 0.95 of 1 per centum of the wages (as so defined) paid after December 31, 1971, and before January 1, 1978, and so reported, (F) 1.10 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 2011, and so reported, and (G) 1.5 per centum of the wages (as so defined) paid after December 31, 2010, and so reported."

(b) Section 201(b)(2) of such Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "beginning after December 31, 1969," and inserting in lieu thereof "beginning after December 31, 1969, and before January 1, 1973, (E) 0.715 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1977, and (F) 0.825 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 2011, and (G) 0.990 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010."

Amend the title so as to read: "An Act to provide for a four-month extension of the present temporary level in the public debt limitation, and for other purposes."

The PRESIDING OFFICER. Is this amendment No. 1310 as modified?

Mr. BENNETT. The amendment as I now offer it differs in a certain way from the amendment that was printed. Some tables have been corrected.

The PRESIDING OFFICER. Will the Senator please send a modified version to the desk?

Mr. BENNETT. The modified version is at the desk.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah?

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

UNANIMOUS-CONSENT REQUEST

Mr. ROBERT C. BYRD. Mr. President, the distinguished majority leader has asked me to propound the following unanimous-consent request:

Provided, that time on the pending substitute amendment by Mr. BENNETT to the amendment offered by Mr. CHURCH be limited to 1 hour, to be equally divided between the distinguished Senator from Utah (Mr. BENNETT) and the distin-

guished Senator from Idaho (Mr. CHURCH) or his designee; provided, further, that time begin running on the substitute offered by Mr. BENNETT on tomorrow immediately following the disposition of the bill making appropriations for public works; that at the expiration of the time allotted, a vote occur on the substitute amendment offered by Mr. BENNETT; that following that vote, a vote immediately occur on the amendment offered by Mr. CHURCH.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object, I understand that the request is to establish a time limitation on the amendment of the Senator from Utah in the nature of a substitute and to postpone the time for consideration of that amendment, or at least a time for the beginning of controlled time, until tomorrow.

Mr. ROBERT C. BYRD. The Senator is correct.

Mr. BAKER. Mr. President, I cannot offer my own convenience as a justification for how the Senate is operated, and I never have; but I canceled other plans in order to stay for the consideration of the bill, plans that are important to me and involve a trip to Tennessee.

If we are going to get into a long and detailed and prolonged exposition on this subject or on the matter before the Senate, then I think we ought to go ahead and do it. If there are compelling reasons to work late tonight, so far as I am concerned, I am willing to do so; but I do not want to see us postpone this matter until tomorrow.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield, while he reserves the right to object?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Mr. President, this Senator and Senators on this side of the aisle also would prefer to vote tonight. As a matter of fact, the distinguished Senator from Idaho (Mr. CHURCH), perhaps more than any other Senator in this body on either side of the aisle, wishes to vote today on his amendment. He has a very important commitment tomorrow which he cannot cancel. So it takes the extra pound of flesh from that Senator when he agrees to a vote on his own amendment tomorrow.

But there are compelling reasons from the other side of the aisle, may I say, that have constrained us to make this request that the vote be on tomorrow.

Mr. LONG. Mr. President, if the Senator will yield further, I suggest to the distinguished Senator from Tennessee that it is not within our power—it is not within my power, his power, or anybody else's power—to make this matter come to a vote between now and midnight tonight, anyway.

Of course, the Senator has not served in the Senate as long as I have, but I have served in the days when anybody who did not want to vote any time soon could see to it that we did not vote for 3 days hand running. I have done that myself.

So if there are people who are determined that we not vote tonight—and we are aware that there is some such feeling and disposition, not on this side of the aisle, but on the other side of the aisle—that this matter be voted on tomorrow, we are willing to agree to it. We had better, because we cannot make the matter come to a vote. If we were to vote cloture, it would take 2 days.

Mr. BAKER. Mr. President, there are two sides to that coin. I readily concede that I cannot assure that there will be a vote tonight, but I can assure that there will not be a vote set for tomorrow.

I was not consulted on this, and it is a matter of some importance to me. I do not think it will take long, but I wonder whether the distinguished assistant majority leader would withdraw his request for a few minutes until we can consider it a little further.

Mr. ROBERT C. BYRD. I withdraw the request, Mr. President.

Mr. CHURCH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant 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 unanimous consent that I be recognized at this time to pay a very well deserved tribute to an official of long standing in the Senate.

The PRESIDING OFFICER. The Senator from Montana is recognized.



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EXTENSION OF PUBLIC DEBT  
LIMITATION

The Senate resumed the consideration of the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah (Mr. BENNETT).

Mr. ROBERT C. BYRD. Mr. President, after further conferences with the various Senators, the distinguished majority leader has now asked me to revise the request which was propounded a bit earlier.

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UNANIMOUS-CONSENT AGREE-  
MENT—ORDER OF BUSINESS TO-  
MORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at 9:30 a.m. tomorrow a vote occur on the pending substitute amendment by Mr. BENNETT offered to the amendment by Mr. CHURCH; that immediately following that vote a vote recur on the amendment offered by Mr. CHURCH.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a time limitation of 30 minutes on the pending substitute amendment by Mr. BENNETT, the time to be equally divided between Mr. BENNETT and Mr. CHURCH, or his designee, and that the time begin running as soon as I yield the floor.

The PRESIDING OFFICER. Is there objection?

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, does the Senator mean debate would be tonight and not tomorrow?

Mr. ROBERT C. BYRD. The debate on the Bennett substitute would be tonight with the vote to occur at 9:30 a.m. tomorrow.

Mr. HARRY F. BYRD, JR. What is the time limitation tonight?

Mr. ROBERT C. BYRD. I was suggesting one-half hour but may I assure the

distinguished Senator he will have as much time as he wishes tonight, and I will be happy to listen to him with great interest.

Mr. HARRY F. BYRD, JR. I do not intend to be very long.

Mr. ROBERT C. BYRD. If the distinguished senior Senator would desire longer than 30 minutes, or whatever amount he wishes to have for himself, we can clock that into the request. Debate would occur on the amendment by Mr. BENNETT tonight for whatever length of time the Senator wishes, but once debate on the amendment by Mr. BENNETT is ended tonight the debt limitation bill would be set aside and the continuing resolution would be taken up. The vote on the Bennett substitute would be voted on tomorrow, followed by the vote on the Church amendment, and the debt limitation bill would then be open to further amendment.

Mr. HARRY F. BYRD, JR. I thank the Senator. I would like to have 5 minutes on the Bennett amendment and I would like to have 45 minutes on the debt limit tomorrow.

Mr. ROBERT C. BYRD. Mr. President, that can be arranged once the debt limit bill reaches third reading. I assure the Senator he will have whatever time he wishes, and I can ask unanimous consent now.

Mr. HARRY F. BYRD, JR. No, that is not necessary.

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

Mr. ROBERT C. BYRD. I yield.

Mr. YOUNG. Mr. President, is it the intention of the leadership to bring up the continuing resolution tonight?

Mr. ROBERT C. BYRD. Yes, that is the intention, I wish to say in response to the Senator.

Mr. YOUNG. And finish it tonight?

Mr. ROBERT C. BYRD. Hopefully.

Mr. YOUNG. If there is an amendment to be offered to it, we should have some agreement on time.

Mr. ROBERT C. BYRD. I would be very glad to work on such a time agreement with the Senator and the distinguished Senator from Arkansas, who will shortly come to the floor. Hopefully we can reach an agreement.

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

Mr. ROBERT C. BYRD. I yield.

Mr. PASTORE. I understand what the Senator has referred to as a possible amendment by the Senator from Wisconsin (Mr. PROXMIER). The Senator from Wisconsin has talked to me and I think he has every intention—he is not on the floor; I think I bespeak his sentiments because of our conversation—I think he intends to present an amendment but not to take much time. I do not think he has an intention of deferring final action. He has a certain complaint to make and he would like to raise it by an amendment. I think if we get our heads together later on there will be no trouble about this.

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

Mr. ROBERT C. BYRD. I yield.

Mr. COTTON. Mr. President, I find myself a little confused.

I first understood that the unanimous consent request put a time limit on the debate on the Bennett and the Church proposals, and that after that we were going to take up the continuing resolution. Then I understood from the Senator's answers to the Senator from Virginia—I know they were clear, but I did not get them from the distinguished assistant majority leader—that the debate would go on and everyone would be taken care of on the Bennett and Church amendments before we took this matter up.

Is the request for a time limitation on the debate on the Bennett and Church amendments, so that we know when the continuing resolution will come up?

Mr. ROBERT C. BYRD. Yes.

Mr. PASTORE. Mr. President, if the Senator will yield, the Senator from Virginia wanted 5 minutes. The Senator has given him an hour. Why does he not add to that request the understanding that when that time expires, we will then go to the continuing resolution, so that we are not here until midnight? Why does not the Senator request that at the expiration of the agreed upon time we go to the continuing resolution?

Mr. YOUNG. That is exactly what I had in mind. I would not want it to come up at midnight.

Mr. ROBERT C. BYRD. If the Senator from New Hampshire misunderstood the request, it was my fault. Would this be agreeable to the distinguished Senator from Virginia: That instead of a half hour at this time for debate on the amendment by Mr. BENNETT, we extend the time, not to exceed 1 hour—

Mr. HARRY F. BYRD, JR. All I want is 5 minutes.

Mr. ROBERT C. BYRD. I thought the able Senator said 45 minutes.

Mr. HARRY F. BYRD, JR. Tomorrow, 45 minutes.

Mr. BENNETT. Mr. President, may I say to the floor manager of the bill, or the acting—I am confused, too—

Mr. PASTORE. The acting majority leader.

Mr. BENNETT. I would be very happy to accept 15 minutes and reserve 5 minutes of it for the Senator from Virginia.

The PRESIDING OFFICER. Is there objection to the unanimous consent request? Without objection, it is so ordered.

Mr. BENNETT. Mr. President, is it my understanding that the time limitation is now in effect?

The PRESIDING OFFICER. Thirty minutes, 15 minutes to each side.

Mr. ROBERT C. BYRD. Mr. President, before the time starts running, I ask unanimous consent that on tomorrow, the Public Works appropriations bill—which, under the previous order, was to have been the first order of business following the recognition of Senators under 15-minute orders—become the order of business immediately upon the disposition tomorrow of the debt limitation bill.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, at the expiration of the 30 minutes for debate on

the amendment by Mr. BENNETT today, the debt limitation bill be laid aside and the Senate proceed to the consideration of the continuing resolution.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object—and I shall not object—I simply want to say this is a far better arrangement than heretofore, and I want to express my appreciation to the Senator from Utah (Mr. BENNETT) and to the acting majority leader for arranging this complex schedule tonight and tomorrow.

Mr. ROBERT C. BYRD. I thank the Senator. I thank all Senators.

The PRESIDING OFFICER. Without objection, the several requests are granted.

#### EXTENSION OF PUBLIC DEBT LIMITATION

The Senate continued with the consideration of the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President, I yield myself 10 minutes.

Mr. President, I think this is a time for social security increases. There have been increases in the cost of living. They have been recognized in the past by several social security increases that have resulted in an increase over the last few years of some 25 percent.

These increases in benefits have been supported by increases in the tax rates.

The House recognized this continued inflation and they put a 5 percent increase in H.R. 1 to represent the cost-of-living increase that has occurred since the law was last changed. They also put into the bill a system of automatic increases which will take hold at the time the House-passed 5 percent increase would have exhausted its value.

The Senate Finance Committee recognized this, and even though it suggested 10 percent, which is the basis of my suggestion today, it did not increase the cost of the proposal made by the House, because it accepted the 5-percent increase suggested by the House, and then took out of the House bill certain proposed changes, the cost of which, after a brief introductory period, would be equivalent to the cost of another 5-percent increase.

These three conditions were: The House dropped out 1 year of additional low earnings to enable a social security beneficiary to calculate his retirement benefits on a slightly higher base. That would have cost \$1 billion per year.

They dropped out a provision which allowed couples married for at least 20 years to combine their wage credits up to maximum taxable wages for any 1 year as a basis for benefit computation. This would have cost \$900 million.

Then they limited the provision in the present law under which actuarial reductions made in one benefit—for example, a widow's benefit—lowers the amount of another type of benefit taken later on another earnings record. This would have cost \$650 million.

The combination of these three represented a cost of \$2.55 billion.

The cost of a 5-percent increase in social security is approximately \$2.1 billion.

The Senate Finance Committee did not actually increase the proposal that the House sent over to us.

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

Mr. BENNETT. Yes, I am happy to yield.

Mr. CURTIS. I think the Senate might be interested in what the dollar cost was going to be of the Bennett proposal versus the Church proposal insofar as the individual taxpayer is concerned.

Mr. BENNETT. May I suggest to my friend that he put that in the RECORD, because I have only 10 minutes?

Mr. CURTIS. I will give the Senator some time under the bill. There is unlimited time under the bill. But that is all right. I suggest the Senator go ahead.

Mr. BENNETT. Then, Mr. President, began the inevitable election year game of political poker, "I'll see your 10 and I'll raise it 10 more." We have seen the proposal today where the proposal has been, "I'll see your 20 and raise that 10 more."

This has no relation to the proposal of the House. It comes to us in a very interesting way, because the House avoided its constitutional responsibility to initiate these programs. The chairman of the House committee made the suggestion to the newspapermen, and then he expects us to carry it out.

There were no chances for hearings in the Senate on the 20 percent, only the vague foundation which is the report of the Social Security Advisory Committee which sets forth that financing future increases should be based on anticipated future wage increases—a very serious change in the past and present pattern of financing social security benefits.

They say that in order to absorb increases in years when wage increases might not support these benefits, we should agree to allow the level of the trust fund to drop below 1 year's payout, to as low as three-quarters of a year's payout. So whammo, the three-quarters of a year now becomes the accepted basis, and the \$10 billion thus saved by allowing the trust fund either to shrink or not to increase, as has been the case in the past, is going to be used to keep the raise at or near the present level.

This is sleight of hand. We must remember that every benefit must be paid for. If we pay for it by reducing the level of the trust fund, of course, this is a one-time deal. It looks like a sure-fire maneuver, and it can get us by this one very large increase. But what does it do to the trust fund in the end? It reduces its stability by one-quarter. And what does it do to H.R. 1, the bill which came over from the House of Representatives with this social security increase in it at a rate of 5 percent?

The Finance Committee has spent 5 months of solid work on H.R. 1. With this sweetener out of H.R. 1, there is a general feeling around the Senate that no one would then be interested in passing the rest of the bill, because the political

sweetener is gone, and we do not care what happens after that.

A lot of people would like that. They are aware of the controversy in the bill, particularly the controversy on welfare, title IV; and some Senators would like to duck it. But everyone agrees that the present welfare situation is a mess and must be changed. The administration says it can no longer continue to finance the open ended system. The Governors of the States say they cannot live with it, and local welfare administrators say it is an administrative chaos. We all recognize the deep disagreement involved there, and the committee has worked very hard to find a solution. We recognize that there are those in the committee who disagree with the solution the majority found. But that should not persuade us to abandon it or run away from it again. The people are going to demand a solution.

H.R. 1 is not limited to welfare. Most of its provisions relate to social security, both the cash and the medicare system. If we pass this 20-percent sweetener, there is a very real chance, in view of the pressure of this election year, that all of the rest of it will be abandoned, or at least put in grave jeopardy, by this rush to play political poker with the 20 percent.

I do not think the Senate realizes how important these social security changes are. If our original program had gone on, I would have had time to explain all of them, but since I do not have that time, Mr. President, I ask unanimous consent—

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. BENNETT. I withdraw that request, and say that the simplest thing for us to do is to send the debt bill back to the House of Representatives as it came, without these amendments, and then clear the track for a good discussion of H.R. 1 when we have time.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. I yield 5 minutes to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I feel an increase in social security benefits is justified. I favor an increase in the benefits. The individuals who have been hit hardest and hurt the most by the severe inflation our Nation is facing are those on fixed incomes. For the most part, they are the elderly and those who are on social security. It has been the spending policies of the Federal Government that have reduced the purchasing power of the social security benefits. So I think an increase in the benefits is justified.

The problem, as I see it, is to determine just what that figure should be. We need to be aware of the needs of those who will receive the benefits now, and at the same time we must be aware of the hardships and difficulties facing those who must pay the taxes.

What we need to do is determine what is a proper balance. The Senator from Utah has presented to the Senate an amendment for a 10-percent increase in social security benefits. I am a cosponsor of that proposal. I favor it, and I feel

that a 10-percent increase in benefits is justified.

If Congress should approve that 10-percent increase, it will mean that during the past 30 months, the past 2½ years, social security benefits have been increased by 40 percent. Mr. President, I feel that the Government has an obligation to the elderly people and those on social security. It has an obligation to them because it has been the deficit spending policies of the Government itself that have brought about deterioration in the purchasing power of the dollars which the elderly people receive in their social security benefits.

So I shall support an increase in social security benefits, and I shall support the amendment offered by the distinguished senior Senator from Utah for a 10-percent increase in those benefits.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President, I would like to ask the Senator from Idaho if he would yield 1 minute of his time to me.

Mr. CHURCH. I would be pleased to do so.

Mr. BENNETT. Mr. President, when my amendment was submitted to the desk, we had not realized that there was an error on page 11. I ask unanimous consent that it be corrected. On line 12 and line 16, the name of the month "August" should be inserted in lieu of the name of the month "May."

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BENNETT. I thank my friend from Idaho.

Mr. CHURCH. Mr. President, the statement has been made by the distinguished Senator from Virginia that in the past 2½ years social security benefits will have been increased by approximately 40 percent if the recommendation of the Senate Finance Committee for an additional 10-percent increase is enacted into law.

That sounds like a very substantial increase. But one has to take into account the very low base on which these percentage increases have occurred.

Today, for example, average benefits for the typical retired worker amount to only \$133 a month, or about \$1,596 a year. I would like to ask any Senator if he could live on \$1,596 a year, or if he would want anyone in his family to live on that kind of retirement income, or his parents or grandparents to live on that kind of an income. This amount is almost \$400 below the poverty threshold—presently \$1,980—stipulated by the Government itself. Social security benefits for widows now amount to only \$114 a month, or about \$1,368 a year. That is a figure more than \$600 below the 1972 poverty index.

How can we call this a decent retirement program for elderly Americans? Or, how can we wring our hands over increases that still leave the benefits at these wretched levels? Even with the past increases that we have made in the last 2½ years, almost 5 million older Americans are living in poverty. Moreover, the elderly's likelihood of being poor is nearly twice as great as that for other elements of the population. Approxi-

mately one out of every four persons 65 and over, in contrast to one in nine among younger Americans, lives in poverty in this, the self-styled richest Nation in history. If we include the hidden poor, their numbers swell to 6.3 million, or about one out of every three older Americans.

Now we are told that a 20-percent increase is too much, and that we cannot afford it. This seems to me to be a strange argument in view of the other expenditures that this Chamber thinks this country can so readily afford for trips to the moon and for demolishing what is left of that wretched peninsula in Southeast Asia. There does not seem to be much argument in this Chamber about billions piled upon billions piled upon billions. But when it comes to an increase in social security which would at least be of some appreciable benefit to the elderly of this country, we are told that it is too much.

In response to the concern about the impact of a 20-percent increase for the calendar year 1972, I moved the effective date of my amendment back from June to September. As a result of this action, the cost of my proposal would be the same for the calendar year 1972 as the Finance Committee's proposed 10-percent increase effective in June. That is approximately \$2 billion. So when it comes to cost, the 1972 cost of this proposal is no more than that proposed by the Senate Finance Committee itself, though the percentage increase is doubled.

A 10-percent increase taking effect in September would merely compromise the measure even further. Not only is this asking the elderly to wait an additional 3 months, but it is also asking them to accept a lower social security increase which would do little more than catch them up with the rise in the cost of living that has occurred since the last increase was approved by Congress.

Mr. President, under my proposal, if we find it in our generosity to give the elderly 20 percent, then we can at least lift 1.9 Americans out of poverty, including 1.4 million 65 years of age or older. That is more than twice as many as we will lift out of poverty if we limit this increase to the 10 percent proposed by the amendment sponsored by the distinguished Senator from Utah.

In terms of dollars and cents, a 20-percent increase will mean an additional \$42 for the typical retired worker, \$69 for an elderly couple, and an additional \$36 for the average widow—this applying to the last 3 months of 1972. On an annual basis, a 20-percent increase would provide \$168 more for a retired worker, an additional \$276 for an elderly couple, and \$144 more for an aged widow.

Mr. President, if this country cannot afford that, it is bankrupt, indeed. If it cannot afford that, then we had better take a second look at the additional \$5 to \$6 billion that the President proposes to add to a military budget that already exceeds \$80 billion. If this country cannot afford that, then perhaps we ought to look at the multibillion-dollar space program and other launches to the moon. If this country cannot afford to provide a decent retirement income program for

the elderly, then I think we are bankrupt, not only financially but also morally. The test of a great nation, in the last analysis, is measured by the way it treats the aged. I must say that, when measured by that standard, the United States, in 1972, falls very far short of a decent mark.

So, Mr. President, I hope that the Senate will reject this meager 10-percent increase and take advantage of the opportunity furnished us by the new actuarial computations that have been adopted by the Finance Committee and the administration, which enable us to increase benefits by 20 percent without increasing the tax rate in future years, but simply extending the base upon which that tax is levied. This adopts the formula already approved by the chairman of the House Ways and Means Committee and thus paves the way, I think, for an acceptance of the Senate action on the House side in time to meet the deadline for the expiration of the debt ceiling at midnight tomorrow.

Mr. President, I yield to the Senator from Illinois.

Mr. PERCY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PERCY. How much time remains?

The PRESIDING OFFICER. Four minutes.

Mr. PERCY. Mr. President, would the distinguished Senator from Idaho be able to yield 4 minutes to me?

Mr. JAVITS. Mr. President, I would want 1 minute.

Mr. PERCY. I will split the time with the Senator.

Mr. JAVITS. One minute is fine.

Mr. CHURCH. Mr. President, do any other Senators wish to speak?

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield, without losing his right to the floor?

Mr. CHURCH. I yield.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time of the distinguished Senator from Idaho be extended by 5 minutes, that the distinguished Senator from Utah (Mr. BENNETT) likewise have 5 additional minutes, and that the distinguished Senator from Nebraska (Mr. CURTIS) may have the 5 minutes which would be allotted to the Senator from Utah.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CHURCH. Mr. President, I yield 3 minutes to the distinguished Senator from Illinois.

Mr. PERCY. Mr. President, I am pleased to support the original Church amendment to increase social security benefits by 20 percent, and therefore to oppose—and I intend to oppose—the Bennett amendment to increase benefits by only 10 percent.

Although I would have preferred that this measure be voted upon as part of H.R. 1, the omnibus social security-medicaid-welfare reform bill, it is clear that our senior citizens have waited long enough for this increase and should not be asked to wait even longer.

For over a year, I have been hoping, and my constituents have been expect-

ing, that H.R. 1 would reach the Senate floor "within the near future."

H.R. 1 passed the House of Representatives last June, when it was referred to the Senate Finance Committee. For a while we thought that H.R. 1 would reach the Senate floor as early as last September. Then, in November, we thought that surely H.R. 1 would reach the Senate floor by March 1 of this year. But March 1 came and went, and H.R. 1 was still not in sight.

Finally, on June 13, H.R. 1 was ordered reported by the Senate Finance Committee. Unfortunately, even though the bill has been reported, it has not yet reached the Senate floor. And because of the impending recess and Democratic National Convention, the Congress cannot consider this measure until at least July 17. Even then, we have no guarantee that definitive action will be taken, because of the controversy involving the welfare reform provisions, to which the social security, medicare, and medicaid portions are tied.

The Senate Finance Committee and its distinguished chairman (Mr. Long) have worked very hard and over many months on this extraordinarily complex piece of legislation, and I commend the chairman and his committee members for their efforts.

The fact remains, however, that our 20 million older Americans have waited a long time for this increase in social security benefits, and unless we act today, we cannot guarantee a benefit increase during this Congress.

I have received thousands upon thousands of letters from elderly constituents asking me, "What has happened to H.R. 1?" and I am sure that every Senator in this body has received similar mail. Today we should take advantage of the opportunity to pass one of the most important provisions in H.R. 1.

The economic situation of people over age 65 has reached the crisis stage. In its 1971 annual report, the Senate Special Committee on Aging, on which I serve, reported the following, and I quote:

Older persons have less than half the income of their younger counterparts. In 1970, the median income for older persons living alone or with nonrelatives was \$1,951. Almost five million—or over a quarter of the elderly—live below the official poverty line. Every fifth poor person in the United States is aged 65 or over. Many of these aged poor became poor upon reaching old age.

In the meantime, expenses of the elderly have risen dramatically. Older Americans spend proportionately more of their incomes than any other group on such basic items as food, shelter, and medical care.

Health costs during the sixties rose twice as fast as the overall cost of living. Hospital costs alone rose five times faster than the cost of living. Older people suffer more frequently and more seriously from health problems, thus, their health expenses are obviously much higher than those of younger people. In 1971, medicare covered only 42 percent of the total health payments of the elderly. In more individual terms, this means that an elderly person who is seriously ill may get socked for a hospital bill of several

thousand dollars, which he alone must pay.

Elderly people bear an unduly heavy burden of property taxes, which have also risen rapidly. These taxes have gone up by 14.3 percent since January 1971. Housing and transportation costs have skyrocketed, while the modest pensions of the elderly have remained fixed.

The average social security benefit for today's retired person is \$133 a month, or about \$1,596 a year. This is \$400 less than the poverty threshold, or \$1,980, according to the Social Security Administration. The average elderly widow must live on benefits of only \$114 a month, or about \$1,368 a year. This is \$600 less than the 1972 poverty index.

The consensus among elderly people, and certainly among the delegates to the 1971 White House Conference on Aging, is that inadequate income is their No. 1 problem. In their statement on income, the Conference delegates had this to say:

There is no substitute for income if people are to be free to exercise choices in their style of living. Direct action to increase the income of the elderly is urgent and imperative.

Mr. President, the amendment before us would increase social security benefits by 20 percent. To finance this increase, the amendment would increase the tax rate from 5.2 percent to 5.5 percent in 1973, and it would increase the wage base from \$9,000 to \$10,800. Under present law, the tax rate is scheduled to rise to 5.65 percent in 1973. Thus, the tax rate called for in this amendment is actually lower than that proposed under the present law. Under the amendment, the wage base would rise to \$12,000 in 1974, and would be adjusted thereafter according to future benefit changes made by Congress. The tax rate would remain at 5.5 percent through 1985, and at no point before the year 2000 would it go beyond 5.7.

In voting for this increase, I wish to make note of the distress felt among younger workers over taxes in general and social security payroll taxes in particular. I understand and share this concern. Yet I do not believe we can ask our elderly citizens, for whom the incidence of poverty is increasing while for all other groups it is decreasing, to make additional sacrifices.

The answer to this dilemma—a heavier tax burden on younger workers on the one hand and poverty among older people on the other—lies in a better and more efficient method of financing social security. Social security has been in existence for nearly 40 years without undergoing a fundamental change in its financing structure. I am a strong believer in maintaining the self-financing aspect of social security, and in retaining some relationship between the amount of money contributed and the amount of benefits received. Yet I believe we should more seriously explore the possibilities for retaining these features while at the same time increasing the "return on investment" of social security.

I have a great deal of sympathy for the worker who writes to me and who complains that taxes, especially social security taxes, are becoming intolerable.

Yet I cannot forget the millions of older Americans for whom life is so much worse—and in many cases, almost unbearable.

The Senate Committee on Aging has decided to conduct special hearings for the purpose of resolving this dilemma. It is important that we recognize this issue as an extremely complex one, and call upon the full resources of the best economists and tax experts in the country.

I therefore urge that this proposed full scale, in-depth review of the method of financing social security be expedited.

The amendment before us means that monthly benefits for the average retired worker will rise from \$133 to \$161, or \$336 additional annually. For the average retired couple, benefits will rise from \$223 to \$270, or \$564 annually.

Mr. President, I wish to commend our distinguished chairman of the Senate Special Committee on Aging (Mr. CHURCH) for his leadership and initiative on this amendment. This legislation is urgently needed. It will bring us closer to realizing the goals set forth by the White House Conference on Aging. In passing this amendment, I believe the Congress can, in effect, say to the 20 million older Americans that it did listen to what was said at the White House Conference, that it did take the recommendations seriously, and that it does intend to act upon these recommendations expeditiously.

Mr. President, I might add that I am beginning to receive telephone calls and telegrams from businessmen and corporation presidents, asking me to vote against this proposal. All year long I have been receiving letters from elderly constituents telling me of their difficulties in keeping up with the rising cost of living, but I am not receiving wires and phone calls from them now. The reason is that they cannot afford the price of wires and long-distance phone calls. They are worried about the price of postage stamps, stationery, and local phone calls.

Mr. President, the elderly are neither militant nor loud. They do not have the money to finance high-powered lobbyists and public relations experts. We should not, however, permit the elderly to be ignored merely because they cannot afford long-distance phone calls to their Congressmen or do not storm Congress with demands.

Their need for a more adequate retirement income is urgent, and it is because of this that I lend my strongest support to the amendment now before us.

#### THE 20-PERCENT SOCIAL SECURITY INCREASE AND REFORM OF PRIVATE PENSIONS

Mr. JAVITS. Mr. President, I support the 20-percent increase in social security proposed by Senator CHURCH in his amendment to the debt ceiling legislation.

I find persuasive the arguments made in favor of the 20-percent increase.

The President's 1971 Social Security Advisory Council Report quite clearly recognized the feasibility of a 20-percent increase based upon revised actuarial as-

sumptions and with only slightly higher payroll tax rates.

A 20-percent increase will substantially diminish the numbers of retired poor and will recompensate them for the inroads made into their standard of living owed to inflation.

While we can argue as to whether a 20-percent increase will have an inflationary effect, the fact remains that our social security system lags far behind the progressive Western European countries in providing an adequate recapture of worker's income when he retires. Therefore, it seems quite apparent to me that, on balance, the needs of the elderly must be given priority. It does not make much sense, and it certainly lacks in elementary social justice, if we were to deprive retired workers of the very income they need to combat the ravages of inflation in order to preclude some additional inflationary impact that might be perceived.

Nevertheless, I think it well to point out to my colleagues that, even given the circumstances of a national political election year, we might not have had to confront such conflicting pressures on the need and desirability of a 20-percent increase, if we had acted long ago to strengthen the private pension system so that workers could look to their pension plan, as well as to social security, for an adequate retirement income.

The present private pension system covers in excess of 34 million workers and has accumulated in excess of \$140 billion in reserves. Yet as I am sure the Senate and indeed the country is by now aware, inadequate numbers of workers collect a private pension.

According to HEW, only about one out of every five aged couples receiving social security benefits also collects a private pension, and only one out of every 12 nonmarried social security beneficiaries receives a private pension.

Earlier this year the Senate Labor Subcommittee reported findings of a preliminary survey which showed that over a 20-year period, close to 90 percent of employees who had worked under private pension plans had forfeited any right to obtain some type of private retirement benefit from their plan.

For 7 years, I have advocated substantial and comprehensive private pension reform to secure the reasonable expectations of the American workingman and to strengthen the role of private pension plans and make it an effective partner with our social security system. Today, the Senate Labor Subcommittee, on which I am the ranking minority member, completed legislative hearings on S. 3598, the bill that Senator HARRISON A. WILLIAMS, JR., Democrat of New Jersey, and myself, along with 13 other Senators from the Committee on Labor and Public Welfare, have cosponsored. On this, the last day of hearings, we heard forceful testimony from representatives of the AFL-CIO and President I. W. Abel of the Steelworkers Union supporting a comprehensive pension reform bill.

The subcommittee has spent over 2 years amply documenting the need for private pension reform and finally, I

believe, we are at that point where we can, in the words of I. W. Abel, take the:

Urgent action to protect and guarantee the pensions of the millions of workers who, after a lifetime of work, are entitled to security and dignity in their golden years.

Mr. President, we must decide today, as we have had to do so many times in the past, whether to vote a substantial social security increase, amid cries that the size of such an increase is unwarranted and will further alienate younger workers because of the increased contributions they must make.

I do not suggest that private pension reform is a complete solution to this dilemma, but it certainly ought to be clear by now that without such reform, the burden on the social security system will continue to mount and eventually may result in discouraging private initiatives and responsibility for participating and securing old age financial security.

If we are to prevent this from happening we must act affirmatively on private pension reform and we ought to do it in this year.

Mr. CHURCH. I might say, Mr. President, that two "felons" have robbed social security of its promise. One has been the war in which we have engaged so prodigiously through the years, and the other has been the inflation resulting from war. The combination of the two has meant that social security benefits simply have not kept pace with the needs of the elderly.

The Senator is quite right. We are beginning to build a retirement system that will be adequate for the needs of the present and the future. It will take more than repairing social security, but here is a place to start. Then, I hope, when we come along to H.R. 1, we can consider the needs of the people in the bottom brackets, to provide some sort of supplementary payment to lift them out of poverty and take them off welfare. This will not affect the social security funds but will relieve those who are needy of the necessity to go to welfare for supplementary payments to enable them to live.

This is something that we can achieve at the time the omnibus bill comes before the Senate for debate.

Mr. JAVITS. One further point. The private pension system becomes the third leg of that stool. Thirty million workers are involved, with about \$140 billion to \$150 billion in assets. So that, as I say, we begin to see the light at the end of the tunnel.

Mr. CHURCH. I fully concur with the Senator. I thank him for his comments, and I compliment him on them.

Mr. President, I am prepared to yield back my time.

Mr. CURTIS. Mr. President, I yield myself 5 minutes. The Senator from Utah (Mr. BENNETT) is not in the Chamber, but I am a member of the committee.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. CURTIS. Mr. President, I favor a social security raise. I rise for the purpose not to debate that issue but to insert into the RECORD certain facts about the cost.

I might mention in passing that the Bennett amendment does more than raise the benefits 10 percent. It is 10 percent, plus the automatic cost-of-living increase, plus a further feature, which provides a minimum social security benefit of \$200 a month for those who have worked 30 years. That is a good principle, but I will not elaborate on that now.

Mr. President, if the Bennett amendment becomes law, the \$5,000 employee will have his social security taxes increased \$7.50. If the Church amendment becomes law, he will have his social security taxes increased by \$15.

The \$7,000 employee will have his social security taxes increased, under the Bennett proposal, by \$10.50—under the Church amendment, \$21.

The \$9,000 a year employee will have his taxes increased, under the Bennett amendment, by \$13.50.

The \$9,000 employee, if the Church amendment is adopted, will have his social security taxes increased by \$27.

The \$10,000 a year employee, under the Bennett proposal, would have his taxes increased \$13.50; under the Church proposal, \$82.

The \$11,000 a year employee, under the Bennett proposal, would have his tax increased by \$13.50; under the Church proposal, his tax increase for 1973 would be \$126, and for 1974, \$137, over the 1972 tax.

The \$12,000 a year employee would, under the Bennett proposal, have his tax increased by \$13.50; under the Church proposal, the tax increase in 1973 would be \$126 over the 1972 tax, and in 1974, \$192 over the 1972 tax.

The employer would have similar increases.

The self-employed are reaching the point where their social security taxes are becoming really burdensome.

The \$5,000 a year self-employed person would, under the Bennett proposal, have his social security tax increased by \$5; under the Church proposal, \$15. That is the amount of the 1973 tax over the 1972 tax.

The \$7,000 a year self-employed person, under the Bennett proposal, would have his social security tax increased by \$7; under the Church proposal, \$21.

The \$9,000 a year self-employed person, under the Bennett proposal, would have his tax increased by \$9; under the Church proposal, by \$27.

The \$10,000 a year self-employed person, under the Bennett amendment, would have his tax increased by \$9, but under the Church proposal, \$105.

The \$11,000-a-year self-employed person would, under the Bennett proposal, have his tax increased by \$9; under the Church proposal, he would have his tax increased by \$167.40 in 1973. But his increase in 1974, over the 1972 tax, would amount to \$183.

The \$12,000-a-year self-employed person, under the Bennett proposal, would have his tax increased by \$9; under the Church proposal, \$167.40 for 1973; and for 1974, his tax burden will be \$261 more than it is in 1972.

I think it is important that Congress pay great attention not only to the amount of the tax, but also to how it is

distributed. This tax is going to be quite burdensome. It is said that most people do not know how much they pay in social security taxes; but I assure you, Mr. President, that the self-employed persons do.

An individual who is self-employed and earning \$12,000 a year will have to pay \$936 in social security tax.

The PRESIDING OFFICER. All time has expired.

Mr. ROBERT C. BYRD. Mr. President, does the Senator from Nebraska wish additional time?

Mr. CURTIS. Perhaps 2 minutes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be an additional 3 minutes allotted to each side on the pending Bennett substitute.

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

Mr. CURTIS. Mr. President, these same individuals are called upon to pay taxes on their homes and their cars; they are obliged to pay State income taxes, sales taxes, and social security taxes. Is it any wonder that we have a revolt on our hands?

I should like, also, to point out some interesting figures. The individual who retires this year at age 65 will have paid in social security taxes, if he paid the maximum from the very beginning, \$3,928.

If we include interest accumulation, it will amount to \$6,097. His employer paid some though it is not credited to his account. But assuming that it were, it would be \$12,194.

If that man has a spouse and his wife is of the same age as he, she has a life expectancy of 15 years and he has a life expectancy of 13 years. The present value of their benefits amount to \$38,200.

In other words, the employer and employee, with interest accumulation, provide a little over \$12,000 of this \$26,000 of that amount left to be paid by all workers, self-employed, and employer today, tomorrow, and in the days to come.

I do not present any of these figures in opposition to a raise in the social security, not at all. However, I do think that our social security taxes have become so burdensome that it is time for all people in public office to disclose the full facts as to what has happened.

Mr. President, I think it is also important that we have these figures. And Congress has not provided for a program that is similar to an annuity. Rather, we have a social program that pays a social benefit without taxes, which I approve. And it is paid for to a large extent by the present and future workers, self-employed, and employers.

Mr. President, I yield back the remainder of my time and yield the floor.

Mr. CHURCH. Mr. President, I yield myself whatever time is required.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, the summation to be made against the amendment offered by the distinguished Senator from Utah is simply that it fails to provide an opportunity to do something meaningful for the elderly at the very modest cost, or that is made possible by

virtue of what has now been generally adopted as the proper actuarial basis for the tax rates and which eliminates the need to accumulate excessive balances in the social security trust funds.

When the Senator from Nebraska mentions the amounts that are going to be paid by employees, whether a \$10,000, \$11,000, or \$12,000 a year employee, it does not seem to the Senator from Idaho that those amounts are very large compared to the benefits they will get. And he ignores entirely the fact that for about 75 percent of those who are paying into the social security system—some 70 million, if you please—we are going to be able to give them a 20-percent increase in future years at a lesser tax rate than they will be paying under the tax schedule in existing law.

What better argument can one ask? What better argument is there for defeating the amendment of the Senator from Utah?

Mr. President, my time is up. However, I do not want to finish without extending my appreciation to the Senator from Utah, who has assured me that tomorrow, when I cannot be present, he will give me a live pair so that my absence will not affect the outcome of the vote.

I appreciate the generosity of the Senator from Utah. And now, the debate having been culminated, I leave the Senate, the Chamber, and the city with a clear conscience.

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#### EXTENSION OF PUBLIC DEBT LIMITATION

The Senate continued with the consideration of the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation.

Mr. HUMPHREY. Mr. President, I wanted to make just very brief comments with reference to the amendment offered by the distinguished Senator from Idaho (Mr. CHURCH), an amendment that would provide an increase of 20 percent in social security benefits.

I am privileged to join as a cosponsor of this particular amendment. It is a matter, I think, of high priority for the Congress.

The elderly American has been the victim of the erosion of his income by inflation. The facts and figures that have been entered into the *RECORD* here today indicate a sharp increase in hospital costs, medical costs, food costs, rentals, and all the many things that our senior citizens need.

It is my judgment that the 20-percent increase in social security benefits will be helpful not only to the social security recipient, but will be a great help to this economy. This money will be readily expended by those who receive it. It will represent a very substantial flow of new money into the channels of commerce and business. I predict that it will have a very healthful effect upon the

economy, calling for the production of more goods and services, permitting employers to expand their employment rolls, and thereby cut down on unemployment.

But above that, it is a compassionate and humanitarian measure. The Congress of the United States has repeatedly taken the lead in expanding social security coverage and increasing the benefits. And once again Congress is exerting its own influence and its own leadership. This is in the finest traditions of this body.

The Congress represents the people, and a large segment of the total population of this country is in the group that we call older Americans—over 22 million older Americans. The social security payments that are made to these fellow citizens represent, for many of them, their total income.

Therefore, the amendment comes at a most fortunate time, a time when the elderly of our Nation are in desperate need, a time when the economy can stand a good lift of extra purchasing power, and a time when, may I say, with price controls and wage controls, there may be some modest hope that we can stem the flow of inflation and see to it that the 20-percent increase does something to increase the purchasing power and living standards of older Americans.

Mr. President, I have outlined very briefly and concisely my position on the issue of social security, the goals that I have in mind for older Americans, and a program for older Americans. This particular 20-percent addition represents only a part of that program. It is my judgment that we ought to add about 25 percent, with adequate financing to take care of it, but a 20-percent increase will be of immense help.

I ask unanimous consent that the statement I have alluded to, which outlines my goals for older Americans, and the program that I believe will be of such help, be printed at this point in the RECORD.

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

ELDERLY  
ISSUE

For too many older Americans, life indeed is over at age 65. Or at least that is the attitude of many Americans. The fundamental fact is that older Americans often lack income; they are beset by high taxes and increasing cost of living; they face increasing health costs—and they must pay for these services from what is likely to be a fixed income or savings.

HUMPHREY GOALS FOR OLDER AMERICANS

To assure older Americans the dignity, decency and security of a full life.

To assure older Americans of adequate income support.

To assure older Americans of adequate health care.

To dispell the present American attitude toward older Americans—an attitude that too often prevents older Americans from having the same choices of younger Americans.

HUMPHREY PROGRAM FOR OLDER AMERICANS

Immediate 25 percent increase in Social Security, with cost of living escalator.

Guaranteed minimum public assistance payment of \$165 for individual and \$215 for

a couple, to bring all older Americans out of poverty.

Comprehensive Home Health Care legislation to provide needed care in the homes of older Americans—not force them to seek hospitalization for every illness.

Medicare changes such as elimination of the \$50 deductible elimination of the doctor's insurance premium, freezing of the hospital copayment, home nutritional health care, prescription drug payments, hospital insurance for the uninsured.

Increase in the limitations on retirement earnings from \$1,680 to \$3,000.

One hundred percent widow's benefits.

Cabinet level Office for the Aging.

Mr. HUMPHREY. Mr. President, I do hope that on the occasion of our vote tomorrow we will have an overwhelming majority for this increase. I also hope that we will reject any amendment that seeks to reduce it. The 20 percent is not only desperately needed, but it represents a social and economic justice.



table which I shall place in the RECORD at the conclusion of my remarks compares the benefits and the cost of benefits under the Church and Bennett amendments and H.R. 1, as passed by the House. Even the 20-percent increase will not provide large increases in payments, but it will help, as will the 3-percent cost-of-living provision.

The stark fact is that those who are now receiving social security benefits are the chief victims of inflation, and many are living in straitened circumstances. They are the people and dependents of people who helped build the economy from which many now receive rich rewards—employers and employees alike.

In the last 2 days we voted to authorize over \$9 billion for the OEO program to assist those who are not employed, those who may not be qualified for employment and others employed at low wages. We will be called upon to vote billions in welfare for those who are not employed and the working poor. I must say that, while I am sure many of these may not be able to work—many are women with children—there are some, to be frank, who will not work.

I think it proper that we should be willing to provide increased social security benefits to those who have worked, and to their families. I am glad to vote for the 20-percent increase.

I ask unanimous consent that the table I referred to earlier be printed in the RECORD.

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

#### EXTENSION OF THE PUBLIC DEBT LIMITATION—THE BENNETT AND CHURCH AMENDMENTS

Mr. COOPER. Mr. President, I shall vote against the amendment of the Senator from Utah (Mr. BENNETT) which would increase social security benefits by 10 percent, and for the amendment of the Senator from Idaho (Mr. CHURCH) to increase benefits by 20 percent. I have no doubt that the increase will have some inflationary aspects, whether it be 10 percent or 20 percent. It will also place additional burdens upon employers and upon the presently employed, as additional payments will be required to finance the increased payments to beneficiaries. But these arguments against increases have always been made. The

#### COMPARISON OF PENDING SOCIAL SECURITY AMENDMENTS

	Church	Bennett	H.R. 1
Proposed increase	20 percent	10 percent	5 percent
Taxable wage base	Raised to \$10,800 in 1973; \$12,000 in 1974 with automatic increases as wages increase.	Retains present tax base of \$9,000 with automatic increases after January 1975.	Raised to \$10,200 this year with automatic raises thereafter as wages increase.
Tax rate	1973-77, 4.6 percent; 1978-2010, 4.5 percent; 2010, 5.35 percent.	1973-77, 4.45 percent; 1978-2010, 4.4 percent; after 2010, 5.3 percent.	1972-74, 4.2 percent; 1975-76, 5 percent; 1977, 6.1 percent.
Minimum monthly payment	\$84.50	\$77.50	\$74.00
Automatic cost of living increases	Benefits would rise by 3 percent when consumer price index rises by 3 percent. Would be financed by increases in the taxable wage base.	Identical except financed equally by increases in the wage base and tax rate.	Benefits would rise by 3 percent when consumer price index rises by 3 percent.
Average monthly payment	\$161 up from \$133 (single), \$270 up from \$223 (couple), \$137 up from \$114 (widows).	\$147 single, \$247 couple, \$126 widows.	\$141 single, \$234 couple, \$120 widows. <sup>1</sup>
Effective date	September 1972	September 1972	June 1972

<sup>1</sup> This is without increase to 100 percent of husband's benefits.

program. Entitlement to benefits and the amount of benefits are based on past employment. Social security is also earnings-related, in that the amount of cash benefits a worker and his family receives is generally related to his earnings in covered work.

Over a year ago the Advisory Council on Social Security, a distinguished 13-member panel, recommended that, and I quote from the report of the 1971 Advisory Council on Social Security:

The actuarial cost estimates for the cash benefits program be based—as the estimates for the hospital insurance program now are—on the assumptions that earnings levels will rise, that the contribution and benefit base will be increased as earnings levels rise, and that benefit payments will be increased as prices rise.

In their 1971 report, the Advisory Council explained that since 1935, the estimates of the long-range cost of social security have been based on the assumption that both earnings and benefits will remain level over the valuation period. Contrary to the assumption used in the estimate, as we all well know, earnings levels have risen, and the additional income from rising earnings is substantially greater than the benefit liability arising from higher earnings. Thus, under present practice, a long-range actuarial surplus is created each time earnings rise.

By following the procedure the Advisory Council recommended—basing the contribution rates for social security on the assumption that benefits and earnings levels will rise—we can now substantially improve the program by immediately increasing social security benefits by 20 percent without drastically increasing both the employee and employer contribution rates and the amount of annual earnings which are counted for benefits and on which contributions are paid—the contribution and benefit base. We can enact a 20-percent social security increase while maintaining the present contribution rate of 4.6 percent each for employees and employers for 1973-76 and with a rate of 4.9 percent for 1977-2010 and a contribution and benefit base of \$10,200 in 1972 and \$12,000 in 1973.

While Congress has seen fit to raise social security benefits during the past years, inflation has reduced the purchasing power of these higher benefits. Workers who retired in 1950, in terms of 1970 dollars, had their average monthly social security benefits of \$78.10 in 1950 raised to \$89.50 in 1954 and \$90.60 in October 1970. A worker who retired in 1950 has barely held his own between 1954 and 1970.

Measured by 1970 dollars, the average monthly social security benefit for retired workers in current-payment status in 1960 was \$97.90 and \$117.79 in October 1970—an improvement of about 20 percent in real terms. For a widowed mother with two children, in 1960, the average monthly benefit measured in 1970 dollars was \$237.60, and in October 1970 it was \$255.80—an increase of about 8 percent in real terms.

The Nation's elderly citizens have less than half the income of our younger citizens. Five million older Americans—

over 25 percent of our elderly—have incomes below the poverty level. In 1970, half of the families headed by older persons had incomes of less than \$5,053. In the same year the median income for older citizens living alone or with non-relatives was \$1,951.

The time has come to improve the Nation's basic income maintenance program. We can provide a substantial 20-percent increase in social security benefits for the Nation's elderly, disabled, widows, and widowers and surviving children in a way that does not impose an excessive tax burden on covered workers and employers, and in a way that assures that social security will continue to be financed on an actuarially sound basis.

A 20-percent across-the-board boost in social security benefits will increase the average monthly benefits for the typical retired worker from \$133 to \$162; from \$222 to \$269 for the average elderly couple; and from \$114 to \$153 for the average aged widow.

As just recently reported by the Department of Health, Education, and Welfare, the number of elderly persons on welfare—those receiving old-age assistance—has dropped to a 32-year low of 2,015,000 people. This decline in the number of old-age welfare recipients is due in large part to past increases in social security benefits. A 20-percent increase in social security benefits will further reduce the cost of old-age assistance.

A 20-percent increase in benefits will lift a total of 1.9 million social security recipients out of poverty, including 1.4 million aged. As a cosponsor of the amendment by Mr. CHURCH, I therefore, urge the Senate to support an immediate 20-percent increase in social security benefits.

#### NEED FOR MORE ADEQUATE SOCIAL SECURITY BENEFITS: NO LESS THAN 20-PERCENT INCREASE

Mr. CRANSTON. Mr. President, I support amendment No. 1307. This amendment is similar to amendment No. 999 to H.R. 1, the proposed Social Security Amendments of 1971 which was submitted by the Senator from Idaho (Mr. CHURCH), providing a 20-percent increase in social security benefits. Senator CHURCH offered amendment No. 999 last March 7—2 weeks after the distinguished chairman of the House Ways and Means Committee, the Honorable WILBUR MILLS, also called for a 20-percent increase in social security benefits. But because H.R. 1 will not be taken up on the Senate floor until late this summer, and since there may be delays in seeing it finally enacted, Senator CHURCH has offered his 20-percent increase in social security measure as amendment No. 1307 to the debt ceiling bill. I am pleased to support him and the other 43 Senate cosponsors of the original 20-percent increase provision in their efforts to secure these much needed income supplements for America's older citizens without further delay.

WHAT AMENDMENT NO. 1307 WOULD PROVIDE

In terms of dollars and cents, amendment No. 1307 would raise monthly ben-

#### IN SUPPORT OF A 20-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS

Mr. ROBERT C. BYRD. Mr. President, in signing the Social Security Act of 1935, President Franklin D. Roosevelt called it:

A cornerstone in a structure which is being built, but is by no means complete—a structure intended to lessen the force of possible future depressions, to act as a protection to future administrations of the government against the necessity of going deeply into debt to furnish relief to the needy—a law to flatten out the peaks and valleys of deflation and of inflation—in other words, a law that will take care of human needs and at the same time provide for the United States an economic structure of vastly greater soundness.

Well over three decades later this description of the Social Security Act remains accurate. The time has come, however, to enhance President Roosevelt's description by strengthening the heart of the Social Security Act, title II—Federal Old-Age, Survivors, and Disability Insurance Benefits.

Old-age, survivors, and disability insurance—more generally known as social security—is the Nation's basic income maintenance program.

It provides protection for workers and their families against loss of income due to retirement, disability, or death of the family bread winner. No other program is as effective in helping to assure economic security, while maintaining dignity for workers and their families, as social security.

The social security program envisioned by Franklin Roosevelt has today grown to a universal system, with more than 27 million Americans receiving benefits. Approximately 91 percent of the Nation's elderly are getting social security benefits or will be eligible for them when they or their spouses stop working. Ninety-three percent of America's citizens reaching 65 in 1972 are eligible for benefits. The social security program in the United States covers 9 out of 10 people in paid employment and self-employment. Ninety-five percent of the children under 18, and their mothers, can count on monthly benefits if the family earner should die.

There is no doubt that the social security program has been successful throughout the years since 1935, because it is a work related and an earned right

effts for the typical retired couple from \$222 to \$269, and for the average retired worker, it would increase his social security benefits from \$133 a month to \$162 a month.

Mr. President, the following table shows what these benefits increases would mean for a broad range of social security recipients:

	BENEFITS INCREASE		
	Present	20 per cent	Increased benefits on annual basis
Retired worker (average).....	\$133.00	\$161.00	\$336.00
Retired couple (average).....	223.00	270.00	564.00
Worker with maximum earnings.....	216.00	259.00	516.00
Couple with maximum earnings.....	234.00	389.00	780.00
Minimum.....	70.40	84.50	169.00
Widow (average, without provision for 100 percent benefits).....	144.00	137.00	276.00

It is significant to discuss these benefits increases in light of recent cost-of-living increases.

From January 1971—the effective date of the last social security increase—to May 1972, the consumer price index has increased by 4.6 percent. By the effective date of the proposed 5-percent increase in the House-passed social security bill—and this is the level recommended by the administration—the elderly are likely to discover that inflation has totally wiped out this proposed boost in benefits.

Equally significant, many items—which affect the elderly to a much greater degree than younger persons—have risen at a much more accelerated rate than the overall consumer price index. In a number of cases, these items would outstrip the proposed 10-percent raise in the Finance Committee bill. Among key examples:

Property taxes have risen by 14.3 percent from January 1971 to May 1972—approximately 70 percent of the elderly own their own home:

Food costs have risen by 5.9 percent—approximately 27 percent of the elderly's budget is spent for food, in contrast to 16 percent for the total population;

There has been a 5.7-percent increase for medical care—for fiscal 1971 the elderly paid almost as much in out-of-pocket payments for medical care—\$225—as the year before medicare went into effect—\$234.

Even with a 20-percent increase, social security benefits for the typical retired couple will still fall short of the Bureau of Labor Statistics intermediate budget for a retired couple. A 20-percent increase would raise social security benefits for the average retired couple to \$270 a month, or to \$3,240 a year. This would represent only about 68 percent of the intermediate budget, which is \$4,776.

A 20-percent increase would raise social security benefits for the typical retired individual to \$161 a month, or \$1,932 on an annual basis. This would represent less than 70 percent of the BLS intermediate budget for aged single persons, \$2,778.

More than 4.7 million persons 65 and older now live in poverty—the 1970 poverty threshold is \$1,852 for a single aged person and \$2,328 for a couple.

The median income for persons 65 and over living alone or with nonrelatives is only \$1,951, or about \$37 per week. For aged women living alone, their median income is \$1,888 annually, or just slightly above the poverty index.

Approximately one out of every four aged couples have incomes below \$3,000—less than \$60 a week. The BLS lower budget for an urban retired couple is \$3,319.

Nearly nine out of 10 black women living alone or with nonrelatives—88.3 percent—would be considered poor or near poor.

Mr. President, I believe these figures tell a story bearing on the disgraceful, especially in light of the universality of the social security system in our country.

This program touches the lives of practically every family in America. Nearly 91 percent of the elderly receive benefits now or will be eligible for them when they or their spouses stop working, and 93 percent of those reaching age 65 in 1972 are eligible for benefits. Ninety-five percent of the children under 18 and their mothers can count on monthly cash benefits if the family earner should die. More than 27 million men, women, and children—one out of every eight Americans—are now receiving monthly cash benefits.

Mr. President, I have a chart here which was supplied to me by the Social Security Administration and which provides a county by county breakdown of the number of social security beneficiaries, as of December 1971 in my State of California. I ask unanimous consent that it be printed in the Record at the conclusion of my remarks.

THE PRESIDING OFFICER. Without objection, it is so ordered.  
(See exhibit 1.)

Mr. CRANSTON. Mr. President, these figures give proof of the fact that the time has come to make significant improvements in social security, so that this—the Nation's basic income maintenance program—can serve its people more effectively. We have the opportunity to do that today.

#### HOW THE INCREASE WOULD BE FINANCED

Both Chairman MILLS and Senator CHURCH have already presented detailed accounts to the Congress which conclude without a doubt that a 20-percent increase in social security benefits would be possible without endangering the social security trust fund and with only a modest increase in the payroll tax. It is not my intention to reiterate here this morning their remarks, but in light of the President's comments last night that a 20-percent increase could jeopardize the integrity of the social security trust fund, I believe it is incumbent upon me to touch on just how this increase would be financed so that any concerns the President's remarks may have raised can be allayed.

The financing proposal for the 20-percent increase is derived from the

recommendations of the Advisory Council on Social Security. This distinguished 13-member panel was made up by law of representatives of organizations of employers and employees and of the self-employed and the public. The Council's Chairman was Arthur S. Flemming, former Secretary of the Department of Health, Education, and Welfare, recent chairman of the White House Conference on Aging—which, I might add, called for a 25-percent boost in social security benefits—and is presently an adviser to the President on the affairs of the elderly. Several members of the Council have long, prominent careers in finance. The Council was assisted in its review of the financing of the program by national respected actuaries and economists. I mention this, Mr. President, so that there can be no doubt as to the soundness of the recommendations of the Advisory Council.

Amendment No. 1307 is based upon a "rising wage assumption," as recommended by the Social Security Advisory Council. In essence, of course, this means that actuarial projections should be based upon a steady increase in both wages and prices in future years, rather than on the assumption that over the long run neither benefit nor wage levels will change.

Amendment No. 1307 is further based on current cost financing as recommended by the National Advisory Council. In other words, it incorporates a tax schedule calculated to maintain a trust fund balance at least equal to 75 percent of 1 year's worth of benefits, as does the Finance Committee bill.

The increase in the taxable wage base to \$12,000 in 1973, which it proposes, would result in substantially improved benefit protection for workers with above average earnings, and would move in the direction of covering the proportion of workers' earnings that were covered under the original Social Security Act. In 1938 the \$3,000 earnings base covered the full earnings of 97 percent of all workers. A \$12,000 base would cover the full earnings of about 86 percent of all workers in 1973. The present maximum taxable wage base of \$9,000 fully covers only about 72 percent of all employees working under social security. To achieve the same proportion of covered earnings as when social security went into effect, interestingly enough, would require that the maximum wage base be raised to about \$18,600.

Raising the taxable wage base, then, would provide higher benefits for workers earning up to that level, and additionally, it would provide revenue to finance these badly needed improvements in social security without imposing burdensome taxes on lower and moderate-income wage earners.

In this regard, Mr. President, I would like to comment on President Nixon's comments of last night in which he implied that such financing would, in effect, wipe out the reductions granted to middle-income and lower-income workers during the past several years.

None can deny that it is this group of Americans which is most sorely burdened

by the inequitable tax structure we rely on today. And none can deny that this Congress has a moral obligation to work promptly to overhaul that structure to relieve this burden from middle- and lower-income workers. I very much regretted hearing the President imply that doing justice to America's senior citizens by passing this 20-percent increase would be unfair to her middle- and lower-income people, when the issue at hand here is so much more complex. If the President is truly interested in relieving the burdens of these hard-pressed taxpayers, I urge him to work with us in reaching a meaningful and prompt resolution of the taxation questions which so plague us today.

The President also suggested that a 20-percent increase in benefits might add billions more to the projected budgetary deficit for fiscal 1973. I should like to rebut that suggestion by quoting from the Social Security Advisory Council's recommendations which state:

Even though the operations of the social security trust fund and other trust fund programs are combined with the general operations of the federal government in the unified federal budget, policy decisions affecting the social security program should be based on the objectives of the program rather than on any effect that such decisions might have on the federal budget. The operations of the social security and other federal trust funds should continue to be identified as such and separated from the general operations of the government.

Chairman MILLS, in his study of the financing of a 20-percent increase, has assured the Congress that while a 20-percent increase—

Does add to the deficit in 1973 under the

unified budget concept—it does not mean one additional dollar of borrowing. (WILBUR MILLS 3/6/72 p. H.1805 CONGRESSIONAL RECORD)

More important, it will not result in any additional deficit financing.

THE NEED FOR A PASS-ALONG PROVISION

Mr. President, when the distinguished Senator from Idaho (Mr. CHURCH) advised me that he would submit this amendment to the debt ceiling bill, I discussed with him the vital need to include a significant "pass-along" provision with his amendment. Pass-along provisions have, in the past, been enacted to correct the situation whereby individuals receiving both social security and/or railroad retirement benefits as well as public assistance also receive a corresponding reduction in their public assistance grant whenever social security cost-of-living increases are enacted. In general, however, the pass-along allowed has been less than the full social security increase, so recipients in this category have not enjoyed the full increase intended for them. Further, when the pass-along legislation is not included in the legislation to increase benefits, as was the case in the most recent social security increase enacted March of 1971, recipients in this category receive none of the increase provided other social security beneficiaries.

On March 13 of this year I introduced S. 3328, a bill providing a permanent mechanism to insure that old age public assistance recipients do receive the benefits of social security increases. The Finance Committee subsequently approved a \$50 pass-along provision to be included in its omnibus social security measure.

If it were not for the fact that Senator CHURCH advised me that submitting one or the other of these alternatives as a modification to amendment No. 1307 would seriously hamper the chances of its final enactment, I would not hesitate to do so. I will defer from pressing this point further this morning, but I do want to pledge at this time that when H.R. 1 comes to the Senate floor, I will work vigorously for a meaningful pass-along measure which will be retroactive to cover the increases we will be approving today. I urge my colleagues to join me in this pledge.

Mr. President, in the event that some Senators may not be aware of S. 3328, I ask unanimous consent that the text of my introductory remarks and a copy of the bill itself be included in the record at the conclusion of my remarks this morning.

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

(See exhibit 2.)

Mr. CRANSTON. Mr. President, we have the opportunity to take action to provide the elderly with a significant increase in social security benefits. H.R. 1 passed the House of Representatives a year ago this month. While the Finance Committee has completed its consideration of the bill, it might be months before it is enacted. By passing this 20-percent increase along with the public debt bill, we can insure that the elderly will have to wait no longer for an increase that will help them live more comfortably—in many cases—that will help them meet the bare necessities. I urge Senators to support amendment No. 1307.

EXHIBIT 1

OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

TABLE II.—NUMBER OF BENEFICIARIES WITH MONTHLY CASH BENEFITS IN CURRENT-PAYMENT STATUS AT END OF DECEMBER 1971, BY AGE OF BENEFICIARY AND BY STATE AND COUNTY OF RESIDENCE

State and County	Under age 60					Age 60 and over					Men	Women	
	Total	Total	Under age 18	Age 18-21	Age 22-59	Total	Age 60-61	Age 62-64	Age 65 and over	Age 72 and over			
													Total
California	2,390,137	539,573	283,905	56,367	199,301	1,850,564	34,129	220,807	1,595,628	690,625	905,003	744,819	1,105,745
Alameda	121,094	26,441	13,866	3,082	9,493	94,653	1,646	10,066	82,941	34,072	48,869	36,115	58,538
Alpine	54	10	5	3	2	44	7	7	35	18	17	19	25
Amador	2,514	425	243	24	158	2,089	43	344	1,702	829	873	993	1,096
Butte	20,831	4,176	2,027	450	1,699	16,655	345	2,317	13,993	6,345	7,648	7,578	9,077
Calaveras	2,682	463	248	39	176	2,219	35	347	1,837	915	922	1,107	1,112
Colusa	2,030	482	252	54	176	1,548	24	171	1,353	588	765	729	891
Contra Costa	55,631	14,415	7,626	1,762	5,027	41,216	927	5,547	34,742	15,712	19,030	16,836	24,380
Del Norte	2,408	690	376	47	267	1,718	45	249	1,424	732	692	837	881
Eldorado	6,487	1,397	756	104	537	5,090	115	830	4,145	2,141	2,004	2,438	2,652
Fresno	55,952	15,364	8,265	1,620	5,479	40,588	850	5,331	34,407	15,114	19,293	17,730	22,858
Glenn	3,160	664	354	62	248	2,496	43	303	2,150	988	1,162	1,143	1,353
Humboldt	13,106	3,373	1,804	313	1,256	9,733	221	1,323	8,189	3,872	4,317	4,496	5,237
Imperial	9,481	3,403	2,052	324	1,027	6,078	131	899	5,048	2,629	2,419	3,413	2,665
Inyo	2,734	586	314	46	226	2,148	52	318	1,778	878	900	1,016	1,132
Kern	42,887	12,894	7,029	1,029	4,836	29,993	841	4,606	24,546	12,188	12,358	13,798	16,195
Kings	7,194	2,248	1,262	204	782	4,946	128	715	4,103	1,866	2,237	2,278	2,668
Lake	6,773	946	393	61	492	5,827	107	925	4,795	2,484	2,311	2,875	2,952
Lassen	2,158	516	282	44	190	1,642	33	258	1,351	631	720	798	844
Los Angeles	814,829	179,400	92,594	17,696	69,110	635,429	11,667	70,779	552,983	231,021	321,962	238,639	396,790
Madera	7,013	1,947	1,059	170	718	5,066	132	722	4,212	1,958	2,254	2,442	2,624
Marin	18,907	3,921	2,112	565	1,244	14,986	237	1,749	13,000	5,396	7,604	5,630	9,356
Mariposa	1,300	181	94	20	67	1,119	19	160	940	456	484	552	567
Mendocino	7,828	1,795	920	180	695	6,033	130	861	5,042	2,391	2,651	2,860	3,173
Merced	12,542	3,827	2,122	386	1,319	8,715	200	1,241	7,274	3,455	3,819	4,119	4,596
Modoc	1,098	249	118	26	105	849	19	107	723	326	397	402	447
Mono	390	80	47	8	25	310	5	55	250	142	108	155	155
Monterey	26,041	6,891	3,808	762	2,321	19,150	361	2,445	16,344	7,188	9,156	8,022	11,128
Napa	12,563	2,296	1,006	272	1,018	10,267	172	1,154	8,941	3,548	5,393	4,522	5,745
Nevada	5,949	967	498	102	367	4,982	90	739	4,153	1,999	2,154	2,310	2,672
Orange	139,404	32,720	18,261	3,581	10,878	106,684	1,638	12,278	92,768	39,168	53,600	39,572	67,112
Placer	10,823	2,433	1,172	240	1,021	8,394	1,638	1,201	7,025	3,396	3,629	3,748	4,642
Pumas	2,130	501	281	60	160	1,629	32	252	1,345	654	691	773	856
Riverside	79,898	14,848	7,999	1,167	5,682	65,050	1,084	8,436	55,530	25,778	29,752	28,507	36,543
Sacramento	69,371	18,768	10,018	2,194	6,556	50,603	1,099	6,599	42,905	19,363	23,542	21,103	29,500
San Benito	2,392	506	285	54	167	1,886	31	212	1,643	709	934	838	1,048

## EXHIBIT 1—Continued

## OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE—Continued

TABLE II.—NUMBER OF BENEFICIARIES WITH MONTHLY CASH BENEFITS IN CURRENT-PAYMENT STATUS AT END OF DECEMBER 1971, BY AGE OF BENEFICIARY AND BY STATE AND COUNTY OF RESIDENCE—Continued

State and County	Under age 60						Age 60 and over					Men	Women
	Total	Total	Under age 60			Total	Age 60 and over						
			Under age 18	Age 18-21	Age 22-59		Age 60-61	Age 62-64	Age 65-71	Age 72 and over			
San Bernardino.....	86,969	19,960	10,925	1,642	7,393	67,009	1,315	8,350	57,344	25,768	31,567	28,387	38,622
San Diego.....	160,179	32,330	17,414	3,580	1,236	127,849	2,092	16,423	109,514	48,886	60,628	51,672	76,087
San Francisco.....	116,112	19,172	8,799	2,358	8,015	96,940	1,489	9,152	86,299	35,316	50,983	39,431	57,509
San Joaquin.....	39,980	9,376	4,841	1,016	3,519	30,604	628	3,864	26,112	11,577	14,535	14,477	16,127
San Luis Obispo.....	17,699	3,508	1,657	367	1,484	14,191	259	1,905	12,027	5,382	6,645	6,264	7,927
San Mateo.....	54,947	11,841	6,035	1,620	4,186	43,106	750	5,048	37,308	15,894	21,414	16,243	26,863
Santa Barbara.....	31,550	6,515	3,517	847	2,151	25,035	343	2,744	21,948	9,215	12,733	9,934	15,101
Santa Clara.....	92,364	24,357	13,136	3,016	8,205	68,007	1,213	8,053	58,741	24,846	33,895	26,359	41,648
Santa Cruz.....	25,850	4,178	2,147	536	1,495	21,672	285	2,352	19,035	7,770	11,265	8,888	12,784
Shasta.....	11,869	3,187	1,693	282	1,212	8,682	224	1,385	7,073	3,584	3,489	4,118	4,654
Sierra.....	473	81	38	15	28	392	10	57	325	180	145	193	199
Siskiyou.....	5,413	1,116	572	129	415	4,297	69	562	3,666	1,718	1,948	2,064	2,233
Solano.....	15,544	4,068	2,195	451	1,422	11,476	238	1,553	9,685	4,457	5,228	4,730	6,746
Sonoma.....	36,423	6,097	3,472	750	2,685	29,516	468	3,629	25,356	11,663	13,993	12,635	16,881
Stanislaus.....	29,317	7,130	3,738	647	2,745	22,187	498	2,884	18,805	8,240	10,565	9,753	12,434
Sutter.....	5,108	1,318	715	135	468	3,790	85	522	3,167	1,385	1,782	1,707	2,083
Tehama.....	4,850	1,065	594	89	382	3,785	75	522	3,188	1,517	1,671	1,751	2,034
Trinity.....	1,214	296	177	19	100	918	25	157	736	394	342	480	438
Tulare.....	29,256	8,744	4,706	703	3,335	20,512	521	2,911	17,080	7,992	9,088	9,627	10,885
Tuolumne.....	3,960	704	362	66	276	3,256	71	492	2,693	1,341	1,352	1,592	1,664
Ventura.....	36,874	10,213	5,666	876	3,671	26,661	539	3,332	22,790	10,442	12,348	10,831	15,830
Yolo.....	9,419	2,239	1,185	254	800	7,180	159	897	6,124	2,738	3,386	3,342	3,838
Yuba.....	5,113	1,445	773	118	554	3,668	105	568	2,995	1,470	1,525	1,858	1,810

## EXHIBIT 2

## AUTOMATIC INCREASE IN STANDARDS OF NEED UNDER PUBLIC ASSISTANCE PROGRAMS

By Mr. CRANSTON (for himself and Mr. TUNNEY):

S. 3328. A bill to amend the Social Security Act to assure that whenever there is a general increase in social security benefits there will be a corresponding increase in the standard of need used to determine eligibility for aid or assistance under State plans approved under title I, X, XIV, or XVI of such Act. Referred to the Committee on Finance.

Mr. CRANSTON. Mr. President, I introduce today, along with my colleague (Senator TUNNEY), legislation to enable those needy individuals who are recipients of grants for the aged, blind, and disabled to receive automatic increases in this assistance commensurate with increases in social security benefits. This would be achieved by requiring States to increase, by a rate corresponding to the rate of any further social security increase, the standard of need used to determine eligibility for assistance under these programs.

This concept, in a somewhat different form, was recommended in 1970 by the Senate Finance Committee in its consideration of H.R. 17550, the proposed Social Security Amendments of 1970. The committee report (No. 91-1431, page 43) said:

## PASS-ALONG OF SOCIAL SECURITY INCREASES TO WELFARE RECIPIENTS

"Under other provisions of the bill, social security benefits would be increased by 10 percent, with the minimum basic social security benefit increased to \$100 from its present \$64 level. If no modification were made in present welfare law, however, many needy aged, blind, and disabled persons would get no benefit from these substantial increases in social security since offsetting reductions would be made in their welfare grants. To assure that such individuals would enjoy at least some benefit from the social security increases, the committee bill requires States to raise their standards of need for those in the aged, blind, and disabled categories by \$10 per month for a single individual and \$15 per month for a couple. As a result of this provision, recipients of aid to the aged, blind, or disabled, who are also social security beneficiaries, would enjoy an increase in total monthly income of at least \$10 (\$15 in the case of a couple)."

The method I am proposing to assure that the aged, blind, or disabled enjoy benefits from social security increases eliminates the discriminatory effect of the so-called pass-along provision, which results in the granting of cost-of-living increases only to those public assistance recipients who are also beneficiaries of social security or railroad retirement benefits.

The original pass-along provisions, included in the 1965 and 1967 social security amendments, permitted States, in determining an individual's need for public assistance payments, to exclude \$5 and \$7.50 per month, respectively, from any source although these provisions were designed with the 1965 and 1967 social security increases in mind. Later pass-along provisions, however, have applied exclusively to the income received from social security and railroad retirement benefits, and thereby have not helped those public assistance recipients who receive no additional income or who receive income other than that afforded by social security or railroad retirement benefits. My bill would rectify this situation by substituting the "increase in standard-of-need" concept for the "pass-along" concept.

In addition, my bill would eliminate the necessity of repeatedly legislating to afford public assistance recipients the benefits of social security cost-of-living increases by providing for automatic increases in the standard of need. To illustrate the need for such a permanent, automatic mechanism, let me trace briefly the history of the pass-along provisions since their inception 6 years ago:

The Social Security Amendments of 1965 (Public Law 89-97) included a provision that permitted States, in determining an individual's need for public assistance payments, to exclude up to \$5 of income per month from any source.

The Social Security Amendments of 1967 (Public Law 90-248) amended the pass-along provision enacted in 1965 to increase the income exclusion from \$5 to \$7.50 per month.

The Tax Reform Act of 1969 (Public Law 91-172) included in section 1006 a requirement that, in determining the need of its public assistance recipients, States must disregard the retroactive payment of the social security increase received April 1970. Section 1007 of the Tax Reform Act required States to exclude up to \$4 per month of social security benefits in determining the amount of

public assistance payments. This provision was applicable through July 1970.

The 1970 social security amendments to the act to continue the suspension of duties on manganese ore (Public Law 91-306) extended the pass-along provided in section 1007 of the Tax Reform Act of 1969 through October 1970.

The January 1971 amendments to the Social Security Act (Public Law 91-669) extended the pass-along provided in section 1007 of the Tax Reform Act of 1969 through December 1971.

The March 1971 social security amendments to the act to increase the public debt (Public Law 92-5) made it optional for States to disregard retroactive social security benefits in determining public assistance from January through April 1971.

The December 1971 amendments to the Social Security Act—Public Law 92-223—extended the pass-along provided in section 1007 of the Tax Reform Act of 1969 through December 1972. My colleague and principal cosponsor of this legislation (Mr. TUNNEY) was responsible for the enactment of this, the most recent temporary pass-along provision, which affects the benefits provided by the April 1970 cost-of-living increases.

However, Mr. President, at no time has there been a pass-along of any portion of the social security benefit increase enacted in March and effective January 1, 1971. Thus, recipients of aid to the aged, blind, or disabled who are also social security or railroad retirement beneficiaries have not yet realized the benefits Congress intended for them by this legislation. Only they can tell of the hardships they have suffered from this situation.

Pass-along provisions, then, have, at times, been enacted to correct the situation whereby individuals receiving both social security and/or railroad retirement benefits as well as public assistance also receive a corresponding reduction in their public assistance grant whenever social security cost-of-living increases are enacted. In general, however, the pass-along allowed has been less than the full social security increase, so recipients in this category have not enjoyed the full cost-of-living increase intended for them. Further, when the pass-along legislation is not included in the legislation to increase benefits, as was the case in the most recent social security increase enacted last March 1971

recipients in this category receive none of the cost-of-living increase provided other social security beneficiaries.

A permanent, automatic mechanism to increase the standard of need, Mr. President, would eliminate not only the necessity of repeatedly legislating this kind of provision, but also, the bill I am introducing today would have the following benefits as well:

First, it would require that all States conform to the mechanism, rather than making it optional for States to pass on benefits, as most pass-along provisions have to date; and

Second, it would provide every aged, blind, and disabled public assistance recipient with the guarantee that he will receive grant increases whenever there is a corresponding social security increase, and thus provide a systematic way of improving assistance benefits under those programs in equal proportion to improvements Congress makes in social security benefits. For example, in addition to those in my State who receive social security as well as old age assistance, this legislation would benefit the 159,000 Californians on old-age assistance who receive no other source of income. This legislation would benefit a total of 521,000 older persons in California. Enactment of such a mandatory provision would seem particularly appropriate if the Senate accepts the automatic social security increase provision in H.R. 1.

Throughout last spring and summer, Mr. President, I received countless letters from elderly persons—persons who rely on old age assistance grants and social security for their very existence—relating their despair upon receiving from the California State Department of Public Social Services the notice that their public assistance check would be reduced by the amount of the social security cost-of-living increase enacted in March. This was a cruel blow to deal to so many of the more than 2 million recipients of old age assistance in the United States, 60 percent of whom are also recipients of social security benefits. Approximately 362,000 of California's aid to the aged, blind, and disabled recipients also receive social security benefits and thus were not benefited at all by the 1971 social security increase. I believe it is past time to insure that this unfortunate situation is not continued in the future.

I am today writing to Chairman LONG of the Senate Finance Committee, urging that he consider the concept embodied in this legislation in conjunction with his committee's consideration of H.R. 1, the Social Security Amendments of 1971. To facilitate his work, I am redrafting my bill to propose it as well as an amendment to that omnibus social security measure.

As I related to Chairman LONG, last week, on the 3d and 4th of March, as ranking majority member of Senator TOM EAGLETON's Subcommittee on Aging of the Labor and Public Welfare Committee, I was privileged to chair hearings on legislation affecting our Nation's more than 20 million older Americans. I discussed the legislation I am introducing today with many of the witnesses present, and without a dissent, each testified to the vital need for such a measure.

Mr. President, I ask unanimous consent that the text of my bill be printed at this point in the RECORD.

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

S. 3328

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title XI of the Social Security Act is amended by adding at the end thereof the following new section:*

"AUTOMATIC INCREASE IN STANDARDS OF NEED UNDER PUBLIC ASSISTANCE PROGRAMS

"Sec. 1122. (a) (1) In addition to the requirements imposed by other provisions of law as a condition of approval of a State

plan of any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Island) to provide aid or assistance to individuals under title I, X, XIV, or XVI, there is hereby imposed the requirement (and the plan shall be deemed to require) that the standard of need (as defined in paragraph (2)) applicable under any such plan shall be increased by the amounts certified in the certifications of the Secretary made pursuant to subsection (b).

"(2) For purposes of this section, the term 'standard of need', when used in connection with any approval plan referred to in paragraph (1), means the income amount (not otherwise disregarded under the plan) used to determine (in the case of each category of applicants for and recipients of aid or assistance under the plan) eligibility of such applicants and recipients for aid or assistance under such plan.

"(b) (1) Whenever there is enacted any provision of law providing a general increase in monthly benefits payable to individuals under title II, the Secretary shall (at the earliest practicable date after the enactment of such provision) determine the average rate of such increase and shall certify to each State agency administering or supervising the administration of any State plan approved under title I, X, XIV, or XVI, the average so determined.

"(2) Any such certification shall be effective, in the case of the standard of need applicable under any approved State plan referred to in subsection (a), for months beginning more than 30 days after such certification is made to the State agency administering or supervising the administration of such State plan, or, if the general increase (referred to in paragraph (1)), on the basis of which such certification is made, will not be effective by such date, then it shall be effective on the first month for which such general increase will be effective."

SEC. 2. (a) Subject to subsection (b), the amendment made by the first section of this Act shall be effective in the case of general increases in monthly benefits payable to individuals under title II of the Social Security Act resulting from the enactment of provisions of law enacted after January 1971.

(b) For purposes of section 1122 of the Social Security Act (as added by the first section of this Act), any certification under subsection (b) of such section on account of any general increase in monthly benefits payable to individuals under title II of the Social Security Act resulting from the enactment, prior to the enactment of this Act but after January 1971, shall be made at the earliest practicable date after the enactment of this Act and shall be effective with respect to months beginning 2 months after the month of enactment of this Act.

Mr. McCLELLAN. Mr. President, the plight of the elderly is of concern to every American. America is great today because of what our senior citizens have given our country. To the task of making America great, they have brought their intelligence, the sweat of their brows and the fruits of their imaginations.

They have given America its traditional standards, its traditional values, and its traditional precepts.

In return for this, our senior citizens have the right to ask that the American dream be fulfilled for them as well as for other generations. They have the right to decent housing, adequate medical care and incomes above the poverty level.

In our constant preoccupation with youth we sometimes forget our obligation to our senior citizens and to brush aside their needs and requirements for

a life of dignity and purposes. We cannot afford to let our elderly become America's forgotten generation.

It is for these reasons that I support the amendment to the debt ceiling limitation legislation (H.R. 15390) now before the Senate providing a 20-percent across-the-board increase in social security benefits.

The necessity of this action is strongly compelling.

Of the more than 20 million Americans over the age of 65, almost 5 million live below the official poverty line.

An estimated 6 million live in substandard housing.

Only 17 percent are employed.

And the likelihood of the elderly being poor is about twice as great as for the rest of our people. Approximately 20 percent of all persons 65 or older—in vivid contrast to 11 percent of our younger people—now live in poverty.

Today, the median income for single aged individuals is only \$1,951 a year. Moreover, nearly 70 percent of all elderly women who live alone or with nonrelatives exist on less than \$50 a week.

The retirement income of the aged is being squeezed and stretched. They need help. Adding a few dollars to their small monthly social security checks is not enough to provide the compassion and help required in these inflationary times.

What is needed now is a significant increase in social security benefits to make a difference for our senior citizens. The 20-percent increase which I hope this body will approve today will go a long way to providing the decent income for which they have waited so long.

In concrete terms, this amendment would raise monthly benefits for a typical retired couple from an estimated \$223 to \$268 a month. The average retired worker's benefits would rise from an estimated \$133 a month to about \$160.

One of the great advantages of this approach is that it would allow large numbers of older Americans to escape from grinding poverty without the necessity of resorting to welfare. And it would allow many senior citizens to move up a rung or two on the economic ladder.

Mr. President, I have had a continuing commitment to the improvement of the living conditions of America's senior citizens since I voted for the original Social Security and Railroad Retirement Acts.

It was for these reasons, Mr. President, that I cosponsored the original amendment to H.R. 1 to raise social security benefits by 20 percent.

Frankly, I would have preferred that method of enacting this increase rather than the one at hand. The pending legislation to raise the debt limit is hardly the appropriate vehicle for this amendment.

But I am persuaded that there is a pressing need for a significant increase in social security benefits to make a substantial improvement in the well-being of America's senior citizens and, therefore, I will vote for this legislation.

Mr. BAKER. Mr. President, more than

550,000 people in the State of Tennessee rely heavily, if not entirely, on benefits provided by the Social Security Administration. A recent survey by the White House Conference on Aging revealed that at least half of these citizens are living at a bare subsistence level, some in serious poverty. These are statistics that I do not want to read again. It is an intolerable situation and one within the power of this Congress to correct.

It is for this reason that I have canceled a long-scheduled appointment in Chattanooga to remain in Washington to vote for a 20-percent increase in social security benefits today.

The needs of our elder citizens cannot and must not be ignored. I voted for a 13-percent increase in these benefits in 1967, a 15-percent increase in 1969, and a 10-percent increase in 1970. I will vote today for an additional 20-percent increase. I am hopeful that the sum of these increases will give these deserving citizens the necessary ways and means to live in full dignity.

One of the principal reasons for the need for these periodic increases in benefits is the steady rise in the cost of living, which occurs even in times of economic stability. Inflation taxes cruelly those who live on fixed incomes. I have long advocated a provision that would allow automatic increases in social security payments to offset increases in the cost of living. Such a provision makes eminent good sense to me and might make it possible for the Congress to avoid occasional battles over the amount of a proposed increase. But in the absence of such an automatic provision, increases are necessary, and I wholeheartedly support this new 20-percent increase in benefits. It is in the finest traditions of our country.

Mr. MOSS. Mr. President, I am pleased to join with Senator CHURCH in sponsoring this amendment to provide a substantial and long overdue increase in social security benefits to our country's 20 million elderly.

The desperate economic situation of older Americans has been documented to the Senate Special Committee on Aging on many occasions. Time and time again we have heard from seniors who entered the ranks of the impoverished only after they elected to retire.

We have heard of the necessity of making choices in what to buy. These choices were not between buying a new dress or a pair of shoes but between buying a quart of milk and taking a bus ride to see a relative or a friend.

We have heard from those who frequently walked great distances to save a few nickels on their groceries. Nickels and pennies are important to seniors for whom shopping for bargains has become a way of life.

The grim hard facts are that more than 5 million out of our 20 million elderly have incomes placing them below the poverty line. The number of elderly poor has actually been increasing with 200,000 more seniors below the line than in 1968.

Throughout the United States the elderly are twice as likely to be poor as younger persons. While 1 out of 4

senior adults is poor only 1 out of 9 younger and middle-aged persons falls into this category.

The majority of our elderly have only their social security checks to rely upon and thousands try to live on less than \$100 a month. In fact, the average social security payment for a retired worker is only \$166 a month or about \$1,596 a year. As we have noted many times this is almost \$400 below the poverty threshold (\$1,980). Social security benefits for widows average only about \$1,368 a year which is more than \$600 below the poverty standard.

Retired couples on the average received \$223 in benefits last year or \$2,676 a year. This compares with the \$4,776 that the Department of Labor indicates is necessary for a retired couple to maintain a moderate standard of living.

By any standard these are desperate statistics and one has to wonder how our seniors can manage on such meager income. Here again the hearings of the Senate Committee on Aging provide an answer. When asked this question one elderly woman responded: "I do not. I do not entertain, I do not go out with friends, I do not eat in restaurants, I do not go to movies. I do not buy clothes, I do not repair the house. I do not ride the subways or buses. I do not eat a lot and I do not take care of my health as I should."

For my part I am pleased that so many Members in the Congress have begun to recognize the dilemma of inadequate income that confronts older Americans. I am glad that the prevailing attitude of the Senate is no longer that we have satisfied our responsibility to our elders with social security and medicare. The inadequacy of social security should be most apparent to all of us who have voted stop-gap increases in social security benefits these past few years.

We have understood all along that these increases really just brought the elderly only enough to equal the rise in the cost of living. Many of us have recognized the necessity to do more but have been constrained to accept these minimal increases in the name of fiscal responsibility. It is time now for a major increase in social security benefits to lift thousands of our elderly from the ranks of the impoverished. A 20-percent increase in benefits is fiscally responsible and will not result in any additional deficit spending.

Under this proposal the average benefit would increase from \$133 to \$161 and the average benefit check for a retired couple would be raised from \$223 to \$270. I believe this is most desirable and I hope the Senate will agree to extend these benefits immediately.

Later this year the Congress must face up to its responsibility for medicare and welfare reform. These measures are extremely important and should be given full debate. However, I do not believe that the elderly should have to wait for the Congress to resolve these issues before receiving a long overdue and badly needed increase in social security benefits.

Mr. GURNEY. Mr. President, I support wholeheartedly the 20-percent increase in social security. Our retirees have awaited this action for too long a time. These added social security dollars will do much to make their economic life more bearable.

I just wish the raise had come last year when I introduced by amendment to pass both social security increases and medicare reform, separate from H.R. 1, the welfare reform bill.

In the last several days, there has been much debate about the need for attaching social security improvements legislation to the debt ceiling increase. Indeed, as the distinguished Senator from Idaho (Mr. CHURCH) said on the floor yesterday, in explanation of why such legislation had to be attached to the debt ceiling increase, it is important to get on with social security improvements as rapidly as possible. I agree 100 percent. His position has been echoed by many others in this body.

I find the whole subject most interesting because, as Senators might recall, during the last session of Congress, I offered an amendment to the tax bill to provide for social security benefit increases and for improvements in medicare payments. My amendments last year was tabled, tabled with the support of some of the very same Senators who are now most vocal in their urgings for immediate action to attach social security improvements to the debt ceiling bill.

When I introduced my amendment last year, I warned this Chamber that something had to be done immediately to provide relief to the older American. I stated at that time that the Congress could not continue to hold improvement to the social security system hostage to a basically unpopular welfare reform plan. The response that was given to me at that time by some of my colleagues was that, very clearly this year, social security legislation would be reported out of committee as part of H.R. 1 and our senior citizens would get the increases they deserve.

That, of course, has not happened. What has happened is what I cautioned against last year; namely, that social security benefit increases upon which we can all agree are still bottled up, still held hostage to whatever final welfare reform plan is approved by Congress.

In November, when we were considering the tax bill, to which I attempted to add my amendment, the distinguished majority leader (Mr. MANSFIELD) said, and I quote—from proceedings, November 17, 1971:

If you bring in the social security issues and welfare issues as amendments to this bill, which now has the highest priority and which affects all the population of this Nation—the social security recipients and the poor, as well as many others—you endanger the possibility of getting out a bill and restoring the economy within a reasonable period of time.

To quote again:

So I would hope that those who are offering social security amendments would keep in mind that they are just hindering passage of this bill; they are tending to tear apart H.R. 1, which should remain as a package.

Moreover, in no uncertain terms, I was told that if my amendment was not tabled, it would be amended to death.

I am greatly encouraged that the Senate has now come around to my thinking, and at long last is separating social security from welfare.

Social security benefit increases of any amount are needed and needed immediately. This is true today—it was true back last year when I offered my amendment to the tax bill.

There is no one in this Chamber who can deny the plight of the elderly American who has been left to his own meager resources, oftentimes shut off from the mainstream of life. Senior citizens have been denied an adequate existence and have been the principal victims of inflation. The time to correct this situation has long since passed. Neglect for senior citizens has resulted from a continued use of social security legislation as a political football. Time and time again, provisions designed to improve and upgrade social security coverage and medicare coverage has been attached to unpopular bills in the hopes that these urgently needed and necessary reforms would serve as a savior to the less popular causes. And time and time again, social security improvements have been delayed so that they might coincide with the right set of partisan political circumstances. By passing the automatic benefit increases based on cost-of-living factors included in the amendments we can put a stop to such tactics.

I submit to the Senate that the time has come to end this shabby treatment of those people who work so hard to make this country the greatest Nation on earth.

I would hope that the passage of social security improvements today will be the last time that such improvements are delayed far past the point of need for political reasons. I therefore urge adoption of these amendments.

Mr. ROBERT C. BYRD. Mr. President, at the request of the distinguished Senator from Georgia, I ask unanimous consent that a statement by him relative to the Church amendment be printed in the Record.

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

#### STATEMENT BY SENATOR GAMBRELL

I am particularly pleased that the Senate is proceeding today to the consideration of the 20 percent across-the-board social security increase. I am a cosponsor of this amendment which provides a well-deserved increase in benefits to our senior citizens. This is an especially meritorious proposal in light of assurances from the Advisory Council on Social Security and from the distinguished Chairman of the House Ways and Means Committee, Mr. Mills, that the measure can be financed by an increase in the payroll tax rate less than that already scheduled under present law.

On April 11 of this year, I spoke on the Senate floor of the problems facing the senior citizens of our Nation and of my support for the much needed reform of our social security system. Prior to that I had supported continued funding for a nutrition program for the elderly, and on March 2, responding to the Housing needs of our senior citizens, I introduced S.3233, the Older Americans Housing Act of 1972.

We have had conferences, we have had proposals, we have had promises. And while these efforts are sincere, the time for action has come. The problems facing the elderly are immediate—they are having difficulty maintaining the basic necessities of life.

Of our Nation's 20 million senior citizens, half are living at or near the poverty level, and that number is increasing. Those living on a fixed income are hit hardest by inflation. Citizens who have worked and contributed to assure that our Nation is great are now having difficulty stretching their retirement savings to meet rising prices, increased taxes and medical expenses.

As a generous Nation we have responded to those in need throughout the world. It is now time to turn our attention to those at home. This proposed increase would raise the monthly benefits for a typical retired couple from \$229 to \$269 and the income of the average retired single person from \$133 to \$162. It is my understanding that, if this amendment is successful and if this increase is signed into law by the President prior to July 10, new benefits would be reflected in October social security checks. That is none too soon.

On April 20, I introduced my Workingman's Bill of Rights—10 basic common sense provisions which express the rights of all Americans who support and defend the American system. One of these—the right to live and work in dignity—can best be fulfilled for elderly Americans by assuring that they can continue to contribute and to enjoy life with assurance of a minimal income. After all, these are citizens not only with valuable experience and talents, but also with more time to contribute their service. I described the provisions of my Workingman's Bill of Rights as themes upon which our Nation was built and with which we must rebuild for the future. And it is with rebuilding in mind—in remedying our previous neglect of our senior citizens—that I support this increase in social security benefits. I am hopeful for the immediate and favorable enactment of this amendment.

Mr. BUCKLEY. Mr. President, the principle upon which social security is based is that of an earned right to old age benefits. This principle implies obligations both to those currently receiving benefits and to those who are paying social security taxes.

Individuals now receiving social security benefits made payments into the system with the understanding that those donated funds would support them in their later years. The Congress has an obligation to insure that inflation does not erode the value of social security benefits. It is for this reason that benefits have already been increased first by 10 percent and then by 15 percent since President Nixon assumed office.

Since the last of these increases was enacted a year ago, there has been a further increase in the cost of living of 5.8 percent, which is why I voted in favor of the 10-percent increase in social security benefits proposed by Senator BENNETT. The Church amendment, however, provides an increase of more than three times the amount needed to overcome the effects of inflation.

The funding for this increase will be provided by the 97 million individuals who pay social security taxes, with the largest burden borne by the middle-income workers, who already pay 10.4 percent of their pay checks in old age, survivors, disability, and hospital insurance—OASDHI—taxes. To finance ear-

lier increases in benefits, those earning \$10,800 a year had their social security taxes raised from \$374 to \$594 in 1971.

Furthermore, the Pay Board guidelines place a 5.5 percent limit on wage increases for American workers. It is clearly unfair to ask these people to simultaneously finance an across-the-board increase of 20 percent in social security benefits.

Economically, the Nation is at a critical period. Inflation and other aspects of the economy are being stabilized, and it is important not to take actions that will upset this trend. The Church amendment will increase the national debt by \$2.1 billion over the President's proposal for the fiscal year of 1973, and could well add new fuel to the inflation which has already had so cruel an effect on those who must live on fixed incomes.

Finally, I wish to call attention to the fact that the Senate Finance Committee has reported out legislation which we will be considering after the recess. It is legislation which will, first, enact a 10-percent across-the-board increase to compensate for the rise in the cost of living; second, provide additional increases to relieve the hardships experienced in certain categories of beneficiaries; and third, provide for automatic adjustments in benefits to reflect changes in the cost of living.

To my mind, this approach meets the needs of the elderly in a manner far more equitable to all elements of the population than the one contained in the Church amendment.

#### YEAS AND NAYS ON BENNETT AMENDMENT

Mr. President, I suggest the absence of a quorum on my time.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. 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. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to order the yeas and nays on the amendment by Mr. BENNETT.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on the Bennett amendment.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. 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. ROBERT C. BYRD. 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 hour of 9:30 having arrived, the Senate will now proceed to vote on the amendment offered by the Senator from Utah (Mr. BENNETT). The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENNETT (when his name was called). On this vote I have a pair with the senior Senator from Idaho (Mr. CHURCH). If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Idaho (Mr. CHURCH), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), and the Senator from Minnesota (Mr. HUMPHREY) are necessarily absent.

I further announce that the Senator from Louisiana (Mr. ELLENDER) and the Senator from North Carolina (Mr. JORDAN) are absent on official business.

I further announce that, if present and voting, the Senator from Georgia (Mr. GAMBRELL) would vote "nay."

On this vote, the Senator from Alaska (Mr. GRAVEL) is paired with the Senator from Iowa (Mr. MILLER).

If present and voting, the Senator from Alaska would vote "nay" and the Senator from Iowa would vote "yea."

On this vote, the Senator from Minnesota (Mr. HUMPHREY) is paired with the Senator from Colorado (Mr. DOMINICK).

If present and voting, the Senator from Minnesota would vote "nay" and the Senator from Colorado would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Iowa (Mr. MILLER), and the Senator from Ohio (Mr. SAXBE) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

On this vote, the Senator from Colorado (Mr. DOMINICK) is paired with the Senator from Minnesota (Mr. HUMPHREY). If present and voting, the Senator from Colorado would vote "yea" and the Senator from Minnesota would vote "nay."

On this vote, the Senator from Iowa (Mr. MILLER) is paired with the Senator from Alaska (Mr. GRAVEL). If present and voting, the Senator from Iowa would vote "yea" and the Senator from Alaska would vote "nay."

The result was announced—yeas 20, nays 66, as follows:

[No. 267 Leg.]

YEAS—20

Allott	Curtis	Hruska
Bellmon	Dole	Jordan, Idaho
Brock	Ervin	Roth
Buckley	Fannin	Scott
Byrd,	Fong	Stennis
Harry F., Jr.	Griffin	Taft
Cotton	Gurney	Tower

NAYS—66

Alken	Cook	Javits
Allen	Cooper	Kennedy
Baker	Cranston	Long
Bayh	Eagleton	Magnuson
Beall	Eastland	Mansfield
Bentsen	Fulbright	Mathias
Bible	Harris	McClellan
Boggs	Hart	McGee
Brooke	Hartke	McGovern
Burdick	Hatfield	McIntyre
Byrd, Robert C.	Hollings	Metcalf
Cannon	Hughes	Mondale
Case	Inouye	Montoya
Chiles	Jackson	Moss

Muskie	Randolph	Stevenson
Nelson	Ribicoff	Symington
Packwood	Schweiker	Talmadge
Pastore	Smith	Thurmond
Pearson	Sparkman	Tunney
Pell	Spong	Weicker
Percy	Stafford	Williams
Proxmire	Stevens	Young

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Bennett, for.

NOT VOTING—13

Anderson	Goldwater	Miller
Church	Gravel	Mundt
Dominick	Hansen	Saxbe
Ellender	Humphrey	
Gambrell	Jordan, N.C.	

So Mr. BENNETT's amendment was rejected.

ORDER OF BUSINESS

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). Under the previous order, the Senate will now proceed immediately to vote on the amendment of the Senator from Idaho (Mr. CHURCH).

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senate is not in order. The Senate will not proceed until order is restored.

The question is on agreeing to the amendment of the Senator from Idaho (Mr. CHURCH). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BENNETT (when his name was called). Mr. President, on this vote I have a pair with the senior Senator from Idaho (Mr. CHURCH). 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.

Mr. ROBERT C. BYRD. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Idaho (Mr. CHURCH), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), and the Senator from Minnesota (Mr. HUMPHREY), are necessarily absent.

I further announce that the Senator from North Carolina (Mr. JORDAN) and the Senator from Louisiana (Mr. ELLENDER) are absent on official business.

I further announce that, if present and voting, the Senator from Alaska (Mr. GRAVEL), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Georgia (Mr. GAMBRELL) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Iowa (Mr. MILLER), and the Senator from Ohio (Mr. SAXBE) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Iowa (Mr. MILLER) would vote "nay."

The result was announced—yeas 82, nays 4, as follows:

[No. 268 Leg.]

YEAS—82

Alken	Allott	Bayh
Allen	Baker	Beall

Bellmon	Hart	Pearson
Bentsen	Hartke	Pell
Bible	Hatfield	Percy
Boggs	Hollings	Proxmire
Brock	Hruska	Randolph
Brooke	Hughes	Ribicoff
Burdick	Inouye	Roth
Byrd,	Jackson	Schweiker
Harry F., Jr.	Javits	Scott
Byrd, Robert C.	Kennedy	Smith
Cannon	Long	Sparkman
Case	Magnuson	Spong
Chiles	Mansfield	Stafford
Cook	Mathias	Stennis
Cooper	McClellan	Stevens
Cotton	McGee	Stevenson
Cranston	McGovern	Symington
Dole	McIntyre	Taft
Eagleton	Metcalf	Talmadge
Eastland	Mondale	Thurmond
Ervin	Montoya	Tower
Fong	Moss	Tunney
Fulbright	Muskie	Weicker
Griffin	Nelson	Williams
Gurney	Packwood	Young
Harris	Pastore	

NAYS—4

Buckley	Fannin	Jordan, Idaho
Curtis		

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Bennett, against.

NOT VOTING—13

Anderson	Goldwater	Miller
Church	Gravel	Mundt
Dominick	Hansen	Saxbe
Ellender	Humphrey	
Gambrell	Jordan, N.C.	

So Mr. CHURCH's amendment was agreed to.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

\* \* \* \* \*

2. "Is it going to take action by Congress to release the funds so impounded?"

Answer: We expect the Executive will release from reserves \$4.4 billion of the 1973 contract authority on or before July 1. Congress enacted 1973 contract authority which is contained in the 1970 Highway Act and although these funds were apportioned to the States in December 1971, they were intended for use during 1973. The 1973 budget contemplates a highway program of \$4.4 billion in 1973 and we do not anticipate a change in the 1973 highway budget.

3. "If not, under what circumstances and in what manner can Congress expect the Executive Branch to release these impounded funds which now exceed a full year's authorization?"

Answer: We would anticipate the remaining funds in reserve after the release of the \$4.4 billion in 1973 would be released in fiscal year 1974.

The President has requested for 1973 that the Congress enact a total Federal outlay limitation as a part of the nation's need to restrain inflationary forces. This proposal does not permit an increase in the highway program in 1972 or 1973, because increased highway outlays would make the objective of controlling total Federal outlays even more difficult.

I trust the foregoing information has been of assistance.

Sincerely,

GEORGE P. SHULTZ, *Director.*

Mr. LONG. Mr. President, furthermore, I inquired into this matter and I think the Senator will find that what I have to say about it is entirely in line and in agreement with what he said, and also with the position taken by the Senator from Oklahoma (Mr. BELLMON), when we feel that these dedicated funds, taxed for this purpose, are not a proper subject for impoundment. We feel it is misleading and deceptive to tell the American people that they are being taxed and that the money will be spent for this purpose and then not spend it for that purpose. Especially is that the case of trust funds under the unified budget basis. The effect of the withholding of funds in the dedicated areas means that we are spending more in the undedicated areas. So that, in the last analysis, whether we want to admit it or not, we are taking the funds taxed for one purpose and spending them for another. That is not right. It is inexcusable. I would be happy to cooperate with the Senator in stopping this kind of procedure in the future.

We will have other measures on which we can add this amendment. It might be well that the committee have a chance to study the amendment, as well as the amendment to which it is offered, and other suggestions Senators might have, to try to see if we can perfect the technical aspects of it.

While agreeing on what the Senator is trying to achieve, I would also agree with the Senator that this agreement should be offered on a revenue bill. If sent to the House, I would suspect that while technically it might be a revenue measure, that the House allocates to itself what is and what is not a revenue measure. If there is any doubt, if the House takes the view that they regard it as a revenue measure, they will not consider it.

To assure that the measure will be voted on the House side, we almost have

to add it onto an important revenue measure that the House desires to see enacted. We are going to have several of those between now and the end of this session. We will have another debt limit bill. I think, in one of the future ones, I would be glad to cooperate with the Senator in designating what we would think would be the appropriate vehicle. I would be happy to support something of that sort and go to conference with the House and try to prevail on them to agree precisely to what the Senate did, or, if they insist on a compromise, then the best compromise between the two Houses that can be agreed on.

It is so late in the day now on this measure that I do not think this is the best vehicle for this purpose. We will have better ones—not one, but several revenue bills that would be better fitted for this amendment. I would hope that the Senator, as well as the Senator from Oklahoma, would press this matter in connection with some other measure, and also accord the Finance Committee the opportunity to study it while we are working on this. We are going to have to extend the highway tax, anyway, in order to go ahead with our highway program, an area in which the two Senators are most interested. And I would especially salute the chairman of the Public Works Committee for the magnificent work for the good of this Nation that he has performed. I am going to go before their committee urging them to improve our existing statutes—on the authorizing part—and I want to assure the Senator that he will have my complete cooperation on the funding part of it.

We on the Finance Committee do not have the privilege of spending this money or authorizing it. All we do is have the pleasure—if we want to call it that—of voting a tax to try to pay for this. But we realize it is a duty and a responsibility and we should work hand and glove with those who have this Nation's interest at heart, as does the Senator from West Virginia, to see that this Nation's interests do not suffer, particularly with regard to such public works that benefit the entire economy and everyone in it.

So that I want to assure the Senator that I am sympathetic to what he wants to do and if we are here after this recess—and I am positive that we will be, unless some higher power should decide that nothing shall transpire during the remainder of this year—we will have a chance to vote on this, and someone like myself will not be required to oppose it on procedural grounds, but support it wholeheartedly and enthusiastically and try to muster the largest possible vote that can be achieved for it.

If we insist on putting it on this bill, I think it would confuse the issue, and a major confrontation may take place during the next few days. As the Senator knows, he voted, and so did I, for the 20-percent increase in social security. The President said on television last night that he was opposed to it because it might be inflationary and it might not be adequately funded. Well, people can debate that. I personally think that the amendment is properly funded and the committee staff thinks so too, but, never-

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Mr. RANDOLPH. Mr. President, I wish to ask some questions of the able chairman of the Committee on Finance.

We have discussed these two amendments—the original amendment and the amendment offered in the nature of a substitute. Of course, I believe that the Secretary of Transportation could handle this matter. But I should like to ask, for both Senators—the Senator from Oklahoma and the Senator from West Virginia—what assurance the able Senator from Louisiana can give, not only to us but also to the other Members of this body about what could take place this year, not next year, but during this Congress in reference to this matter.

Mr. LONG. Mr. President, I am very much in sympathy with what the Senator is trying to do. I fear that we would have grave difficulty if this matter were added to this particular bill. But his argument strikes a completely responsive chord with the chairman of the committee. I am very much concerned about the matter. I wrote the Secretary of the Treasury about it, emphasizing it, and he wrote me a letter assuring me that, starting July 1, which is tomorrow, the administration would release \$4.4 billion of these funds of 1973 contract authority and that next year they would release the remainder.

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:

EXECUTIVE OFFICE OF THE PRESIDENT,  
OFFICE OF MANAGEMENT  
AND BUDGET,

Washington, D.C., June 7, 1972.

Hon. RUSSELL B. LONG,  
Chairman, Committee on Finance, New Senate  
Office Building, U.S. Senate, Wash-  
ington, D.C.

DEAR MR. CHAIRMAN: I am pleased to provide answers to the three questions contained in your letter of June 2. The questions and answers follow:

1. "Please advise me under what authority the Executive Branch withholds these funds from the States, frustrating the Congressional intent as expressed in the authorization acts?"

Answer: Authority for withholding funds is contained in:

Section 3679 of the Revised Statutes (31 USC 665) "Antideficiency Act"

Acting Attorney General decision of February 25, 1967 which stated "An appropriation act places an upper and not a lower limit on expenditures."

theless, there is room for argument between men of good will.

It may be that just one or two people in the House will do what they are threatening to do, to object to this matter being agreed to by the House, forcing it into the Rules Committee and requiring it to go over a day or so under the somewhat arbitrary rules that exist over in the House of Representatives in situations of this sort and actually putting this Government in a situation of financial distress for the next several days. I do not think that the American people would understand the Senate or any group of Senators, however well motivated, in bringing this Government to its knees and in fiscal chaos over a difference of \$1.8 billion of impounded funds in the highway trust fund.

They can understand, I think, if the confrontation is over the 20-percent increase in social security, when 82 Senators voted for and only four voted against, and are determined to insist on it. I would think then, that we should keep the issue clear. It may well be that there will be the most serious confrontation between the legislative and executive branches to occur in years. If that develops, I hope it will be made crystal clear to everyone in the country that it is not on this other issue, meritorious though it is, but on something that people can well understand that the Congress would be concerned about sufficiently so that it would insist on having its way, even if the Executive insisted on using all the power available to him, and even with the cooperation of the Members of the House, or even if certain people in the House did insist on their own notion of impeding action on a measure so significant as this.

Thus, I would hope that the Senator would not insist on adding this amendment on this bill, and I will promise him that if he can cooperate with us in this regard, I will assure him that we will offer him the opportunity to offer his amendment and, unless we can perfect something better, I will not only agree to it but will support it and speak for it, if he wants me to, on some more appropriate vehicle.

Mr. RANDOLPH. Mr. President, I have listened carefully to the chairman of the Finance Committee. I am not going to attempt to labor the points that he makes.

I want to indicate frankly that I do not believe the confrontation would be a serious one for the very reason that all that would be necessary is for the Secretary of Transportation to advise the States that additional obligational authority is now available to them. The money would not have to move immediately, as the chairman of the Finance Committee knows. It would be merely to notify them that these additional sums would be coming. And they could therefore plan more efficiently. And that has been said many times here today.

Mr. LONG. Mr. President, the confrontation I am talking about it is a confrontation on social security. I would think that those on the other side of the issue would like to make it appear that

the matter is more complicated or to confuse the matter.

I do not think they would like to have the simple and clear-cut issue that the 20-percent increase on social security is what is preventing this bill from becoming law.

Because of the confrontation over social security that is in the process of developing, I would feel that it would be most desirable that we limit the bill to one extraneous amendment, the 20-percent increase in social security and settle that at this point with the assurance that we will help the Senators to settle the other point before the year is out.

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**EXTENSION OF PUBLIC DEBT LIMITATION**

The Senate continued with the consideration of the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation.

★           ★           ★           ★           ★

\* \* \* \* \*

## AMENDMENT NO. 1311

Mr. BELLMON. Mr. President, I call up my amendment No. 1311 and ask that it be stated.

The PRESIDING OFFICER (Mr. INOUE). The amendment will be stated.

The assistant legislative clerk read as follows:

FISCAL RELIEF FOR STATES WITH RESPECT TO  
STATE PUBLIC ASSISTANCE PROGRAMS

SEC. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"SEC. With respect to expenditures for aid or assistance made by any State under plans approved under titles I, X, XIV, XVI, and part A of title IV for any quarter ending after June 30, 1972, and prior to July 1, 1974, the Secretary of the Treasury shall pay to each State in addition to such amounts as are otherwise payable under such approved plans, 20 per centum of such amounts, but in no event shall the total of Federal payments exceed 93 per centum of the total of expenditures for such aid or assistance."

The PRESIDING OFFICER. The question occurs on the amendment of the Senator from Oklahoma.

Mr. BELLMON. Mr. President, I am willing to a time limitation of 30 minutes on the amendment.

The PRESIDING OFFICER (Mr. INOUE). Is there objection? The Chair hears none, and it is so ordered.

Mr. BENNETT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BENNETT. Is that 15 minutes to the side?

Mr. BELLMON. The Senator is correct.

Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. BELLMON. Mr. President, as a former Governor I have long been intimately associated with this Nation's welfare program. I know the way it has helped helpless people. I consider it to be one of the great humane endeavors which this Nation has undertaken. I know the great sacrifice my State of Oklahoma, as well as many other States, has made to support and administer a welfare program that is adequate, just, and equitable.

Mr. President, much as I admire the welfare concept I also know something of the shortcomings of our present program. In the 3½ years I have been a member of the Senate I have heard much rhetoric about welfare reform. Twice the House of Representatives has passed a

welfare reform act. For many months the Senate Finance Committee has been working on its version of welfare reform. Much effort has been put forth on welfare reform, but so far as the States and the recipients are concerned the results are zero.

Mr. President, in discussing the matter of fiscal relief for the States through welfare reform, I have become convinced that the remaining weeks of this session hold little promise. The facts are that sufficient agreement among Senators, between Senate and House and between Congress and the administration to enable passage of such complicated and controversial legislation simply does not exist. Unless the States get fiscal relief for their welfare programs, and soon, literally millions of the American citizens who are least able to survive the hardship will have their benefits reduced. This is already happening in Oklahoma.

Mr. President, the reason these reductions in benefits are ordered is simple. The States are out of money.

Over the past 5 years, the cost of maintaining the aid to families with dependent children program has more than tripled. This burden has strained the fiscal resources of the States beyond their capacity, and it continues to grow. In a number of respects this is due to causes beyond the control of the States such as a number of Supreme Court decisions and regulations issued by the Department of Health, Education, and Welfare—primarily the removal of residency requirements and changes in the "man in the house" rule.

The problems inherent in the current welfare system are generally recognized and the administration has developed its own proposal for establishing a substitute system which would be based on essentially Federal funding and administration. The proposed welfare reform legislation (H.R. 1) does hold promise of substantial financial relief to the States, but as has been stated, this measure has been pending in Congress for the past 3 years and the prospects for its final enactment are still uncertain. Beyond that, the effective dates of the proposed

legislation would still be at least a year and a half in the future. Meanwhile, the fiscal pressure on the States continue to mount to the point where many of them are finding it beyond their capacities to maintain these programs at their present levels. Within the past 2 years at least 20 States have found it necessary to reduce the levels of assistance payments to recipients, and if some action is not taken immediately for assisting them in carrying this burden, it seems certain that many other States will, of necessity, follow the same course of action.

If it is the intent of the Federal Government to inaugurate a new program based on Federal funding and administration, it would seem logical in the interim for the Federal Government to extend at least some measure of assistance to the States to enable them to bridge this period of transition.

A number of proposals have been advanced for achieving this purpose, some of which have been introduced in Congress and taken up for consideration. Such proposals have also been extensively considered and discussed by State Governors, individually and acting through various organizations and groups. Similarly, last year the National Council of State Welfare Administrators developed a proposal which has been widely circulated and which has met with substantial acceptance. The Council adopted this proposal in the following resolution:

Whereas, the National Council of State Public Welfare Administrators has supported the basic concepts of welfare reform; and

Whereas, the National Conference of Governors recently reaffirmed its support for certain basic concepts in welfare reform and urged additional improvements to pending legislation now before the Congress; and

Whereas, the President of the United States has requested the Congress to delay implementation of welfare reform to 1973; and

Whereas, the welfare crisis (particularly as it has resulted in increasing costs to all States and localities) is of such severity that it cannot wait for ultimate long-range solutions; now, therefore be it

Resolved, that the National Council of State Public Welfare Administrators urge the Congress to enact temporary legislation for the period July 1, 1971 to June 30, 1973 dur-

ing which the formulae for Federal participation in the current public assistance aid programs be increased by twenty percent (20%) of the current Federal formulae as it relates to each State. Such temporary legislation will permit careful, considered deliberation of welfare reform proposals; it will relieve State and local taxpayers of crushing burdens; it may prevent further reductions in benefits to the poor and needy; and it will carry out, in part, the earlier commitment of the Federal Administration to assume \$5 billion of welfare expenditures during the current fiscal year."

This resolution was re-affirmed by unanimous vote of the fifty directors on June 7.

My amendment would accomplish this objective:

Essentially it calls for a very simple and effective method for providing States with a measure of needed fiscal relief. It would simply increase Federal matching funds to States by 20 percent of the existing Federal formula for each State. This has the virtue of being simple and effective and easily understood. It would provide essential equity to all States, since it is based on the existing established matching formulas which are related to the fiscal capacity of each State, and would thus extend a measure of relief for every State. The amendment is based on this proposal developed by the State welfare administrators.

Mr. President, after 3½ years I have reluctantly come to the conclusion that welfare reform, which I support in principle, will not occur during this session. If fiscal relief to the State welfare programs is being held hostage in an attempt to force action, such a cruel, cold-blooded strategy should not be permitted. To make millions suffer while factions in the Congress and in the administration jockey for position is morally reprehensible. The Senate should act now to prevent further hardship of the aged, blind, disabled, and dependent whose benefits are presently in jeopardy.

Mr. President, I ask unanimous consent to have the tabulation printed in the RECORD.

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

AID TO FAMILIES WITH DEPENDENT CHILDREN, AMOUNT OF PAYMENTS AND NUMBER OF RECIPIENTS IN THE YEARS 1955 AND 1971 BY STATE

State	Number of families		Percent of increase or (decrease)	Payments		Percent of increase or (decrease)	National rank in percent of increase in money payments
	December 1955	December 1971		December 1955	December 1971		
Total.....	559,885	2,863,643	411.46	\$51,066,073	\$554,351,455	985.55	
Alabama.....	19,034	40,479	112.66	776,266	2,386,008	207.36	50
Alaska.....	1,333	3,521	164.14	134,757	759,923	463.92	34
Arizona.....	4,585	17,893	290.25	414,761	2,144,144	416.95	36
Arkansas.....	7,178	20,317	183.04	395,089	1,963,688	397.02	38
California.....	52,326	443,260	747.11	6,708,315	90,256,512	1,245.45	10
Colorado.....	5,758	29,578	413.68	630,723	5,240,233	730.82	25
Connecticut.....	5,357	30,625	471.68	628,828	7,497,554	1,092.30	14
Delaware.....	1,110	8,556	670.81	93,926	1,055,034	1,023.26	15
District of Columbia.....	2,064	24,398	1,082.07	224,790	4,850,697	2,057.87	2
Florida.....	21,346	88,061	312.54	1,173,341	8,093,916	589.81	29
Georgia.....	14,714	90,511	515.13	1,113,759	9,221,530	727.96	26
Hawaii.....	3,284	10,547	221.16	299,546	3,010,922	905.16	18
Idaho.....	1,829	6,019	229.08	236,786	1,232,039	420.31	35
Illinois.....	21,753	171,664	689.15	2,679,377	40,910,727	1,426.87	5
Indiana.....	7,748	44,332	472.17	706,886	6,548,091	826.32	22
Iowa.....	6,557	23,191	253.68	718,259	4,499,614	526.46	33
Kansas.....	4,497	21,195	371.31	465,606	3,553,639	663.22	27
Kentucky.....	18,698	39,325	110.31	1,191,683	4,671,935	292.04	47
Louisiana.....	19,049	60,721	218.76	1,363,798	5,350,544	292.32	46
Maine.....	4,426	16,575	274.49	362,431	2,432,184	571.07	31
Maryland.....	6,232	52,699	745.61	601,755	8,462,296	1,306.26	9
Massachusetts.....	12,692	79,865	529.25	1,498,700	27,209,029	1,715.50	4
Michigan.....	19,003	140,410	638.88	2,175,076	32,060,016	1,373.97	6
Minnesota.....	7,874	36,058	357.93	870,871	8,527,681	879.21	19
Mississippi.....	11,839	40,713	243.88	327,690	2,258,765	589.29	30

State	Number of families		Percent of increase or (decrease)	Payments		Percent of increase or (decrease)	National rank in percent of increase in money payments
	December 1955	December 1971		December 1955	December 1971		
Missouri.....	20,452	60,980	198.16	\$1,388,502	\$6,680,032	381.10	39
Montana.....	2,070	6,109	195.12	219,767	937,059	326.39	44
Nebraska.....	2,604	11,731	350.49	256,723	1,783,465	594.70	28
Nevada.....	316	4,806	1,420.88	26,892	530,520	1,872.78	3
New Hampshire.....	1,013	5,351	428.23	121,130	1,158,509	856.42	20
New Jersey.....	6,309	106,000	1,580.13	736,725	27,090,000	3,577.08	1
New Mexico.....	6,000	15,772	162.86	469,154	1,822,791	288.52	48
New York.....	53,211	347,848	553.71	6,984,555	100,069,507	1,332.72	7
North Carolina.....	19,204	45,616	137.53	1,181,958	5,363,680	353.79	43
North Dakota.....	1,519	4,026	165.04	164,709	828,991	403.30	37
Ohio.....	16,181	118,547	632.63	1,454,485	19,045,387	1,209.42	11
Oklahoma.....	15,583	32,021	105.48	1,216,471	4,344,583	257.14	49
Oregon.....	3,473	26,949	675.95	422,926	4,679,716	1,006.50	16
Pennsylvania.....	28,726	173,073	502.49	2,924,086	41,408,851	1,316.12	8
Rhode Island.....	3,376	13,573	302.04	355,522	3,112,068	775.35	23
South Carolina.....	8,147	23,487	188.29	387,951	1,794,929	362.66	42
South Dakota.....	2,744	5,770	110.27	224,699	924,666	311.51	45
Tennessee.....	19,892	53,473	168.81	1,198,355	5,590,528	366.51	41
Texas.....	20,923	108,229	417.27	1,217,945	12,566,944	931.81	17
Utah.....	2,925	11,665	298.80	329,993	2,168,874	557.24	32
Vermont.....	1,080	4,784	342.96	86,661	1,108,405	1,179.01	12
Virginia.....	8,829	40,136	354.59	581,155	7,012,390	1,106.62	13
Washington.....	8,749	43,833	410.00	924,437	8,625,868	833.09	21
West Virginia.....	17,648	25,254	143.15	1,299,077	2,598,950	100.06	51
Wisconsin.....	8,039	35,127	336.95	1,034,413	8,596,545	731.05	24
Wyoming.....	586	2,121	261.94	64,763	311,476	380.94	40

Source: 1955 figures, Social Security Bulletin, May 1956; 1971 figures, Social Security Bulletin, May 1972; percentage figures, calculations of Oklahoma Welfare Department.

Mr. BELLMON. Mr. President, the purpose of the amendment is to provide fiscal relief to the States' welfare programs in the States that now are in difficulty. I have before me a list of the reductions which the Welfare Department has made in these programs.

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will suspend. Senators will cease conversations.

The Senator from Oklahoma may proceed.

Mr. BELLMON. Mr. President, I have before me a list of the reductions that have been put into effect in the welfare program in the State of Oklahoma. They have been forced, because of the lack of funds available to the State, to continue the programs already on the books that have been caused largely by the action of the Supreme Court and the Department of HEW. They have greatly increased the cost of the program.

I feel it only just that the Federal Government, which is responsible for the difficulties which most States face now, should come forth with funds necessary to pay the additional costs of the program.

Mr. President, I have circulated to all Members of the Senate a compilation showing how the cost of the AFDC program has gone up in recent years.

I find that in my own State of Oklahoma we have been fairly stable. We have had only a 105-percent increase. But in some other States I see huge increases. For example, in New Jersey there has been an increase of something like 1,500 percent. In the District of Columbia, there has been more than a 1,000-percent increase. And the increase in many other States range between those two extremes.

It is my intention here today to give Congress an opportunity to now provide fiscal relief to the States so that they can continue to provide the level of welfare services which the citizens in the various States have come to expect and

upon which they rely for their very livelihood.

We are causing a hardship here to the poor people who need relief while Congress and the administration debates welfare reform.

I hope we will have welfare reform. However, I feel it is not right to hold the needed reform captive while we debate this matter and cause a large number of poor people to pay a huge price because of our lack of action.

Mr. President, I yield to the Senator from Illinois 5 minutes.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 5 minutes.

Mr. PERCY. Mr. President, I am fully sympathetic with the objectives of the distinguished Senator from Oklahoma. We have been working together in this area to try to find fiscal relief for the States in the absence of the promised welfare reform and revenue sharing. For one reason or another, both measures have been delayed.

The States are suffering because of this failure. I want to help resolve this matter.

There are differences between this amendment offered by Senator BELLMON and the Percy amendment offered some time ago, which I withdrew subject to the condition that it would be supported by the administration, the distinguished Senator from Louisiana (Mr. LONG), and certainly the distinguished Senator from Connecticut (Mr. RIBICOFF) as an amendment to H.R. 1.

These differences between the Percy amendment and the Bellmon amendment, I think, should be made clear for the RECORD.

Unlike the Bellmon amendment, the Percy amendment's fiscal relief payments would not be geared to welfare caseload increases. Each State would receive a flat 20-percent Federal reimbursement. Is that correct?

Mr. BELLMON. The Senator is correct.

Mr. PERCY. Mr. President, second, as I understand it, the Bellmon amendment does not use maintenance of bene-

fit levels as a criterion for State eligibility for fiscal relief payments.

Mr. BELLMON. That is true. The amendment is intended to provide relief for States which have worked, and succeeded, in holding down unnecessary and perhaps hasty increases in the welfare load.

It is our intention that we provide relief for those States that have used extremely highly responsible means of operating their welfare programs. And I am of the opinion that this is a proper approach.

Mr. PERCY. Last, the Bellmon amendment would provide fiscal relief to the States for fiscal years 1973 and 1974. The Percy amendment, on the other hand, provides fiscal relief for fiscal year 1972, until welfare reform takes place. This retroactivity was the crucial point that enabled the Governors to balance their welfare budgets. And let me emphasize that this principle of retroactivity was supported by the administration, by the Senator from Louisiana (Mr. LONG), and by the Senator from Connecticut (Mr. RIBICOFF) when they accepted the concept of welfare fiscal relief. While the exact formula was not agreed on, the principle of retroactivity to fiscal year 1972 was inherent.

This difference, I believe, is agreed to as a difference between the two amendments.

Mr. BELLMON. This is a difference, perhaps a rather dramatic difference. The language of the amendment I introduced is drawn largely from a resolution passed by the National Council of State Public Welfare Administrators which urges Congress to enact temporary legislation for the period July 1, 1971, to June 30, 1973. These are the officials closest to the administration of the State welfare programs, and I took the language largely from their resolution and their experience with the program.

Mr. PERCY. It is for this reason, which misses the heart of the welfare fiscal problems experienced by the States, that I would regretfully find myself opposed to this particular amendment. However,

I commend my colleague, the Senator from Oklahoma, for attacking the problem and trying to find a solution beginning in fiscal 1973 and 1974.

There are several technical questions which I think need answering. The first is that the Bellmon amendment does not specify the base year to be used to compute the 20-percent Federal reimbursement, whereas the Percy amendment uses fiscal year 1971. Therefore, my question is: How is the 20-percent Federal reimbursement to be computed if no base year is specified?

Mr. BELLMON. The pending amendment would be that the 20 percent be added to funds currently being allocated to the States, on the basis of current approved plans.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BELLMON. I yield 2 additional minutes.

Mr. PERCY. Second, the Bellmon amendment also does not specify how the States are to use the money. Since fiscal relief payments under the Bellmon amendment are not geared to the welfare needs of the States, does that mean that States would be able to use the 20-percent Federal reimbursement for other than welfare purposes such as education, health, highways, and so forth?

Mr. BELLMON. The language of the amendment would give the States some leeway in the way the funds are used. However, this would depend on the arrangements the State has with the Department of HEW, which would go on as they presently exist. Nothing in the amendment would change the existing relationship between the Department of HEW and the States in the use of the funds.

Mr. PERCY. Lastly, since the Bellmon amendment does not require maintenance-of-benefit levels, does that mean that States could cut benefit levels and still qualify for the 20 percent Federal reimbursement?

Mr. BELLMON. As I said, nothing in the amendment alters the relationship between the Federal Government and the Department of HEW and the States.

Mr. PERCY. I would, of course, want to assure the distinguished Senator that I intend to press forward with the Percy fiscal relief amendment as an amendment to H.R. 1. I think H.R. 1 is the appropriate piece of legislation to add fiscal relief to. I have every intention of seeing to it that our States get welfare fiscal relief. Since we have had repeated assurances from the Senate Finance Committee that H.R. 1 will definitely reach the floor for action during the inter-convention session. I have no doubt that welfare fiscal relief will be enacted shortly. I only hope that we do not run into another unexpected delay on H.R. 1.

Mr. BELLMON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. BELLMON. Mr. President, this matter has been discussed with the chairman of the Committee on Finance. I am very pleased that the Senator from Illinois and I are in agreement, as is the chairman of the Committee on Finance, that the situation needs relief. The prob-

lem is how to go about providing the relief and that will have to be worked out by the Senate.

I believe the chairman of the Committee on Finance feels that before Congress adjourns this year, whether or not we finally pass H.R. 1 or something like this, the States must have the kind of relief that both the Senator from Illinois (Mr. PERCY) and I have discussed. I believe that the sooner we can act to provide this relief, the better it will be for the millions of poor people in this country whose benefits are being unduly restricted because the States do not have funds available to continue the operation of the programs under existing laws.

I would like to say to my friend the distinguished Senator from Illinois (Mr. PERCY) that I will join with him in any reasonable approach to solve this problem. I feel many other Members understand the difficulties of the States in connection with welfare problems, and I feel at the proper time we will be able to secure the help of the Senate in getting States the relief they desperately need.

Mr. President, in view of comments made earlier on another amendment, perhaps this is not the time to push ahead with this matter because of the very late hour and the beginning of the recess in a very short time. For that reason I withdraw the amendment. It will be redrafted and reintroduced as legislation at the proper time.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. BENNETT. Mr. President, I am glad the Senator from Oklahoma has withdrawn his amendment. I would like to assure him and the Senate that the Committee on Finance has acted on H.R. 1. It would have been on the Calendar before this time except it has been so monumental a task that our staff required many weeks to transfer decisions of the Senate into legislative language. I have seen the first galley proof of the bill, and it is 890 pages, probably the biggest bill ever handled by Congress. We hope to have it on the floor within one week after the upcoming recess. The Committee bill does take care of these people for whom the Senator from Oklahoma is concerned. I think it takes care of them properly and a little more generously than he would do. I am delighted to know he has decided under the circumstances to withhold action at this time and I am sure as soon as he sees what is in H.R. 1, though he may still want to amend it, I am reasonably sure he will want to change his amendment to fit that legislative situation.

I am pleased that he has withdrawn his proposal as an amendment to the pending bill.

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#### EXTENSION OF PUBLIC DEBT LIMITATION

The Senate resumed the consideration of the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation.

The PRESIDING OFFICER. The Chair recognizes the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I call up my amendment, No. 1315.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 1, line 5, delete "October 31, 1972," and insert in lieu thereof: "October 3, 1972".

Mr. KENNEDY. Mr. President, this is a very simple amendment. The purpose of the amendment, which I intend to call up at the appropriate time, is to extend the current temporary level of the debt ceiling only to October 3, 1972, rather than to October 31, 1972, the date in the House-passed bill now before the Senate.

The reason for the amendment is simply stated. By extending the current debt ceiling to October 31, 1972, the House-passed bill now before the Senate has a significant virtue. It will require the 92d Congress to act once more before sine die, in order to extend the debt ceiling into 1973, when the 93d Congress will be in a position to act. In this way, the Senate and the House of Representatives will have the opportunity to assess the Nation's public debt once more this year, at a time when all congressional action on appropriations bills has been completed.

However, the October 31 cutoff date for the current extension in the House-passed bill is a date that will almost certainly fall at a time later than Congress will be in session this year. No Congress in recent history has remained in session that long in a presidential election year. Therefore, it is likely that debate on the debt ceiling extension in the fall will take place in the closing rush to adjournment

if the October 31 date is retained, just as the current debate is taking place in the rush to adjourn for the July 4 holiday and the convention recess.

By moving up the cutoff date to October 3, as proposed in the amendment I am introducing, the likelihood is increased that Congress will have a full opportunity—free of undue pressure from an imminent adjournment deadline—to debate the important economic questions raised by a further extension of the debt ceiling and by the large deficits that currently exist in the Federal budget. Even with the October 3 date, it is likely that all appropriations bills for fiscal year 1973 will have been cleared by Congress for action by the President, so that Congress will have all the information it needs for an accurate determination of the level required for the debt ceiling for the remainder of 1972 and early 1973.

One more point needs to be made. A great deal of the controversy over the debt ceiling is caused by the enormous Federal budget deficits we are now enduring. In fact, we now have a hat trick of fantastic budget deficits—\$23 billion last year, \$26 billion this year, and \$25 billion next year, the worst string of budget deficits we have had in this century, except for the most critical years of World War II.

Those budget deficits are not the result of profligate spending by Congress. Rather, they reflect the fact that the administration has put the economy through the wringer in the past 3 years. As the current economic indicators now reveal, we are just beginning to pull ourselves out of the recession we have had in recent months. Because of that recession, Federal revenues declined sharply, with the result that the Federal deficit began to soar. Thus, the large deficits we are currently experiencing are a symptom of our sick economy, and they will not decline until we adopt the sort of policies that are necessary to bring the economy back to health, including an end to unemployment and inflation.

Nor can we draw any confidence from the way the administration has handled its estimates of the budget deficits. The administration prides itself on keeping the Federal books in an efficient, businesslike way—the way a careful family or a corporation would. Yet, they have made continuing serious errors in their estimates of the Federal deficit.

First, they told us there would be a billion dollar surplus in 1971 and a \$12 billion deficit in 1972. After many months had passed, they changed the estimates—on second thought, they said, there would be a \$23 billion deficit for 1971 and a \$39 billion deficit for 1972. That is two \$25 billion mistakes, back to back, in the Federal budget.

Now, they have changed the figures once again for 1972—the deficit is down to \$26 billion. But that is because of yet another error—a \$10 billion mistake in the amount of taxes being withheld from the paychecks of million of working men and women.

The debt ceiling bill is the only opportunity Congress really has for a thorough review of the totality of the Federal revenue and spending decisions. It is

the one place where Congress looks at the whole fiscal position of the Government. As such, the debt ceiling bill deserves to fare better at the hands of Congress. It raises many vital questions for the health of the economy and the future well-being of the Nation. These questions deserve thoughtful consideration by Congress, before adjournment, and I hope that the amendment I have introduced will facilitate that effort.

Finally, Mr. President, I have had an opportunity to discuss this matter with the distinguished chairman of the Ways and Means Committee in the House of Representatives. He has indicated that the next debt ceiling bill will be brought up in the House in the last week of September, and he is quite willing, if the Senate were to adopt this amendment, to accommodate the Senate's wishes.

I am extremely hopeful that the Senate will accept the amendment. I hope the members of the Finance Committee will accept it. I think it is a responsible way to proceed, and I think it achieves and accomplishes what is intended by this legislation.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. It seems to me that this is a meritorious amendment offered by the distinguished senior Senator from Massachusetts. He has stated the case, and I will not reiterate that part of it.

The Senate and the Congress are not likely to be in session on October 31. They are likely to be in session on October 3.

As the Senator from Massachusetts mentioned a few moments ago, consideration of the change in debt ceiling is one of the very few times when the Senate as a whole has an opportunity to consider the full scope of the Government's financial situation.

So I think it is important that there be adequate time for discussion, and the amendment of the Senator from Massachusetts would tend to bring that about.

There is another reason why I think it is wise to shorten the time of the increase in the temporary debt ceiling. I want to quote from the testimony of the Secretary of the Treasury, Mr. George Shultz, when he appeared before the Finance Committee on June 28, which was 2 days ago. He said then:

We are groping in the dark, to a degree, about precisely what is going on.

By that he means what is going on in the field of government financing, the amount of revenues that are coming on.

We know we are getting more money than we expected and we are trying to figure out why.

It seems to me that is a powerful argument for not lifting the debt ceiling except for a short interval. It will be for 3 months under the proposal of the distinguished Senator from Massachusetts, as compared to about 4 months under the committee and House proposal.

So if the Treasury Department is groping to find out—the Secretary of the Treasury says it is—why more money is

coming into the Treasury than they expected, then it seems to me we will have a better grasp of the situation on October 3 and be better able to deal with it then than if we let it go on until October 31.

Another thing is that in the short space of 4 months ago the Treasury Department testified before the Finance Committee on February 28 and at that time told the committee that the debt on June 30—which is today—would be \$443 billion. Now they come in, precisely 4 months later, on June 28, and they tell us that the debt will stand at \$425 billion.

So that there is an error in that 4-month period of time of \$18 billion in Treasury estimates. To me, that is incredible. How do you make an error, in 4 months time, of \$18 billion? I think it is a very serious matter.

Secretary Shultz, in his prepared statement 2 days ago, said the 1972 fiscal situation has improved significantly in recent months.

How has it improved? The way it has improved is that the Government has over-withheld taxes from individual citizens to the tune of \$8 billion. The other way it has improved is that Congress has not yet passed the President's revenue sharing bill of \$2.2 billion, but they anticipate that that will be an expenditure for the upcoming fiscal year.

So I do not call that an improvement. The Government has taken from the people \$8 billion more in taxes than the tax rates calls for. That has to be paid back. So that will come off of the revenues for the fiscal year which begins tomorrow.

So I do not regard this as a significant improvement in the Government's financial situation. The only way it is an improvement is that the Government has taken from the people, in over withholding of Federal taxes, \$8 billion more than the people were required to pay. So I think, bearing that in mind, and bearing in mind the logic of the Senator from Massachusetts that Congress is almost certain to be in session on October 3 and it is almost certain that we will not be in session on October 31, that the amendment offered by the Senator from Massachusetts is one which I would hope the Senate and Congress would accept.

Mr. KENNEDY. I thank the Senator from Virginia for his comments. I think he has made some extremely important and perceptive statements further justifying this amendment—points that I am not sure that all of us would have considered otherwise. I appreciate his comments, and I think they are very well taken.

The PRESIDING OFFICER (Mr. INOUYE). The question is on agreeing to the amendment of the Senator from Massachusetts.

Mr. LONG. Mr. President, I really do not think it would serve any purpose at all to agree to this amendment. In my opinion, the time is altogether too short the way it is.

In most years, we have passed a debt limit bill about once a year. On some occasions, I believe we have passed a debt

limit bill once in an entire Congress. But this year we are going to have to pass three debt limit bills. I did not have anything to do with that; I am going to vote for all three of them, because I do not want the Government to have to go out of business. But frankly, Mr. President, I find myself wondering whether the House Ways and Means Committee has decided it will play political cat and mouse with the administration by requiring it to ask for another debt limit to carry the country forward, give them 3 months, and then have them come back 3 months later and then again 3 months later. On each one of those occasions, since we have a Democratic Congress and a Republican President, that will prompt some Senators to want to put pressure on the President, his Secretary of the Treasury, and the Director of the Budget to get them to do everything the Senators think might benefit their States, saying, for example, "We have a problem down here in Louisiana, so if you cannot recognize our problem and give us an immediate answer, I am afraid we are not going to be able to give you a hasty answer on the debt limit; come back and talk to us later."

I do not think, Mr. President, that this proposal should be seriously considered. If that had been a Democratic President up there in the White House, we would have given him a 1-year debt limit increase. The argument Senators make that, after all, we might not be in session on October 31 holds no water. If we want to quit before October 31, there is nothing whatever to keep us from passing another debt limit bill at an earlier date. We could pass another debt limit bill tomorrow, if we wanted to stay in session that long. All we have to do is call up a revenue bill and add a debt limit to it.

If I voted for any amendment, Mr. President, it would be to extend the thing over past the next election, so as to take all the political fireworks out of some of these amendments that could be offered on a debt limit bill between now and the election. But instead, we are now offered an amendment to guarantee that we are going to have to vote on a debt limit maybe twice between now and the end of the year, so that if someone is looking for a vehicle to try to make the President sign something he is reluctant to sign on its own merits, that amendment offers another opportunity.

My suggestion is that we will have plenty of such opportunities anyway, and if that is so, I do not see why we need this amendment to help achieve the same results. If someone wants a vehicle that the President would be compelled to sign, he will get that opportunity between now and the election anyway, so why would he want to insist on making the administration come back to us within 90 days, rather than 120 days?

I am frank to say I disagree with the House on making the time as short as it is. I think it smacks of politics. Rather than have a controversy and see the Nation placed on its knees fiscally, where it cannot even pay government salaries after the next 4 or 5 days, I am willing to go along with the House Ways and

Means Committee. We already have added a great big controversial amendment, after the President said on nationwide television that he did not want the 20 percent increase to which the Senate has agreed today. That is enough of a confrontation, without adding the rest of this to it.

So I hope the amendment will not be agreed to, I hope the Senate will recognize that this Nation, from a logical point of view, will be in fiscal or financial trouble as of midnight tonight. It is not our fault that the House does not send these debt limit bills to us until 2 days before the present limitation expires. It is not our fault that they delay to doing anything about it, and send it to us with only 2 days left to go before the Government can no longer pay its debts. We just have to do the best we can under those circumstances. I really think, Mr. President, that the amendment should not be agreed to. I really hope the Senator will not insist on it but if he does, we will have to do the best we can to contend with it.

I would hope the Senate would not make any changes, but just leave the limitation the way it is. If Senators want to do something more about a debt limit, they will get their chance again between now and October 31. I should think that would be soon enough. Some of us wait all year long to add our pet amendments to the proper vehicle. This being the 30th day of June, would Senators not think that October 31 would be soon enough to get another chance to come back and offer their pet amendments on a debt limit bill? I should think it would be.

For that reason, Mr. President, I hope the amendment will not be agreed to, and we can go ahead with the business of taking care of the fiscal solvency of the country.

There was a point made by the Senator from Virginia about a budgetary error in estimating what the deficit would be. I understand something about that. The error occurred because the administration recommended a revenue-sharing bill that would cost \$2.2 billion in this fiscal year, and responsibly they put it in their budget, \$2.2 billion of estimated deficit for fiscal year 1972 was to allow for the revenue sharing bill being passed. Well, it did not pass. We will pass it, but we just did not pass it as rapidly as the administration hoped that it would pass. Whose fault is that? Are we going to blame the Secretary of the Treasury because we did not pass his bill and therefore he has \$2.2 billion of less deficit than he would have had otherwise? I do not think that would be fair. If he had his way, we would pass the bill the day he sends it to us in the legislative language that he thinks ought to be used.

He could not anticipate the matter of overwithholding on taxpayers. We would think taxpayers would not want to be overwithheld, but they had no objection to it. So the deficit turns out to be not as large as the Secretary thought it was going to be.

Ordinarily, I would have thought that my good friend, the Senator from Virginia, would be happy about that. How-

ever, we are not as deeply in debt as the Senator thought we would be. But he is not happy, because the deficit is not as large as he thought it would be.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator, for whom I have great affection, yield?

Mr. LONG. I yield to the Senator from Virginia, for whom I also have great affection.

Mr. HARRY F. BYRD, JR. If this were a solid reduction of \$18 billion, the Senator from Virginia would be very happy; but it is not at all a solid reduction of \$18 billion. It is an error of judgment on Treasury's part. It is not the first error of judgment on the part of the Treasury Department in the last few years. They have brought in many errors of judgment. I submit that this is an error of judgment of \$18 billion in a 4-month period.

When these tax forms were sent out, they knew what the withholding forms called for. I do not think it is anything to applaud because they are taking from the people more money than they are entitled to take any are saying that we have a better financial situation, and therefore the deficit is \$18 billion less. It is not. It is just a temporary proposition, because that money has to be paid back.

Mr. LONG. Mr. President, the Treasury Department was in error in estimating the deficit. One of the prime reasons is that Congress did not pass some bills the administration recommended to us. They recommended a revenue-sharing bill, and it has had slow going. They recommended H.R. 1, and it has had even slower going.

Mr. HARRY F. BYRD, JR. Is what the Senator saying that if Congress had not been more frugal than the administration, we would have a bigger deficit. Is that it?

Mr. LONG. I am saying that if Congress had been as speedy as the administration would like us to be, we would have a bigger deficit. I have no doubt that we are going to pass those bills with just as much money as they asked for, but we will spend it in somewhat different ways. After taking the amount of time we ought to take in deliberating about those matters, we will succeed in spending the money. I think the Senator can feel confident about that, if that is what is bothering him.

Mr. HARRY F. BYRD, JR. I have no doubt about that.

Mr. LONG. The problem is that certain things did not happen, which I think is easy enough to understand. Therefore, the deficit is not as big as was thought it would be. It is just a matter of transferring an item from one year to the next year, because for the most part, these are things that will happen anyway.

Mr. President, I do not think anything is to be achieved by requiring that this matter be voted on again in the beginning of October. It would just set the stage to require that we vote on it again 30 days later, perhaps. I think three debt limit bills in 1 year is enough of a flagellation to impose on the Treasury and the Director of the Budget and Congress generally. We have work to do here. We should be getting on with other busi-

ness, besides arguing about the debt limit all the time.

Mr. GRIFFIN. Mr. President, I send to the desk an amendment offered as a substitute for the amendment of the Senator from Massachusetts.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

In lieu of inserting the matter proposed to be inserted by the amendment of the Senator from Massachusetts, insert "February 28, 1973, and Public Law 92-250 is amended by striking out "\$20,000,000,000" and inserting in lieu thereof "\$35,000,000,000"

Mr. GRIFFIN. Mr. President, this is an amendment in the nature of a substitute which would extend the debt ceiling to February 28, rather than the October 3 date suggested by the Senator from Massachusetts. It also would insert \$465 billion, an increase of \$15 billion over the \$450 billion which is provided for in the extension bill before the Senate.

Mr. President, the distinguished chairman of the committee has made a very eloquent and persuasive case for the amendment that I now have presented to the Senate. I could not agree with him more that whether the date is October 3 or October 31, both are equally bad.

While I do not question the motives of particular Senators, I think that either date is a political date. It has been inserted for the purpose of playing politics to the hilt with the fiscal life of the Nation. I think that is most regrettable, if not irresponsible.

Surely, there is a choice that the majority party can exercise as to whether or not it wants to come back for a rump session following the Republican Convention, without involving the fiscal life of the Nation.

There is no question that, while it is possible for Congress earlier to pass a debt ceiling bill, the practice, has been almost without exception, as the chairman has indicated, to wait until the last minute before the debt ceiling is extended.

Even if we look into this legislation either the date of October 3 or the date of October 31, we practically guarantee that Congress will be in session right up to the last day.

Far be it from me to second-guess the Democratic Party or to give them any advice on their political strategy. But I think they may well rue the day that they have locked themselves into the requirement that we must continue and have a session beyond the Republican Convention, and into the time approaching the election date. If the debt ceiling were extended to February 28, as I have suggested here, the majority party still would have their choice and their options. They have control of Congress. Without using this as the vehicle, without locking themselves in, they could still

come back after the Republican Convention, if that is what they think at the time is good strategy.

I seem to recall that there was a session of the 80th Congress, I believe, when President Truman was in office, that did not turn out so well for the majority party at that time, when the Republicans were in control.

I am not at all sure that this kind of strategy will benefit the other party. In any event, they could exercise that option. They could come back and stay in session as long as they want, without using the fiscal life of the Nation as the vehicle for doing so and providing all these opportunities to ride other bills, fiscally irresponsible bills, into legislation on the back of the debt extension bill.

It is obvious now, of course, that there will have to be a conference with the House on this measure or that the House will have to consider taking the Senate bill.

Mr. LONG. Mr. President, I should like to correct the Senator. My hope is that we can avoid a conference with the House. I am not intending to name any conferees. I want to urge the House to accept what we have done and give us an up or down vote. If they do not take it, then we must reconsider.

Mr. GRIFFIN. I agree that we should give the House an opportunity to take the bill. This particular revision should not be too controversial, in view of the logic the chairman of the committee has advanced. It seems to me it is sound and we would give them a chance to take it. Maybe, if they had a chance to take it, they would. I hope very much that there will be a chance to vote on this amendment and that the Senate will adopt it in the interest of the country.

Mr. President, the Senator from Tennessee (Mr. Brock) wanted to speak on this matter, but I do not see him in the Chamber at this moment. He wanted to speak before we proceeded to a vote.

Mr. KENNEDY. Mr. President, whether the acting minority leader likes it or not, the state of the economy is an issue across the country this year. It is an issue of vital importance to all Americans. It is of especially great importance to the 5 million Americans who are unemployed today. It is an issue to the millions of housewives who are paying escalating prices when they go to the supermarket. So whether the acting minority leader likes it or not, the economy is an issue. Whether or not Congress has an adequate opportunity to vote again on the debt ceiling later this year, it will be an issue in the Nation. The Nation will be discussing it, and the Senate will be debating it.

Congress is going to have to exercise a balance of judgment. Sometime between now and the time we adjourn sine die, we are going to have to act on the debt of the Federal Government. The amendment which I have introduced is a responsible amendment. We will know by October 1 what the total appropriations will be for fiscal year 1973. We will have a more accurate estimate of the budget. As the Senator from Virginia pointed out, we will know what the anticipated deficit will be and we will

have the basis for a more accurate assessment of the new level required for the national debt.

When we look at the results of the past 3 years and the estimates by the administration on the deficit, we see a poor track record. The administration has already made two \$25 billion mistakes in the past 2 years.

What we are trying to do by this amendment is to provide the kind of input that Congress should have on the important question of the economy. This legislation is the only opportunity the Senate and House of Representatives have to look at the total expenditures by the Federal Government. Any student of the economy realizes that such an overall view is an essential aspect of the question of how the economy is being handled in this country.

We cannot get away from the fact that the House has already approved the October 31 date. The House believes that Congress should have the opportunity to act once again on the national debt, when more accurate information is available. The Senator from Michigan argues that past practice does not support this action. But there is no precedent either, for the enormous budget deficits we are now seeing. I do not know of any time in the history of this country when we have had such a series of deficits in peacetime as during the past 3 years.

We have seen the rate of inflation close to 6 percent. We have seen the most extraordinary series of deficits in the history of this country in peacetime. We have seen the devaluation of the dollar. We have seen our whole trade balance position being threatened and harassed by enormous deficits.

We have the responsibility to act. I do not think the question here is a question of partisanship here. It is a question of responsibility.

I would hope that the amendment of the Senator from Michigan delaying the date would be rejected and that my amendment advancing the date will be accepted.

Mr. GRIFFIN. Mr. President, I yield to the Senator from Kansas (Mr. DOLE).

Mr. DOLE. Mr. President, I rise to support the amendment of the Senator from Michigan. I listened with interest to the Senator from Massachusetts (Mr. KENNEDY) indicating that there is no partisanship here in his amendment. Then I listened to him proceeding to make it a partisan amendment, which is his right. I have listened to the Senator from Massachusetts discuss inflation and employment, that they will be issues in the coming campaign if, of course, the party has a candidate. But, in any event, it occurs to me that there may be a certain amount of politics in everything we do between now and the adjournment of Congress.

I think the Senator from Michigan makes an excellent point in trying to extend the debt limit beyond this political year and get it out of the political arena.

The economy will and should be an issue in this campaign.

Unemployment will and should be an issue in this campaign.

Southeast Asia should be and will be an issue in this campaign. We look forward to that.

I should like to remind the Senator from Massachusetts, that we had prosperity in the 1960's based on a war-time economy, with rampant inflation, with high casualties in Southeast Asia; but of course we had low unemployment because everyone had on a uniform or was working in a defense plant.

Then came President Nixon and he turned the tables in Southeast Asia and started the Vietnamization program. The President brought half a million American troops home from there. We have cut the rate of inflation in half. More people are working today now than ever before in history. So we are proud of the record the administration has made in these areas. If this is to be a partisan issue, it will be a partisan issue.

As to deficits, we do not like deficits any more than any other administration, but I would remind my colleague from Massachusetts of the conditions that were present when President Nixon was inaugurated on January 20, 1969, which made it very difficult because of certain problems he inherited.

But, under Republican leadership, and with some of the efforts of Congress on both sides of the aisle, we have made some progress. So it would seem to me, speaking in a totally nonpartisan way, that it might be very much better to extend this date beyond election time rather than trying to restrict it.

Mr. GRIFFIN. Mr. President, I think that the rhetoric we have heard in this short period of time on both sides of the aisle, including the statement made by this Senator, demonstrates clearly that this will be throwing the fiscal life and death of this Nation, with regard to the debt limit, into politics. Of course that will be done and it will be done, so far as the ceiling is concerned, if that is what the majority party wants. There is no question that all these issues can be raised. There is no question that all these arguments can be raised without having a debt ceiling extending only to a date in October.

If we vote for the amendment of the Senator from Massachusetts or if we leave the date as it is now, without the amendment I have offered, we are in effect voting that we will definitely run this Congress on up into the election time. I think that is unfortunate. I do not think we have to do that. I know that the distinguished acting majority leader has been working diligently in getting the cooperation generally of Members of the Senate, with unanimous-consent agreements and otherwise, to move legislation along. Many have been hoping that, perhaps, this Congress might adjourn by the time of the Republican Convention. That would have been possible but this action, unless my amendment is adopted, will all but guarantee that this Congress will continue right up to the election. I think it is unwise, if that is the decision of the Senate.

I believe that the substitute amendment should be adopted. I think it would

be good for both parties and I think it would be good for the Nation.

Mr. LONG. Mr. President, I say it again, I should like to remind the Senate that it is not the fault of the Finance Committee that this matter came out here 2 days before the Government was placed in a situation of fiscal chaos. It is not the fault of the Finance Committee that the Senate does not have more time to consider this measure. We are doing the best we can with the situation as we found it. Senators do not even see a committee report on their desks. The reason is that we commenced our hearings before the bill was in committee. We asked that it be kept on the calendar to avoid giving a single Senator the opportunity to object to immediate consideration and force the bill to go over for a day or so after the committee reported it.

The committee has done everything asked of a responsible Senate committee to cooperate and to meet the crisis in government.

Now, Mr. President, having done that, we knew that we were going to have to face this issue of a 20-percent increase in social security. And for that purpose we felt that it would be worth taking the risk that chaos might occur, feeling that with what this meant to 20 million people, it might be worth facing this kind of a confrontation between Congress and the Executive. But moving the date up a month or back a month or putting the date before or after the election cannot be justified.

The amendment which the Senator has offered would not solve the problem, even though it probably has more merit than the amendment of the Senator from Massachusetts.

Mr. President, according to the estimates—and they are in the RECORD in the House report—on November 29, the debt would have to stand at \$451.5 billion to maintain a minimal \$6 billion cash balance. It would be over it again on December 15. And that \$6 billion is a very, very narrow margin for contingencies.

We have to have something on hand for cash balances. And we should make some allowances for error.

Mr. President, we just would not be justified at this late date, when we know that we will have a chance to vote on it again between now and October 31 anyway, to argue about this kind of thing. Really I fully anticipate, after having disposed of this amendment, we will have an amendment to change a comma to a semicolon. And that amendment would probably take a half hour.

Mr. GRIFFIN. Mr. President, the Senator may not be aware of the fact that my substitute amendment not only changes the date to February 28, but also increases the debt limit to \$465 billion. In fact, that is the administration's figure.

Mr. LONG. Mr. President, I am pleased to be corrected. Then what does that get us into? It makes it a better amendment. But what does it get us into? That means then that we have to ask for a conference with the House now at the time when the Democrats are heading

for a convention and when the Senators and Representatives have plans for their campaigns and probably a much-needed rest. That brings about a whole series of problems.

Imperfect as the bill is, responsibility would dictate that we should accept the date that the House sent us and then act again on the matter between now and the election.

Mr. President, we will not have any choice about it in view of the fact that we will have to act some time before we adjourn. It does not make any difference what the date is. I dislike to complain about this. However, neither of the two amendments were offered in the committee. Neither Senator came to us and said, "Here, we think this is the way we ought to do this."

I am fully on notice that the \$465 billion figure was considered in the House committee and specifically voted down.

If we were not right at the expiration of the debt limit, I might think differently about it.

Senators might be interested to know that the House, at least in some respects is acting responsibly in this matter. I am informed that Chairman MILLS is standing by, ready to do what needs to be done when the bill gets there from the Senate. And we are on notice that objections will be made in the House. We know about the crisis that we are facing.

I think we have had enough controversy on the bill already and that we should not add more to it.

Mr. GRIFFIN. Mr. President, if I could respond for a half a minute to the Senator from Louisiana, I would remind the distinguished chairman of the Finance Committee, and I am sure he recalls, that this bill did not come before the Senate Finance Committee. There was no opportunity to submit an amendment. The bill was stopped at the door and put on the calendar. There was no opportunity to consider it in the committee.

Second, I imagine, although I am not positive, that the 20 percent which the Senate has voted on this bill for social security was probably also considered in the Ways and Means Committee of the House and rejected. However, that did not seem to deter the Senate from agreeing to the amendment.

Mr. LONG. Mr. President, if the Senator would yield, this committee did meet and conduct hearings, and we had an executive session. It was explained to the committee that it would be best for us to make our recommendations on the floor without having it referred.

Mr. GRIFFIN. But not to offer amendments.

Mr. LONG. Mr. President, I might also say that a later date was suggested by the Senator from Iowa (Mr. MILLER). We thought it best not to offer an amendment at that time. It was suggested there that we should have a 20-percent amendment on the social security. That was voted down, reserving the right to any Senator to offer the amendment on the floor.

Mr. GRIFFIN. Just as the 10 percent was discussed.

Mr. LONG. The Senator is correct.

Mr. GRIFFIN. I just wanted to remind the Senate of that.

Mr. BENNETT. Mr. President, I have listened to these recurring debates on raising the debt ceiling always with some amusement and some sadness, because we are now going through a ritual charade. We are going through a charade that we have to go through every time to satisfy a technical situation which is completely misunderstood in the country, and to a large extent in the Senate.

Let me take just a minute to talk about the history of the debt ceiling.

Before World War I we were borrowing money so infrequently that the law required that the Treasurer could not issue a bond without a specific act of the Congress. Then that became so burdensome during World War I that the men handling the financial problems decided then on this device, that they would allow the Treasury to issue bond wherever it needs to, whenever it needs to, and in whatever amounts it needs, so long as it does not reach the debt ceiling. And they set a debt ceiling about twice the size it was when the bill was passed.

It was a kind of formality. It salved the conscience of Members of the Congress who did not want to be accused of turning the Treasury loose without any restriction.

Since then, we have gone through World War II and the Korean war. The debt in the Korean war was \$275 billion. It is now above \$400 billion. And we still play this charade.

We know when we come to the floor with a bill of this kind that we have to raise the debt. We cannot indefinitely continue the debt ceiling because we do not dare to put the Secretary of the Treasury in a position where he cannot pay the bills of the U.S. Government. We always work it out at the very end.

Let me go back to talking about the history of the debt ceiling debates and discussion. The Secretary of the Treasury knew early last spring of the problem he faced.

He came to the Congress and asked that the debt ceiling be set at \$480 billion and that this go forward until the end of February next year. That is not what happened. The House, and the Senate concurring, put it up to June 30, the end of the fiscal year, forcing us to do what we are doing today. Now the proposal is that we extend it forward to some day in October, take our pick, and we then have to come back and go through this procedure again.

Now, if it were just a matter of meeting and raising the debt ceiling, we could do it in 10 minutes and have no problem. But whenever we meet knowing that the President dare not veto the bill to preserve the fiscal responsibility and the full faith and credit of the United States, then a lot of people want to come around and tack something on, on the theory that they can get a free ride, so we go through 2 or 3 days of debate. So far in this case we have two amendments on the debt ceiling measure.

And we have high drama. The House is sitting over there with bated breath waiting for us to rush this over to them. They are not without their problems over there, and the attempt is going to be

made to prevent us from considering it today, and if that happens, under their rules, there is a possibility this cannot be considered until Wednesday. Many of our colleagues will have gone home by then, assuming we recess. So we may have the President calling us back in special session on Wednesday to consider the debt ceiling.

This is a lot of fun. I used that word this morning and I was called on it. This is fun and games, but unfortunately there are some political overtones here. Under the present circumstances we must be back 1 week before the election to force the President of the United States to admit that he has spent so much money that he cannot borrow any more unless the debt ceiling is raised.

Mr. President, can you hear the speeches on the 31st of October? Can you hear the amendments that are going to be offered? Can you imagine what is going to go on in the minds of the Members of the House and the Members of the Senate who are running for reelection, who certainly would rather be out there trying to win back their seats rather than here to go through this annual ballet?

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

Mr. BENNETT. I yield.

Mr. LONG. Down at the Treasury Department the responsible officials, in a friendly fashion, refer to this matter as the Treasury's annual flagellation. They are referring to the fact that the Treasury is the most cost-conscious branch of Government. Well, it should be. It has to raise money to pay for all the spending of others. Being as careful as the Treasury can, they try to hold down the budget and the costs, and resist programs that have a great deal of appeal.

Then, if the time comes when the Government can no longer pay its debts the poor Treasury has to come down and ask for an increase in the debt limit and take this whipping, and be flailed by Congress for—

Mr. BENNETT. For its extravagance.

Mr. LONG. For its extravagance and the unwise expenditure of funds and the lack of proper planning that has occurred since the last debt ceiling.

As I said, they have referred to it down through the years as the annual flagellation, where they have come down and taken their beating because of the failure of Congress to restrain itself in spending, and the failure of other departments of government to spend money as frugally as they should. The poor Treasury Department has to take a beating for the faults of everyone else.

It used to be an annual flagellation. Now it is supposed to be a monthly flagellation. Those poor people could not do the first thing about it.

Really, the Supreme Court was in error about capital punishment. Somebody should offer a bill about the cruel and unusual punishment of the poor Treasury. Any time we have a President who is of one party and Congress is of another party, the poor President is flailed. Down at the Treasury most of those people are not partisan one way or another; they are only trying to honestly respond to the needs to keep this Government alive.

Mr. BENNETT. Mr. President, I would like to remind the chairman it does not only occur when the parties in control of the Government are divided. The Democrats got their flagellation all during the time the Democrats were in the White House.

I realize the problem that will result; the problem of agreement in conference. I realize that the amendment of the Senator from Michigan will probably not be agreed to. I think that decision was made last March when we decided we were not going to be responsible and allow this to go for a whole year, and we were going to cut it up in little bits. Now we are going to cut it up in little bits again and set the dates of the 3d or 31st of October. It is an example of irresponsibility, and it may or may not be with political overtones.

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

Mr. BENNETT. I yield.

Mr. BROCK. Is it not a fact that not 1 penny of this entire debt of \$425 billion has been spent by the President or the Secretary or any other branch without being appropriated by this Congress or its predecessor?

Mr. BENNETT. We are the ones who create the problems and to use the word the chairman used, "flagellation," I can say accurately we make them our whipping boy.

Mr. BROCK. For our own excesses.

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

Mr. BENNETT. I yield.

Mr. AIKEN. Mr. President, I have listened to the debate. The only conclusion I can arrive at is that some of our colleagues across the aisle are so sure that the complexion of Congress is going to be changed in the next election that they hope to put maximum power in a lame duck Congress. I do not think that is good, but neither do I see how we can take care of the debt limit in 3 or 4 days just before election. That cannot be done. I do not think we should put so much power in the hands of a lame duck Congress.

So I think the amendment of the Senator from Michigan makes a great deal of sense. The party that wins the next election should have the most to say about the affairs of government for the next 2 years. It may be possible a lame duck Congress would pave the way for the election in 1976, for all I know, but it does not make sense from the point of view of a person looking for good government to have this debt limit expire either on the 3d or 31st of October. It simply smells bad. It really does smell bad.

Mr. President, I hope the Griffin amendment is agreed to.

Mr. YOUNG. Mr. President, ordinarily I would support the amendment of the Senator from Michigan, the distinguished assistant minority leader. It makes good sense, but from a practical standpoint we would be better off to accept the position of the chairman of the Committee on Finance, Mr. LONG, because we have a situation in the House where we could be forced to an extra session.

Senators should be the first ones to

want to raise the debt ceiling because we are responsible for most of the increased spending over the budget. A bill we passed a few days ago, the bill relating to HEW, was at least \$4 billion over last year. When we complete action on that bill, we will probably be \$10 billion to \$12 billion over last year that is if the Senate continues to add large sums of money over the House.

One Member of the Senate, and not even a member of the Committee on Appropriations—and I do not mention his name—got at least 10 amendments approved totalling far over half a billion dollars—just one Senator.

Members of this body, if they wanted to be responsible and consistent, would be the first ones to want to increase the debt ceiling.

Mr. KENNEDY. I would just remind the Senator from Tennessee that the heart of the problem with the deficit is the decline in Federal revenues because of the sickness of our economy. As the Senator knows, the deficit reflects not only the outflow of expenditures, but also the income from revenues. If revenues fall off, as they have in recent years because of the recession we have suffered, then the budget deficit goes up, without any increase in spending.

The hour is now 1:30, and we see what will happen in October if we pass the House measure providing for the date of October 31. Once again, the Senate will have to act in the final hours of the Congress before adjournment. By moving the date up to October 3, as the Senator from Virginia and other Senators have pointed out, we will have a chance to examine the debt ceiling in a more orderly way, on the basis of the appropriations passed by the Congress. We will have the benefit of those figures and we will have a better chance to act on a matter which is of such great significance to the economy.

Mr. GRIFFIN. Mr. President, I am ready to vote. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I want to make a few brief comments. The Senate has before it two proposals, one by the Senator from Massachusetts to change the date from October 31 to October 3. I support that because it is obvious Congress will not be in session on October 31, but very likely will be session on October 3. So I think that is a reasonable amendment.

On the other hand, I fully understand the position of the distinguished chairman of the committee not desiring to change the date from October 31 because it presents a complication with the House of Representatives. That is my only reluctance in supporting the proposal of the Senator from Massachusetts.

Now, when we come to the amendment offered by the Senator from Michigan, I am strongly opposed to that. I am strongly opposed to the proposal to increase the debt ceiling to \$465 billion until February of next year.

It is not often that I disagree on financial matters, or any matters, for that matter, with the distinguished and able senior Senator from Utah, but I disagree with him on the value—I would

have to use the words "potential value"—of a debt ceiling.

I admit that I have not been able to sell many of my colleagues on my view in this regard. I am in a small minority in feeling that the debt ceiling has value.

One value is that it forces the Congress and the Senate to do what we are doing today, and that is to give some attention to the total financial position of our Government. Every few months—6 months or a year, or whatever it might be—the Members of the Congress presumably have to look at the figures and find out what the debt is. I think every once in a while is a good idea for every Member of Congress to look at the national debt figures.

Another reason why I am strongly opposed to the proposal of the distinguished Senator from Michigan is the testimony, day before yesterday, June 28, by the Secretary of the Treasury, George Shultz. I want to read from pages 101 and 102 of the committee record, the testimony before the Finance Committee, in which Secretary Shultz said:

I think that we are groping in the dark, to a degree, about precisely what is going on. We know that we are getting more money than we expected and we are trying to figure out why, and the over-withholding leaps to mind, but there are also other possible explanations, and depending on what those explanations are, we would have a different picture.

You see, Mr. President, if we change the debt ceiling now to be effective at \$465 billion to next February, we would be dealing in the dark, because the Treasury itself is dealing in the dark, and the Secretary so testified before the committee.

I think it is desirable to have a tight debt ceiling and to force the Congress to reexamine this problem every 3 or 4 months, or whatever is necessary. I think it is a mistake to put it off so far in the future that the Congress and the Members of the Senate will completely forget about this problem. So I would be strongly opposed to the amendment offered by the Senator from Michigan.

During the debate, comment has been made about political partisanship. While I know it was not directed at me, I guess I ought to say that I probably am not considered too much of a political partisan.

In my campaign for reelection in 1970, the Democratic candidate went to every city and county in the State of Virginia and said I voted too much with the Republicans and I should be thrown out of the Senate. The Republican Governor used the full power and prestige of his office and spent full time, for 5 weeks, going all over the State of Virginia to say that I voted too many times with the Democrats, so I should be thrown out.

So I am not sure whether I am a political partisan or not, but on the issue of the debt ceiling, I am taking the same position today that I have taken through the years.

It was 5 years ago today that I presented an amendment to President Johnson's proposal for increasing the debt ceiling. He had a proposal for a \$28 bil-

lion increase. My amendment would have reduced that by \$10 billion.

My amendment lost by only one vote. By only one vote did that amendment lose, and the reason it lost was that the very able former distinguished member of the Senate from Florida at that time, Mr. Smathers, who was managing the bill, sold the Senate on the very correct view that if my amendment were adopted Senators would not get a Fourth of July holiday. So my proposal lost by one vote.

But what I am doing today under a Republican President I did under a Democratic President. And if an Independent President ever gets elected, I will do it under an Independent President, because I think Congress has an obligation to the taxpayers of this country to do more than just give cursory consideration to the handling of the tax dollars of the people of this Nation.

I suppose less time is spent in the Senate on the consideration of appropriation bills than on the consideration of any other major matter.

Most of these appropriation bills pass in a matter of hours. Yet we are dealing with billions and billions of dollars.

The deficit for the fiscal year which ends tonight is estimated by the Treasury to be \$32 billion. I find it difficult to visualize \$32 billion, but here is one way to look at it: The State of Virginia is a very large State. It has a population of 5 million persons. It is large in territory.

The total assessed value of all the real property in Virginia, all the land, all the homes, all the buildings, all the factories—the total assessed value—is \$12,500,000,000. So the deficit for this fiscal year, ending tonight, is 2½ times the total assessed value of all the real property in the State which I have the responsibility to represent.

Realizing, as I say, that I am in a minority, I take this debt ceiling problem seriously. I think it presents an opportunity for the Members of Congress, as the Senator from Massachusetts pointed out a little while ago, to give full consideration to the total financial picture of our Nation.

I have prepared a table dealing with the deficits in Federal funds and interest on the national debt from 1952 through 1973. The facts, submitted by the Treasury Department, show that the accumulated deficit for the 4-year period 1970 through 1973 will total \$113 billion. That figure is greater than the total accumulated deficits for the 23-year period 1947 through 1969. I ask unanimous consent that the table be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that another table that I have prepared, showing U.S. gold holdings, total reserve assets, and liquid liabilities to foreigners, be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. HARRY F. BYRD, JR. I point out

that the total reserve assets of our country are \$13.3 billion, and our liquid liabilities to foreigners at the present time are \$67 billion.

Mr. President, I have another table which shows, in parallel columns, the U.S. public debt subject to limitation, a comparison of administration estimates of February 28, 1972, with their estimates of June 28, 1972, a period of 4 months. I have had these estimates placed in parallel columns, and I ask unanimous consent that this table be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 3.)

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks also an excellent article entitled "Soaking Rich Isn't a Wise Fiscal Plan," written by John S. Knight, which was published in all the Knight newspapers on Sunday, June 25, dealing with the fiscal situation of the United States.

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

(See exhibit 4.)

Mr. HARRY F. BYRD, JR. There is one other figure to which I would like to invite the Senate's attention.

In the President's budget for fiscal 1973 is a figure of \$22.7 billion for the interest on the national debt. The interest on the national debt, in the current budget, is \$22.7 billion. That figure is not too meaningful to most of us, because we cannot visualize \$22.7 billion.

But let me put it this way: Of every personal and corporate income tax dollar paid into the Federal Treasury by the citizens and the corporations of our Nation, 17 cents goes to pay the interest in the debt.

That money can only come from one source: Out of the pockets of the wage earners. That is why I think that Congress and the Senate are making a great mistake in handling so cavalierly, so carelessly, the finances of the people of the United States which have been paid into the Treasury through taxation. I feel that we in Congress have a deep responsibility and a deep obligation to handle these funds just as carefully as we would handle our own funds—and I do not see much care being used in the handling of the funds.

As I mentioned earlier, there is too little interest in the sad plight of the Government's financial situation. That is why I am opposed to the proposal of the Senator from Michigan to increase the ceiling beyond the contemplated increase. The committee bill would increase it to \$450 billion. The Senator from Michigan would increase it to \$465 billion. The Senate committee would make the increase applicable only until October 31, while the Senator from Michigan would carry it on over to next year, on February 28.

I think that would be a very undesirable and very unwise amendment to pass, and I hope the Senate will reject it. I want to say again that although

many Members of the Senate are not in favor of the debt ceiling, who feel that there should be no ceiling and feel that we ought not to take the time of the Senate to discuss these matters of Federal finances, I strongly disagree.

I strongly disagree, because I do not know anything that affects the individual citizens more than taking out of their pockets, out of the pockets of the hard-working wage earners, the money which they have earned by the sweat of their brows. I remember well the statement made by President Roosevelt when he said that taxes are paid in the sweat of every man who labors. It is the sweat of the laboring man that we are dealing with on the floor of the Senate; and we are dealing with it in a careless way—in my judgment, a reckless way—when we appropriate great sums of money without any real consideration at all.

I feel that it is important to have a debt ceiling. It is important to have these debates in regard to the debt ceiling.

EXHIBIT I

DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT, 1954-73 INCLUSIVE

[In billions of dollars]

	Receipts	Outlays	Surplus (+) or deficit (-)	Debt interest
1954.....	62.8	65.9	-3.1	6.4
1955.....	58.1	62.3	-4.2	6.4
1956.....	65.4	63.8	+1.6	6.8
1957.....	68.8	67.1	+1.7	7.2
1958.....	66.6	69.7	-3.1	7.6
1959.....	65.8	77.0	-11.2	7.6
1960.....	75.7	74.9	+0.8	9.2
1961.....	75.2	79.3	-4.1	9.0
1962.....	79.7	86.6	-6.9	9.1
1963.....	83.6	90.1	-6.5	9.9
1964.....	87.2	95.8	-8.6	10.7
1965.....	90.9	94.8	-3.9	11.4
1966.....	101.4	106.5	-5.1	12.0
1967.....	111.8	126.8	-15.0	13.4
1968.....	114.7	143.1	-28.4	14.6
1969.....	143.3	148.8	-5.5	16.6
1970.....	143.2	156.3	-13.1	19.3
1971.....	133.7	163.7	-30.0	20.8
1972 <sup>1</sup> .....	147.1	179.3	-32.2	21.2
1973 <sup>1</sup> .....	152.6	190.4	-37.8	22.7
20-year total.....	1,927.6	2,142.2	214.6	241.9

<sup>1</sup> Estimated figures.

Source: Office of Management and Budget and Treasury Department.

EXHIBIT 2

U.S. GOLD HOLDINGS, TOTAL RESERVE ASSETS AND LIQUID LIABILITIES TO FOREIGNERS

[Selected periods in billions of dollars]

	Gold holdings	Total assets	Liquid liabilities
End of World War II.....	20.1	20.1	6.9
Dec. 31, 1957.....	22.8	24.8	15.8
Dec. 31, 1970.....	10.7	14.5	43.3
Dec. 31, 1971.....	10.2	12.2	64.2
May 31, 1972.....	10.5	13.3	67.0

<sup>1</sup> Estimated figure.

Source: U.S. Treasury Department.

EXHIBIT 3

U.S. PUBLIC DEBT, SUBJECT TO LIMITATION<sup>1</sup>

	Feb. 28 estimate	June 28 estimate	Difference
1972:			
Mar. 31.....	\$431.6	-----	-----
Apr. 28.....	432.3	-----	-----
May 31.....	442.1	-----	-----
June 30.....	443.4	\$425.4	\$18.0
July 31.....	453.0	432.0	21.0
Aug. 31.....	461.1	439.4	21.7
Sept. 29.....	457.9	439.0	18.9
Oct. 31.....	462.1	441.8	20.3
Nov. 30.....	468.7	447.1	21.6
Dec. 29.....	469.8	449.7	20.1
1973:			
Jan. 31.....	470.6	449.4	21.2
Feb. 28.....	478.1	456.8	21.3
Mar. 30.....	482.5	465.8	16.7
Apr. 30.....	478.2	463.3	14.9
May 31.....	486.8	471.8	15.0
June 29.....	479.3	464.8	14.5

<sup>1</sup> Comparison of administration estimates of Feb. 28 and June 28, 1972. Assumes \$6,000,000,000 cash balance.

EXHIBIT 4

[From the Charlotte (N.C.) Observer, June 25, 1972]

SOAKING RICH ISN'T A WISE FISCAL PLAN  
(By John S. Knight)

One of the very sad changes in our society is the vastly increasing dependence of its various elements upon the Federal government.

Social Security, first legislated in 1935 as an income supplement to the elderly, is now regarded by many citizens as their main source of support.

This progressive legislation has been expanded to include disability, survivorship and health insurance. The costs continue to rise with a present 5.2 per cent of the first \$9,000 taken from workers' salaries and a similar contribution made by employers. Social Security has gone up 26 per cent under the Nixon administration.

Proposals presently before the Congress would further increase Social Security benefits in amounts ranging from 10 to 20 per cent. Some presidential candidates have suggested even more.

It is important to understand, as the Miami Herald has said, "that in effect the Social Security bite has become just another income tax. Citizens are not simply paying into a fund from which they will draw at age 62 or 65. They are paying taxes to support current benefits, and they will have to rely on taxes paid by their children for their own benefits."

With Social Security checks now flowing to 27 million persons, and 23 million going to those registered to vote, few politicians in this election year will oppose additional increases in benefits.

The tax bite on employes and employers alike has become much more than a nibble.

FEDERAL MONEY

Our colleges and universities look to the Federal government for support, either in grants or subsidies. Private educational institutions, financed largely by private contributions, are in deep trouble as they cannot turn to generous state legislatures for additional money.

Virtually every art institute, symphony orchestra and performing arts center operates at a deficit. In time, and when tax benefits to private donors become less attractive, the cultural arts must inevitably turn to the government for help.

In Europe, the government has traditionally maintained the cultural arts. The question is: Do we want these activities in government hands, or see our colleges and universities under government control and direction?

Why are the politicians, in their zeal to close tax loopholes, trying to discourage contributions from the private sector?

SOARING TAX RATES

When President Lyndon Johnson offered his "Great Society" programs, the rationale was that since "the United States is the richest country in the world, we can afford anything."

Since then Federal expenditures have been rising at an average annual rate of 8 per cent. In the same period state and local spending has gone upward at a rate of 10 per cent a year. David T. Wendell observes in Reader's Digest that "public spending has been going up about 50 per cent faster than the private, tax-producing part of the economy."

The Brookings Institution concludes that an "over-committed Federal government cannot spend any more on trying to solve social or other problems without a big tax increase."

Even with soaring tax rates, the cities and the states seem always short of money. They look, therefore, to an already deficit-ridden Federal government to assume an even greater share of the burden.

THE ANSWER: "NEVER"

One fallacy lies in the naive political belief that we can tax the corporations more (now 48 per cent at the Federal level and varying percentages on state income taxes) and still expect them to prosper and solve the problems of unemployment.

Another is the notion of Hubert Humphrey that massive infusions of government money can solve any problems, a theory unsupported by experience. Profligate government spending fans the fires of inflation. Huge and continuing Federal deficits ultimately depress the economy.

So to those who ask: "When will we be able to pay off or even reduce the national debt?" the answer is "Never, unless Federal expenditures are held down and heavier taxes imposed upon everyone."

If you find that a discouraging thought, try this: The Brookings Institution says that even if the Congress enacts only the programs President Nixon has proposed, and no more, the Federal fiscal budget by 1975 will reach \$300 billion, or \$17 billion more than 1975 revenues expected under present tax laws.

What I am trying to say is that since we have no inexhaustible sources of revenue, either the government must change course, employ realistic budgeting and disciplined spending or the shrinking U.S. dollar won't buy a good 15-cent cigar within 10 years.

A DREARY ROAD

It is all very well to explain that our citizens "demand" additional social welfare and social services. My view is that these "demands" originate with politicians and pressure groups who seek either votes or personal aggrandizement.

So whether you blame President Nixon or the Congress for our swollen bureaucracy, we will all be facing a dismal future if the country continues to spend more than it takes in.

Senators George McGovern, Hubert Humphrey and Edmund Muskie have been telling the people that their proposed "soak-

the-rich" tax reforms will solve the nation's fiscal problems. Don't you believe it. No reputable economist would agree with them.

The last tax reform act of 1969, with all three Senators concurring, resulted in a net revenue loss to the government of \$2.5 billion. Their track record is not reassuring.

A nation which destroys initiative, cripples the profit and loss system and relies on Federal handouts, openly embraces socialism or worse.

I doubt that the American people want to go down that dreary road to nowhere.

Social notes: VIC's (Very Important Contributors) enjoyed a Washington weekend "welcoming Sen. McGovern back from the primaries and celebrating his send-off to Miami."

The invitation specified a price of \$5,000 a couple which included a picnic at Hickory Hill with Kathleen Kennedy; lunch on Capitol Hill with a Senator or Congressman; cocktails and buffet at the McGoverns; a gala show at DAR Constitution Hall followed by a cast party and supper dance.

VIC's were also assured that they would "receive red carpet treatment from the time they arrive in Washington until they left."

Well, there's nothing like old-fashioned prairie populism, is there?

The Surf club, long a bastion of the over-privileged on Miami Beach, is taking no chances on disturbances arising from the political conventions.

In a masterpiece of understatement, the Surf Club advises its members: "It is anticipated that several dissident factions expect to attend these conventions." Therefore, the club will "board up" for the summer.

At the other end of the Beach, Federal troops will be on call to back up a 5,000-man force of police and National Guardsmen already assembled for convention duty.

And such are the ways of democracy, circa 1972.

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

Mr. HARRY F. BYRD, JR. I yield.

Mr. MAGNUSON. I just want to comment on the Senator's last statement, about appropriation committees. They work weeks and months.

Mr. HARRY F. BYRD, JR. If the Senator will yield, I did not say anything about appropriation committees.

Mr. MAGNUSON. Let me finish. On Tuesday we had a big bill, the HEW bill. It was before the Senate for 11 hours. No Senator, including the Senator from West Virginia, presented an amendment to cut the amount. It was open to amendment for 10 hours, and no Senator presented an amendment to cut it—not one dime. It was on the floor 11 hours, open for amendment, and not one Member of the Senate, including the Senator from Virginia, submitted an amendment to cut the amount in any item. I just want the record to be clear.

Mr. HARRY F. BYRD, JR. The RECORD will show that the Senator from Virginia voted against the bill.

Mr. MAGNUSON. I know, but if the Senator wanted to cut the amounts, he should have presented some amendments.

Mr. HARRY F. BYRD, JR. The bill was from \$4 billion to \$6 billion greater than was spent last year.

I cannot remember the exact figure the Senator from North Dakota mentioned a few moments ago. May I ask the figure? The Senator from North Dakota mentioned a few moments ago that when

all the figures are tallied up, the expenditures for that one department will be how much above the expenditures for last year?

Mr. YOUNG. When all the appropriations requests for the various agencies under HEW are appropriated, even if we follow the budget estimates, we will add at least another \$9 billion.

Mr. MAGNUSON. Even with all the budget estimates.

Mr. YOUNG. If we just follow the budget estimates. It would be \$9 billion more than last year—at least \$9 billion; probably more like \$10 or \$12 billion.

Mr. MAGNUSON. That figure is not quite correct, and I will put some statements into the RECORD to verify that.

Mr. HARRY F. BYRD, JR. I thank the Senator from North Dakota. The figures he submits for the record are startling and staggering—between \$9 and \$12 billion more than last year.

I yield the floor.

Mr. MOSS. Mr. President, this amendment, offered by the senior Senator from Massachusetts, is long overdue. It offers the opportunity for a more reasonable approach to future congressional action on the debt ceiling limitation. In a broader sense, it gives the American people a chance for a periodic reassessment of the Nation's fiscal situation and also the policies which must bear responsibility for that situation.

Mr. President, just consider the timetable under which we have had to work on H.R. 15390. On Tuesday, the House passed the measure. On Wednesday, the bill was placed on the Senate Calendar. There was not even time for Finance Committee hearings. Today the Senate faces a midnight deadline on passage.

Mr. President, this is no way to deliberate our national economic policy. Senator KENNEDY's amendment is needed if we are to avoid a recurrence of this kind of last-minute rubber stamp of the administration's fiscal program. Such a measure would extend the \$450 billion debt ceiling only to October 3 instead of October 31, which is on the very eve of the election, and long after Congress will have adjourned.

This amendment would allow us to discuss the fiscal issues relevant to the national debt in a sober manner without having to watch the clock.

Mr. President, no one can deny the impact which joblessness has had on the Nation's fiscal position. The loss of Federal revenues which results from idle factories and idle workers is immense. The President himself has admitted, in his own 1972 economic report, that if we could just get the jobless rate down to 4 percent, instead of the approximately 6 percent we are now having, there would not be any deficits to speak of—and no need for an increase in the national debt.

Yet instead of a rational approach to the related problems of unemployment and fiscal imbalance we have had rhetoric by the White House and docility on the part of Congress.

Why should we countenance an extension of the debt ceiling limitation without a thorough debate on the causes of the Federal deficits and what we can do

about them? Why can we not discuss why we have to continually increase the national debt without reexamining the policies which result in the debt?

Mr. President, 4 years ago this administration promised the American people an era of "fiscal responsibility." It has delivered the highest Federal deficits in history—in the short space of 3 years adding a full quarter to the entire national debt.

Four years ago this administration portrayed themselves as supporters of U.S. economic power in the world. They were going to build up our global economic position. Today our Nation has the worst international payments deficits in history. For the first time since 1893, we are exporting less than we are importing. Inevitably we have been forced to devalue our currency.

Four years ago the Republican Party portrayed itself as the party of "free enterprise." We have had the first wage and price controls in peacetime history.

Four years ago the President promised price stability with no loss in jobs. Taking office with full employment he delivered the worst unemployment in 10 years and the worst inflation in 20 years. His callous policy on the jobless situation has contributed to the worst Federal deficits in memory—and today we are asked to rubberstamp his program.

I ask that we accept Senator KENNEDY's amendment in order that we may have a chance to think hard the next time the White House asks for an extension of the national debt.

Mr. KENNEDY. Mr. President, I am prepared to vote after we have an opportunity to vote on the Griffin amendment.

Again, I commend the Senator from Virginia and I express my appreciation for the support he has given to my position.

I am prepared to vote, Mr. President.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum be rescinded.

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

Mr. LONG. Mr. President, it seems to me that this matter need be settled, and I am very hopeful that we can avoid having to have a conference on this bill. I believe that most Senators would think that is desirable.

We are presenting a very controversial issue—but, fortunately, only one really controversial issue—to the House of Representatives. They are as anxious as we are to act. They realize that responsibility requires that.

We have two amendments—one to move the date forward and one to move the date back—either of which would require a conference with the House.

I think that at this late date it would be the judgment of most Senators that we ought to decide the debt limit matter and get it to the other House, where they

are anxiously waiting to see whether they can act on it.

For that reason, Mr. President, I have a parliamentary inquiry.

The PRESIDING OFFICER (Mr. CHILES). The Senator will state it.

Mr. LONG. Is it not correct that if I move to table the amendment in the first degree, that would take with it the amendment in the second degree?

The PRESIDING OFFICER. The Senator is correct.

Mr. LONG. Then, Mr. President, well understanding the fine intentions of both the sponsor of the amendment in the first degree and the sponsor of the amendment in the second degree, I believe the Senate would like to vote and move this bill because of the pressure of time and the fiscal crisis that might face this Nation. Therefore, I move—

Mr. KENNEDY. Mr. President, will the Senator withhold the motion for 30 seconds, for a comment?

Mr. LONG. I yield 30 seconds to the Senator.

Mr. KENNEDY. I want to give my assurance to the chairman of the Committee on Finance that I have had an opportunity to talk with the chairman of the Ways and Means Committee, and he has assured me that if the Senate accelerates the date to October 3, he does not believe that any conference would be required on that matter.

I thank the Senator for yielding.

Mr. LONG. Mr. President, I wish the Senator could give me the same assurance that the Republican Members in the House of Representatives would agree with that.

In any event, if the Senator's position were to prevail, taking his word for it, the chairman of the Ways and Means Committee has said that he expects to get this bill over to the Senate by September 30, to extend the debt limit further. If the chairman can fulfill on that commitment—and I think he can—we would still have an opportunity to move the debt limit bill through by the date the Senator would like to see, if that were possible.

So, Mr. President, hoping that we can move ahead with this matter, I move that the amendment in the first degree, which would take with it the amendment in the second degree, be tabled.

I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to table the amendment of the Senator from Massachusetts. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Maine (Mr. MUSKIE), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator

from Louisiana (Mr. ELLENDER) and the Senator from North Carolina (Mr. JORDAN) are absent on official business.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Iowa (Mr. MILLER), the Senator from Ohio (Mr. SAXBE), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Iowa (Mr. MILLER) would vote "yea."

The result was announced—yeas 47, nays 35, as follows:

[No. 269 Leg.]

YEAS—47

Allott	Eastland	McIntyre
Anderson	Ervin	Pastore
Beall	Fannin	Pearson
Bellmon	Fong	Randolph
Bennett	Gurney	Roth
Bentsen	Hartke	Schweiker
Bible	Hatfield	Scott
Boggs	Hruska	Smith
Brock	Jackson	Stennis
Buckley	Javits	Taft
Byrd, Robert C.	Jordan, Idaho	Talmadge
Cook	Long	Thormond
Cooper	Magnuson	Tower
Cotton	Mathias	Welcker
Curtis	McClellan	Young
Dole	McGee	

NAYS—35

Alken	Griffin	Nelson
Allen	Hart	Packwood
Bayh	Hollings	Pell
Brooke	Hughes	Percy
Burdick	Inouye	Proxmire
Byrd	Kennedy	Ribicoff
Harry F., Jr.	Mansfield	Spong
Cannon	McGovern	Stafford
Case	Metcalf	Stevenson
Chiles	Mondale	Symington
Eagleton	Montoya	Tunney
Fulbright	Moss	Williams

NOT VOTING—18

Baker	Goldwater	Miller
Church	Gravel	Mundt
Cranston	Hansen	Muskie
Dominick	Harris	Saxbe
Ellender	Humphrey	Sparkman
Gambrell	Jordan, N.C.	Stevens

So the motion to table Mr. KENNEDY's amendment was agreed to.

The PRESIDING OFFICER (Mr. STAFFORD). The bill is now open to further amendment.

Mr. GRIFFIN. Mr. President, I have an amendment at the desk, and I ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

On page 1, line 5 strike out "October 31, 1972," and insert "February 28, 1973," and Public Law 92-250 is amended by striking out "\$20,000,000,000" and inserting in lieu thereof "\$35,000,000,000"

Mr. GRIFFIN. Mr. President, this is the same amendment which I offered as a substitute for the amendment of the Senator from Massachusetts (Mr. KENNEDY). Unfortunately, because of the parliamentary situation, that amendment fell when the amendment of the Senator from Massachusetts was tabled. The only way I can get a vote on my amendment is to resubmit it. There is

no need for further debate as far as I am concerned.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I direct the Senate's attention to the fact that this debt limit expires at midnight tonight. We hope to avoid a conference on this measure. We have good reason to believe that the House will accept the amendment and that it will not require a conference. So, for the fiscal integrity of the Nation, we would be able to avoid a conference. If we have to hold a conference, and come back on the final result of the conference report, the debt limit will have expired. This specific amendment was rejected by the House Ways and Means Committee.

Mr. President, I hope the Senate rejects the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Maine (Mr. MUSKIE), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Louisiana (Mr. ELLENDER) and the Senator from North Carolina (Mr. JORDAN) are absent on official business.

I further announce that, if present and voting, the Senator from Georgia (Mr. GAMBRELL) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Iowa (Mr. MILLER), the Senator from Ohio (Mr. SAXBE), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Iowa (Mr. MILLER) would vote "yea."

The result was announced—yeas 32, nays 50, as follows:

[No. 270 Leg.]

YEAS—32

Alken	Dole	Percy
Allott	Fannin	Roth
Beall	Fong	Schweiker
Bellmon	Griffin	Scott
Bennett	Gurney	Smith
Boggs	Hatfield	Stafford
Brock	Hruska	Taft
Buckley	Javits	Thormond
Cook	Jordan, Idaho	Tower
Cotton	Mathias	Welcker
Curtis	Packwood	

NAYS—50

Allen	Burdick	Chiles
Anderson	Byrd	Cooper
Bayh	Harry F., Jr.	Eagleton
Bentsen	Byrd, Robert C.	Eastland
Bible	Cannon	Ervin
Brooke	Case	Fulbright

Hart	McGee	Proxmire
Hartke	McGovern	Randolph
Hollings	McIntyre	Ribicoff
Hughes	Metcalf	Spong
Inouye	Mondale	Stennis
Jackson	Montoya	Stevenson
Kennedy	Moss	Symington
Long	Nelson	Talmadge
Magnuson	Pastore	Tunney
Mansfield	Pearson	Williams
McClellan	Pell	Young

NOT VOTING—18

Baker	Goldwater	Miller
Church	Gravel	Mundt
Cranston	Hansen	Muskie
Dominick	Harris	Saxbe
Ellender	Humphrey	Sparkman
Gambrell	Jordan, N.C.	Stevens

So Mr. GRIFFIN's amendment was rejected.

Mr. LONG. Mr. President, there is at the desk a technical, perfecting amendment changing the title of the bill to take into account the amounts that were agreed upon.

The PRESIDING OFFICER. The Chair would inform the Senator that that should be withheld until the bill has been passed.

The bill is open to further amendment.

Mr. KENNEDY. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read the amendment, as follows:

On page 1, line 5, delete "October 31, 1972" and insert in lieu thereof "October 4, 1972".

Mr. KENNEDY. Mr. President, I do not expect to take any more than 1 minute of the time of the Senate.

The purpose of the amendment, as the membership knows, is to move the date of expiration of the temporary ceiling from October 3, to October 4. At that time the Senate will have given full consideration to the various appropriation bills, and we can act on the debt ceiling in an orderly way, free of the pressure of the adjournment deadline we will undoubtedly feel if we keep the October 31 date.

It is my feeling, and the feeling of the Senator from Virginia, that if we approve the October 31 date, the extension of the debt limitation will probably be the last matter that will be considered before Congress adjourns sine die this fall. It will simply not be given the kind of careful consideration that a matter of such importance, which concerns the economy of our country, should be given.

I have had an opportunity to talk to the chairman of the House Ways and Means Committee. He has indicated to me that he is willing to accept this sort of change of date. He sees absolutely no impediment in the acceptance of this change of date as far as he and his influence in the House are concerned. I think it is a more responsible way for us to proceed in the consideration of the debt limitation.

Mr. LONG. Mr. President, the Senate voted on an amendment by the Senator from Massachusetts just a half hour ago which would have changed the date to October 3. Now he wants to make it October 4. Can the Senator assure me that, if this amendment fails, he is not going to move to make the date October 2 or October 5?

Mr. KENNEDY. The Senator from Louisiana is well aware that there was a parliamentary tangle involved in my previous amendment, and we did not have an opportunity for a clean vote on the merits of it.

I believe that we now have an opportunity to vote on the merits of this amendment and the important principle at stake. I certainly will not ask for any further amendment.

Mr. LONG. Mr. President, I am not willing to take this amendment. The Senator explained this matter to us an hour ago, and it is now 9½ hours until we are officially bankrupt. We have another amendment now that is practically the same as the one we rejected.

I move to table the amendment.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that time on each rollcall from here on out through the remainder of the day consume only 10 minutes, with the warning bell sounded at the end of 5 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The question is on the motion to table the amendment of the Senator from Massachusetts. All those in favor say "aye." Those opposed "no." In the opinion of the Chair, the "ayes" have it—

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. MUSKIE), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Louisiana (Mr. ELLENDER), and the Senator from North Carolina (Mr. JORDAN) are absent on official business.

I further announce that, if present and voting, the Senator from Georgia (Mr. GAMBRELL) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Iowa (Mr. MILLER), the Senator from Ohio (Mr. SAXBE), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Iowa (Mr. MILLER) would vote "yea."

The result was announced—yeas 53, nays 28, as follows:

[No. 271 Leg.]

YEAS—53

Aiken	Anderson	Bennett
Allen	Beall	Bentsen
Allott	Bellmon	Bible

Boggs	Hartke	Percy
Brock	Hatfield	Randolph
Buckley	Hruska	Roth
Byrd, Robert C.	Jackson	Schweiker
Case	Javits	Scott
Cook	Jordan, Idaho	Smith
Cooper	Long	Stafford
Cotton	Magnuson	Stennis
Curtis	Mathias	Taft
Dole	McClellan	Talmadge
Eastland	McGee	Thurmond
Ervin	McIntyre	Tower
Fannin	Packwood	Weicker
Fong	Pastore	Young
Gurney	Pearson	

NAYS—28

Bayh	Hart	Nelson
Brooke	Hollings	Pell
Burdick	Hughes	Proxmire
Byrd,	Inouye	Ribicoff
Harry F., Jr.	Kennedy	Spong
Cannon	Mansfield	Stevenson
Chiles	Metcalf	Symington
Eagleton	Mondale	Tunney
Fulbright	Montoya	Williams
Griffin	Moss	

NOT VOTING—19

Baker	Gravel	Mundt
Church	Hansen	Muskie
Cranston	Harris	Saxbe
Dominick	Humphrey	Sparkman
Ellender	Jordan, N.C.	Stevens
Gambrell	McGovern	
Goldwater	Miller	

So Mr. LONG's motion to lay Mr. KENNEDY's amendment on the table 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 amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 15390) was read the third time.

Mr. ERVIN. Mr. President, I ask to be recorded as voting in the negative.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. ERVIN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. STAFFORD). 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 second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. MUSKIE), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Louisiana (Mr. ELLENDER) and the Senator from North Carolina (Mr. JORDAN) are absent on official business.

I further announce that, if present and voting, the Senator from Georgia (Mr. GAMBRELL), the Senator from Alaska (Mr. GRAVEL), and the Senator from

Minnesota (Mr. HUMPHREY) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Iowa (Mr. MILLER), the Senator from Ohio (Mr. SAXBE), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Iowa (Mr. MILLER) would vote "yea."

On this vote, the Senator from Alaska (Mr. STEVENS) is paired with the Senator from Arizona (Mr. GOLDWATER). If present and voting, the Senator from Alaska would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 78, nays 3, as follows:

[No. 272 Leg.]

YEAS—78

Aiken	Fong	Packwood
Allott	Fulbright	Pastore
Anderson	Griffin	Pearson
Bayh	Gurney	Pell
Beall	Hart	Percy
Bennett	Hartke	Proxmire
Bentsen	Hatfield	Randolph
Bible	Hollings	Ribicoff
Boggs	Hruska	Roth
Brock	Hughes	Schweiker
Brooke	Inouye	Scott
Buckley	Jackson	Smith
Burdick	Javits	Spong
Byrd,	Jordan, Idaho	Stafford
Harry F., Jr.	Kennedy	Stennis
Byrd, Robert C.	Long	Stevenson
Cannon	Magnuson	Symington
Case	Mansfield	Taft
Chiles	Mathias	Talmadge
Cook	McClellan	Thurmond
Cooper	McGee	Tower
Cotton	McIntyre	Tunney
Curtis	Metcalfe	Welcker
Dole	Mondale	Williams
Eagleton	Montoya	Young
Eastland	Moss	
Fannin	Nelson	

NAYS—3

Allen	Bellmon	Ervin
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NOT VOTING—19

Baker	Gravel	Mundt
Church	Hansen	Muskie
Cranston	Harris	Saxbe
Dominick	Humphrey	Sparkman
Ellender	Jordan, N.C.	Stevens
Gambrell	McGovern	
Goldwater	Miller	

So the bill (H.R. 15390) was passed.

Mr. LONG. Mr. President, I have three routine motions to make.

First, Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion was agreed to.

Mr. LONG. Mr. President, there is a technical amendment of a perfecting nature at the desk, merely amending the title to take into account the amendments which were added in the Senate. I ask that the amendment be agreed to.

The PRESIDING OFFICER. Without objection, the title will be amended.

The title was amended, so as to read: "An act to provide for a 4-month extension of the present temporary level in the public debt limitation, and for other purposes."

Mr. LONG. Mr. President, during the debate, there was discussion of the finan-

cial plight of the States and the need to provide some relief to the States to help them with their welfare caseloads.

I want to make it clear that there are at least two bills which we expect to pass during the next 60 days which will provide major fiscal relief to the States. One bill is the revenue sharing bill, and the other is H.R. 1. Between them, these bills contain more than \$7 billion of fiscal relief to the States on an annual basis.

I assure the Senate of my best efforts to enact both these measures.

In the budget is an item of \$1 billion to provide some temporary relief to the States while they are waiting for the answer on H.R. 1, and I am informed that that billion dollars of relief for the States has been dispensed already. I understand that the States are somewhat apprehensive that they might be made to pay it back; but I can assure them that there is no prospect that that will happen.

We will act on the revenue sharing measure, and we will act on H.R. 1. Failing to act on either of these, we would, at a minimum, see to it that what we have already done in favor of assuring the first billion dollars of fiscal relief to the States would be sanctioned by an appropriate resolution of the Senate, if need be.

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

Mr. LONG. I yield.

Mr. JAVITS. We are very interested in revenue sharing, obviously. So that we can all be thinking about it during the next few weeks, I wonder whether the Senator can tell us something about amendments to the revenue sharing bill and what the situation is between us and the other body in respect of any very substantial amendments to the revenue sharing bill.

Mr. LONG. The bill is in the Senate committee. We have commenced hearings on the bill already. We have heard from the administration witnesses, and we have heard from the two principal cosponsors, Mr. BAKER and Mr. HUMPHREY. We will meet promptly, after we have finally disposed of H.R. 1, to make this our prime order of business, our paramount concern, we might say. I cannot predict just how fast we can move with it, but I certainly will try to make it as rapidly as possible.

I assure the Senator that we are having cooperation. For example, there is indication that the Governors did insist on testifying. As a matter of courtesy, I would not deny any Governor the right to be heard before the Committee on Finance on a matter of this importance. But I think they are going to consolidate their testimony and present it by a panel of witnesses and submit supporting statements, disposing of the testimony of all the Governors in a single day. The mayors have indicated a desire to do the same thing. I believe the county commissioners are going to abbreviate their testimony in the same fashion.

If we can move on in that manner, I would think that the measure, which took several months in the House of Representatives, could be moved through the Finance Committee in 2 weeks from the

time we really got down to it; and we are going to be using every available moment to look at this measure.

We have not decided what formula we want to use, but I would think that we obviously would want to make some changes. The House is composed in one fashion. The Senate is composed in another fashion. Those differences would not reflect themselves. I, for one, on a measure like this, would try to think in terms of what the Senate would want to do, not necessarily just for the State of Louisiana which of course I know I represent; but at the same time I will try to put together a measure that will take into account the composition of the Senate because we have to have the approval of some 25 States at a minimum in order to pass such a measure.

Mr. JAVITS. The point of my request is that for States like my own, which is one of the most affluent in the Nation, this is make or break, this year. Thus, I wanted to get the advice of the Senator as to what any of us could do to assure that there would be final action on a revenue-sharing law this year in terms of what we do in the Senate. That was my point.

Mr. LONG. I told the Governors and the mayors and the county commissioners that so far as I was concerned, if the House would send us this bill, it would not die in the Senate. I am not saying what will happen when we send the ball back to the other side of the Capitol Building, but on this side I will do what I can to see that we pass the bill.

Mr. JAVITS. I thank the Senator from Louisiana very much.

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APPOINTMENT OF CONFEREES ON  
H.R. 15390, PUBLIC DEBT LIMITATION

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation, with Senate amendments thereto, disagree to the Senate amendments, and request conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object, I assume they must have amended the title.

Mr. MILLS of Arkansas. I am not certain. I want to go to conference to find out what they have done.

Mr. BYRNES of Wisconsin. We do not even know what they have done in the other body, and we are going to go to conference?

Mr. MILLS of Arkansas. I never do know altogether what they have done in the Senate when I ask for a conference with the Senate. I find out when I get to conference that things have happened that I do not know about.

Mr. BYRNES of Wisconsin. Further reserving the right to object, Mr. Speaker, let me make this clear, that I am very much opposed to the procedures that have been followed and what is being done. I do not want to be unreasonable in terms of the procedures that are used. I assume that the chairman could, if this is objected to at this time, call the Ways and Means Committee together and report out a motion to instruct the Chair to send it to conference.

Mr. MILLS of Arkansas. If the gentleman will yield, that is exactly what the chairman of the committee would propose to do if there is objection.

Mr. BYRNES of Wisconsin. Right. And I do not know that anything really would be served by inconveniencing the Members in that respect. The meeting would not be related to a resolution of the issues on the merits, Mr. Speaker, so I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. PUCINSKI. Mr. Speaker, reserving the right to object, this is the bill on which the Senate had increased social security benefits by 20 percent. Will those

of us who have long agitated for this kind of increase have an opportunity to vote on this kind of issue whenever this goes to conference?

Mr. MILLS of Arkansas. Whatever the conferees might want to do with respect to the social security amendment, under the rules that could not be included as a part of the conference report. I might say to my friend, the gentleman from Illinois, it has to be brought back to the House in disagreement and a separate vote can be had on that type of amendment since it is not germane under the rules of the House to the subject matter of the House-passed bill.

Mr. PUCINSKI. Further reserving the right to object, then do I understand the Members will have an opportunity to vote on that question when it comes back?

Mr. MILLS of Arkansas. That is in accordance with the rules of the House, yes.

Mr. BURTON. Mr. Speaker, reserving the right to object, and I shall not object, may I ask the distinguished chairman of the Ways and Means Committee, or perhaps make a plea. As the distinguished gentleman is fully aware, in addition to AFDC recipients, there are some 3 million persons who receive either aged aid or disabled or blind aid, and unless there is added protective language or disregard language in the bill, all of their social security increase will be denied them, because there will be a dollar-for-dollar offset in their grants.

My plea to the distinguished chairman is as follows: First, if the date of payment requires a retroactive payment, just for administrative simplicity, I ask, that retroactive payment be completely disregarded for all public assistance recipients.

The second plea would be I would urge with all the compassion at my command that the conferees pay notice to the dilemma confronted by these AFDC recipients and the 3 million persons at whatever level of increase in social security benefits may be approved. I think there should be some recognition of the impact on these people. I do not seek any more assurances than just, if you will, the sympathetic review and analysis of that particular question.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. BURTON. I yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. I cannot advise the gentleman whether such a provision is in the Senate-adopted amendment or not. I doubt that it is, frankly, and I do not know what authority within the conference we might have. Certainly I have the same sympathy for this situation as my friend from California has. I do not know whether it is even retroactive or not. I have not had a chance to even look at the amendment, but the gentleman can be assured that if we cannot do something about it here, we shall not forget it, and shall try to do something about it in connection with some other legislation.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. GROSS. Mr. Speaker, further reserving the right to object, if this unanimous consent is agreed to and the conference reaches agreement, would it be the purpose of the gentleman to call the conference report up this afternoon?

Mr. MILLS of Arkansas. I cannot tell the gentleman. I would hope that we could avoid being the ones—that is, the House conferees and the Senate conferees—who would be charged with being the ones that delayed the expected recess of the Congress. It is possible to do it, if everybody cooperates in the conference. Perhaps we can; I do not know. I cannot tell the gentleman “yes” or “no” in response to the inquiry. I do not know that we can have a conference report.

Mr. GROSS. That, too, would require a unanimous consent for approval?

Mr. MILLS of Arkansas. It would require unanimous consent for approval of such a conference report.

Mr. GROSS. Or a rule?

Mr. MILLS of Arkansas. If the conference report is to be called up and acted upon today, yes, or it would take a rule to do it.

Mr. GROSS. Or it would require a rule to do it. This is the same bill.

Mr. MILLS of Arkansas. It is a 4-month extension.

Mr. GROSS. This is the same bill that the House passed recently under a closed rule; is it not?

Mr. MILLS of Arkansas. That is right.

Mr. GROSS. What does it now carry? Four, five, or six, major amendments?

Mr. MILLS of Arkansas. I am not certain. I am not certain, because I just found out that the Senate had passed the bill only a few minutes ago, and it has just come to us.

I do not know whether there is any amendment, I am told, that is germane to the bill under the House rules. Perhaps the amendments—how many there are I do not know—are not germane to the bill under the House rules.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. If anyone is looking for responsibility as to delay, and delay should occur in our adjournment, they do not have to look very far. All they have to do is look to the other body, which put nongermane amendments on a bill of this House.

Mr. GROSS. I certainly agree with the gentleman from Wisconsin. That was exactly the point I was trying to make. If there is any allegation that the House has shirked its duty, that is as fallacious as it can be.

They have had the social security amendment for some 15 months, have they not?

Mr. MILLS of Arkansas. It has been a long time, but we passed the bill, as the gentleman will recall, on June 23, 1971.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

The Chair hears none, and appoints the following conferees: Messrs. MILLS of Arkansas, ULLMAN, BURKE of Massachusetts, BYRNES of Wisconsin, and BETTS.



June 30, 1972

CONGRESSIONAL RECORD — SENATE

S 10907

The PRESIDING OFFICER (Mr. STAFFORD) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt limitation, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MANSFIELD. I move that the Senate insist upon its amendments and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. LONG, Mr. ANDERSON, Mr. TALMADGE, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

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PUBLIC DEBT; SOCIAL SECURITY BENEFIT INCREASE

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JUNE 30, 1972.—Ordered to be printed

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Mr. MILLS of Arkansas, from the committee of conference,  
submitted the following

CONFERENCE REPORT

[To accompany H.R. 15390]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15390) to provide for a four-month extension of the present temporary level in the public debt limitation, having met, after full and free conference, have been unable to agree.

## JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15390) to provide for a four-month extension of the present temporary level in the public debt limitation, report that the conferees have been unable to agree.

Amendment No. 1: The Senate amendment amends section 165(h) of the Internal Revenue Code of 1954 (relating to disaster losses) to provide that any loss attributable to a disaster which occurs during the first 6 calendar months of the taxable year in an area subsequently determined by the President to warrant assistance by the Federal Government under the Disaster Relief Act of 1970 may, at the election of the taxpayer, be deducted for the taxable year immediately preceding the taxable year in which the disaster occurred. Existing law has a similar provision (existing section 165(h) of the Code), except that the taxpayer may elect under this existing provision only if the disaster occurs on or before the due date for the return (April 15 in the case of a calendar year individual taxpayer). Under the Senate amendment, this change in the law applies to disasters which occur after December 31, 1971. Thus, for example, a calendar year taxpayer who has suffered a loss on or before June 30, 1972, which qualifies under section 165(h) of the Code may elect to deduct that loss against the income which he had for his taxable year ending December 31, 1971.

The amendment is reported in disagreement.

### AMENDMENT NO. 2; INCREASE IN SOCIAL SECURITY BENEFITS

The Senate amendment added to the House bill a new title II providing a 20 percent increase in social security benefits and making related changes in the OASDI program. In addition to the benefit increase (which applies also to benefits for certain individuals age 72 and over), the amendment—

(1) provided for automatic increases in social security benefits (which could first become effective in January 1975) to reflect rises in the cost of living;

(2) provided for automatic increases in the contribution and benefit base (i.e., the amount of earnings which can be taken into account for tax and benefit purposes) whenever an automatic cost-of-living increase in benefit occurs, and in the meanwhile increases the present contribution and benefit base from \$9,000 to \$10,800 for 1973 and \$12,000 for 1974;

(3) made appropriate adjustments in the rates of the social security taxes (both OASDI and III) to assure adequate financing for the benefit increase; and

(4) made appropriate adjustments in the rate of allocation to the Disability Insurance Trust Fund. The amendment is reported in disagreement.

The Senate amended the title of the bill to reflect the additional material added by amendments numbered 1 and 2. The amendment is reported in disagreement.

(2)

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Under normal circumstances, Mr. Speaker, a conference report is filed, it either lays over under the rule for 3 days—

The SPEAKER. The Chair will ask the gentleman from Wisconsin to please state his parliamentary inquiry.

Mr. BYRNES of Wisconsin. Mr. Speaker, my first parliamentary inquiry involves a question, and the question is: Why does this conference report differ, and why does this not follow the normal rules of the House with regard to laying over with respect to the required legislative days?

The SPEAKER. The Chair will state to the gentleman from Wisconsin that the conference report was reported back in complete disagreement from the conference committee.

Mr. BYRNES of Wisconsin. Mr. Speaker, may I point out that I was a member of this conference. We reached agreement in the conference. The conferees agreed, on two votes, supported by a majority—and I was not a party to that majority vote—but the vote was to recede and concur with the Senate amendments, and the Senate, of course, accepted that action by the House, and we therefore broke up in agreement.

We had receded, the Senate had accepted our receding.

So. Mr. Speaker, my second parliamentary inquiry is why have we come back in disagreement when we did agree?

The SPEAKER. The Chair will state to the gentleman from Wisconsin that the Chair has knowledge only of what is shown in the conference report.

Mr. MILLS of Arkansas: If I may be heard on the parliamentary inquiry, Mr. Speaker, for the purpose of responding to the gentleman from Wisconsin, actually, the rules of the House preclude the conference committee on the part of the House from formal agreement of amendments that are not germane to the subject matter of a House-passed bill. Now, these two amendments, as the gentleman from Wisconsin knows, comply with the rules of the House in that respect; they are not germane to the bill. The conference committee could do nothing more in conference than informal action. The formal action is what we have taken here.

Mr. BYRNES of Wisconsin. I wonder, I would ask the gentleman, if we could still have a little time to just clear this up—I wonder why we went to conference if there was nothing we could discuss in conference, because we had no authority to agree to any of the amendments because they were all outside of our jurisdiction, being nongermane.

Mr. MILLS of Arkansas. There is nothing strange about this procedure. This procedure is followed every year by each of the subcommittees of the Committee on Appropriations when they cannot agree to something as part of a conference committee, because there is no authorization for it in law, and if we get into that, we bring that agreement back in disagreement, and then the manager of the bill on the floor of the House makes a motion to recede and concur, or recede and concur with an amendment, or to

insist upon the House position. We do that all the time.

Mr. BYRNES of Wisconsin. May I say to the chairman that in those situations, I have always found that a report has been filed, and we come back in disagreement. Here we know that there has been an agreement made.

Mr. MILLS of Arkansas. There cannot be an agreement under the rules of the House other than informal agreement.

Mr. BYRNES of Wisconsin. Mr. Speaker, maybe I have, in asking the gentleman these questions, confused the House more than they were before, but I did feel that there were a number of Members, Mr. Speaker, who had been unable to understand the procedure. Frankly, I do not believe that very much light has been shed on it.

Mr. HALL. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. HALL. Mr. Speaker, my parliamentary inquiry is this: At what point could a point of order against further consideration of the conference report, either in alleged disagreement or otherwise, be lodged?

The SPEAKER. The Chair will state to the gentleman from Missouri that that can be done at this point.

#### POINT OF ORDER

Mr. HALL. Mr. Speaker, I make a point of order against consideration of the conference report, albeit we understand it is in full "disagreement," but we also know the fine print of the rules of the House whereby this procedure could be deemed possible and drawn out by a circuitous route in a tenuous mind, and immediately thereafter move to recede on each issue.

My point of order is that this is in fact consideration of such a report. It is a travesty upon the rights and privileges of each individually elected Member of Congress. It is the use of a device which has been decreed, and is in the process of consideration of change by the Joint Committee on Continued Congressional Operations, and I believe it should not be considered under these circumstances.

The SPEAKER. The precedents are clear.

Where conferees report in disagreement all of the amendments of the Senate no action is taken on the report. It is filed, ordered printed and called up and read before further action is taken on the amendments in disagreement.

Where the conferees report they have been unable to agree on all amendments submitted to them the report is not acted on and the Speaker directs the Clerk to report the amendments in disagreement.

That is what the Chair is getting ready to do.

Mr. RHODES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RHODES. Mr. Speaker, as I understand the parliamentary situation that will prevail, there are two amend-

#### CONFERENCE REPORT ON H.R. 15390, EXTENSION OF PRESENT TEMPORARY LEVEL IN PUBLIC DEBT LIMITATION

Mr. MILLS of Arkansas. Mr. Speaker, I call up the conference report on the bill (H.R. 15390) to provide for a 4-month extension of the present temporary level in the public debt ceiling.

The SPEAKER. The Clerk will read the conference report.

The Clerk read the conference report. (For conference report, see prior proceedings of today.)

#### AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Page 1, after line 5, insert:

SEC. 2. (a) Section 165(h)(1) of the Internal Revenue Code of 1954 (relating to disaster losses) is amended to read as follows:

"(1) attributable to a disaster which occurs during the period after the close of the taxable year and on or before the last day of the 6th calendar month beginning after the close of the taxable year, and"

(b) The amendment made by subsection (a) shall apply to disasters occurring after December 31, 1971, in taxable years ending after such date.

#### PARLIAMENTARY INQUIRIES

Mr. BYRNES of Wisconsin. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BYRNES of Wisconsin. Mr. Speaker, I make this parliamentary inquiry so that the Members of the House can be apprised of the parliamentary situation which we are in.

ments which will be offered and then a motion will be offered, presumably by the gentleman from Arkansas, to recede and concur.

At that time, Mr. Speaker, is that motion divisible?

The SPEAKER. It is.

Mr. RHODES. Mr. Speaker, a further parliamentary inquiry—if the motion to recede is carried, then a motion to concur is then in order; is that correct?

The SPEAKER. That is part of the pending motion to recede and concur.

Mr. RHODES. But further, a motion of a higher order would be a motion to concur in the amendment?

The SPEAKER. That is correct—after the House has receded.

Mr. RHODES. Mr. Speaker, my parliamentary inquiry is this.

There is only one copy of the so-called amendment which is available in the Chamber. I have not been able to get a copy of it in order to draft an amendment which I would otherwise draft to change the social security portions of the raise to a different figure.

Do not the rules of the House provide that each Member should be provided with a copy of the amendment to be offered like this so that amendments could be perfected and submitted at the appropriate time?

The SPEAKER. The Chair knows of no such rule.

Mr. RHODES. I thank the Speaker.

Mr. HALL. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HALL. Is it true, Mr. Speaker, that if any one of the motions made by the chairman of the Committee on Ways and Means was voted down by the House, then the entire conference report would go down with that divided portion?

The SPEAKER. If the motion were voted down then there would have to be a further motion to dispose of the Senate amendment.

Mr. MILLS of Arkansas. Mr. Speaker, before I move to recede and concur in this amendment I would like to take a moment to explain it.

The first amendment made to the bill relates to the immediate deduction as casualty loss of the flood losses which recently occurred.

Under present law, if a casualty loss results from a presidentially proclaimed disaster before the income tax return filing date—which for substantially all individuals means between January 1 and April 15—then the taxpayer may elect to treat the loss as though it had occurred in the last taxable year. This means that he can file his return, or an amended return, and deduct the loss from last year's income. The taxpayer thereby receives whatever tax benefit he would be otherwise entitled to—reduction of income taxes to be paid or refund of income taxes already paid—promptly, instead of having to wait until the following year to claim the deduction. However, under present law, if, for example,

an individual suffered damages from floods in June of 1972, then he must wait until early 1973, when he files his income tax return for 1972, before he can deduct his losses from these floods.

This amendment extends to these presidentially proclaimed disasters in the first 6 months of the taxable year the same treatment that present law provides for such disasters occurring, in the case of individuals in the first 3½ months of the taxable year and in the case of corporations in the first 2½ months of the year. This will enable those who suffered from the recent floods to file claims for refund based upon a recalculation of their 1971 incomes, deducting from their 1971 incomes the amount of their casualty losses from these floods. This will provide funds that can be used promptly to rebuild lost homes and property. This provision will also be available for similar losses in the future.

I have been assured by the Treasury Department that the Internal Revenue Service will provide assistance to taxpayers to determine the amount of their damage and to file their refund claims and that the Internal Revenue Service will do everything possible to expedite the payment of those refunds.

I would not ask the House to agree to this amendment but for the urgency of this particular situation and the assurances of the Treasury Department that prompt congressional action will result in prompt tax relief to those people who have been so unfortunate as to suffer damages from these floods. The relief is not new, in the sense that it builds upon an existing provision in the law. The Internal Revenue Service has already had experience in administering the existing law. The provision will speed up tax benefits, but it probably will have no effect upon tax revenues during fiscal 1973, merely hastening by about 9 months the time when the refunds will be made to the taxpayers.

The need is widespread. Disasters to which this amendment applies have occurred since April 15 in Tennessee, Kentucky, Texas, Washington, North Dakota, South Dakota, Florida, Virginia, Pennsylvania, New York, and California.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I am glad to yield to the gentleman from Washington.

Mr. McCORMACK. The gentleman has just read a series of States in which damage was sustained as a result of the hurricane. I presume that this is not exclusive of other States which suffered damage?

Mr. MILLS of Arkansas. Oh, not at all. There may be other States. It applies to all States in which a Presidential declared disaster has occurred.

Mr. McCORMACK. I should like to point out that the State of Washington was also declared a disaster area by the President.

Mr. MILLS of Arkansas. If the President declares an area a disaster area it

would qualify. However, he must so declare it before the State would qualify for this provision.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. Are we now considering a limitation on the debt ceiling or an increase in the debt ceiling?

Mr. MILLS of Arkansas. We are considering a nongermane amendment that we brought back to the House, because we could not, under the rules of the House, agree to a nongermane amendment. The rules of the House say specifically that such an amendment, even if there is a desire on the part of the House conferees to agree to it, has to be brought back for a separate vote as an amendment in disagreement.

Mr. GROSS. Mr. Speaker, will the gentleman yield further?

Mr. MILLS of Arkansas. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. To what is the nongermane amendment attached?

Mr. MILLS of Arkansas. It is attached to the debt ceiling.

Mr. GROSS. That is what bill?

Mr. MILLS of Arkansas. They did not amend the debt ceiling provision in the bill. It is exactly as it passed the House. These are two amendments bringing up nongermane material.

Mr. GROSS. So this is the way we are determining when a conference report is not a conference report; is that correct?

Mr. MILLS of Arkansas. All I am doing is following the rules of the House. I would have liked to agree to these amendments in conference and to bring them back, but because I done so in conference report itself would have been subject to a point of order.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I am glad to yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Suppose a person has flood insurance and suffers a loss. Would he be able also to deduct that loss from his income taxes?

Mr. MILLS of Arkansas. No, not if they are protected by flood insurance.

Mr. MONTGOMERY. The flood insurance received would offset what would be claimed in the total loss, would it not?

Mr. MILLS of Arkansas. Yes. An individual or corporation cannot take a deduction against income for the amount of any loss which is covered by insurance.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I am glad to yield to the gentleman from Texas.

Mr. BROOKS. I should like to ask the distinguished chairman of the Committee on Ways and Means if a copy of the amendment we are considering is available to any Members of this Congress?

Mr. MILLS of Arkansas. It is not except in the official papers.

Mr. BROOKS. Would it be possible in the future for a committee with the responsibility that this one has to have a thermofax copy made for all Members? It would not take but about 10 minutes to do so. There is a copying machine in the Chamber. I think it is a travesty on the rules of House that we come in here late at night to consider an amendment that I may well support but one which I have not had an opportunity to read and no one else has. I think it is really a disgrace.

We should figure out a way to improve this procedure. We ought to have a copy available. It does not take long, Mr. Speaker.

Mr. MILLS of Arkansas. I do not like this procedure for bringing the matter up. However, I do not want the Members to have to be back here on Wednesday or Thursday to consider this when all the Members are looking forward to getting away from here for a brief period. I did not have the time to thermofax the amendments. They adopted this amendment in the Senate this afternoon not long before we went to conference.

Mr. BROOKS. It does not take that

long, Mr. Chairman, frankly, to make copies.

Mr. MILLS of Arkansas. When you consider the fact that we had to spend our time until a little while ago in conference, we had very little time to prepare copies, even if it had been suggested.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I think I can assure the House, Mr. Speaker, that as far as this amendment is concerned, it really does not change anyone's tax liability. It does, however, make it possible for those people who have suffered a loss this year, for instance, between April 15 and the end of June, not to have to wait to receive a refund on their taxes—because of that casualty loss—until next year. That is really what we are trying to do here.

Mr. MILLS of Arkansas. Exactly.

Mr. BYRNES of Wisconsin. If a person wants to wait that long, he can wait, but we do make it possible for him to be in the same position as a person who might suffer a casualty in February. At present he may file his tax return in

April and he can show that casualty loss as a loss against his previous year's income. What we are doing is merely extending that, and I do not think anyone need worry as far as this particular amendment, that it is extremely complex, or that there is anything controversial really about it.

MOTION OFFERED BY MR. MILLS OF ARKANSAS

Mr. MILLS of Arkansas. Mr. Speaker, I move to recede and concur in the Senate amendment No. 1.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 1, after line 5, insert:

TITLE II—AMENDMENTS TO THE SOCIAL SECURITY PROGRAM

INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS, AND IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 OR OVER

SEC. 201. (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

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 1971 Act)	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—		
-----	\$16.20	\$70.40	-----	\$78	\$84.50	\$128.80
\$16.21	16.84	71.50	\$77	78	85.80	128.80
16.85	17.60	73.10	79	80	87.80	131.70
17.61	18.40	74.50	81	81	89.40	134.20
18.41	19.24	75.80	82	83	91.00	136.50
19.25	20.00	77.40	84	85	92.90	139.40
20.01	20.64	78.80	86	87	94.60	141.90
20.65	21.28	80.10	88	89	96.20	144.30
21.29	21.88	81.70	90	90	98.10	147.20
21.89	22.28	83.10	91	92	99.80	149.70
22.29	22.68	84.60	93	94	101.40	152.20
22.69	23.08	85.80	95	96	103.00	154.50
23.09	23.44	87.40	97	97	104.90	157.40
23.45	23.76	88.90	98	99	106.70	160.10
23.77	24.20	90.60	100	101	108.80	163.20
24.21	24.60	91.90	102	102	110.30	165.50
24.61	25.00	93.40	103	104	112.10	168.20
25.01	25.48	95.10	105	106	114.20	171.30
25.49	25.92	96.60	107	107	116.00	173.90
25.93	26.40	98.20	108	109	117.90	176.90
26.41	26.94	99.70	110	113	119.70	179.60
26.95	27.45	101.10	114	118	121.40	182.10
27.47	28.00	102.70	119	122	123.30	185.00
28.01	28.65	104.20	123	127	125.10	187.70
28.69	29.25	105.90	128	132	127.10	190.70
29.26	29.68	107.30	133	136	128.80	193.20
29.69	30.36	108.70	137	141	130.50	195.80
30.37	30.92	110.40	142	146	132.60	198.80
30.93	31.36	111.90	147	150	134.30	201.50
31.37	32.00	113.30	151	155	136.00	204.00
32.01	32.60	115.00	156	160	138.00	207.00
32.61	33.20	116.40	161	164	139.70	209.60
33.21	33.88	118.00	165	169	141.60	212.40
33.89	34.50	119.50	170	174	143.40	215.20
34.51	35.00	121.00	175	178	145.20	217.80
35.01	35.80	122.60	179	183	147.20	220.80
35.81	36.40	124.00	184	188	148.50	223.20
36.41	37.08	125.70	189	193	149.80	225.40
37.09	37.60	127.20	194	197	152.70	228.40
37.61	38.20	128.60	198	202	154.40	231.60
38.21	39.12	130.30	203	207	156.40	234.60
39.13	39.68	131.80	208	211	158.20	237.30
39.69	40.33	133.10	212	216	159.80	239.70
40.34	41.12	134.80	217	221	161.80	242.70
41.13	41.76	136.30	222	225	163.60	245.40
41.77	42.44	137.90	226	230	165.50	248.30
42.45	43.20	139.40	231	235	167.30	251.00
43.21	43.76	141.10	236	239	169.40	254.10
43.77	44.44	142.50	240	244	171.00	257.80
44.45	44.88	143.90	245	249	172.70	261.30
44.89	45.60	145.60	250	253	174.80	264.80
		147.10	254	258	176.60	267.60
		148.40	259	263	178.10	271.80
		150.10	264	267	180.20	275.00
		151.60	268	272	182.00	287.30

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1971 Act)	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—		
		\$153.20	\$273	\$277	\$183.90	\$292.60
		154.70	278	281	185.70	296.80
		156.20	282	286	187.50	302.10
		157.90	287	291	189.50	307.40
		159.20	292	295	191.10	311.60
		160.90	296	300	193.10	316.80
		162.40	301	305	194.30	322.10
		163.80	306	309	196.60	328.40
		165.50	310	314	198.60	331.70
		166.90	315	319	200.30	337.00
		168.30	320	323	202.00	341.20
		170.00	324	328	204.00	346.50
		171.50	329	333	205.80	351.80
		173.20	334	337	207.90	356.00
		174.50	338	342	209.40	361.20
		176.00	343	347	211.20	366.60
		177.70	348	351	213.30	370.70
		179.10	352	356	215.00	376.00
		180.80	357	361	217.00	381.30
		182.20	362	365	218.70	385.50
		183.60	366	370	220.40	390.80
		185.30	371	375	222.40	396.00
		186.80	376	379	224.20	400.40
		188.50	380	384	226.20	405.60
		189.80	385	389	227.80	410.90
		191.30	390	393	229.60	415.10
		193.00	394	398	231.60	420.40
		194.40	399	403	233.30	425.70
		196.10	404	407	235.40	429.90
		197.40	408	412	236.90	435.20
		198.80	413	417	238.60	440.40
		200.20	418	421	240.30	444.60
		201.80	422	426	242.20	449.90
		203.10	427	431	243.80	455.20
		204.50	432	436	245.40	460.50
		206.10	437	440	247.40	465.80
		207.40	441	445	248.90	465.30
		208.80	446	450	250.60	467.90
		210.40	451	454	252.50	470.00
		211.70	455	459	254.10	472.60
		213.10	460	464	255.80	476.20
		214.50	465	468	257.40	477.40
		216.10	469	473	259.40	480.00
		217.40	474	478	260.90	482.70
		218.80	479	482	262.60	484.80
		220.40	483	487	264.50	487.50
		221.70	488	492	266.10	490.10
		223.10	493	496	267.80	492.20
		224.70	497	501	269.70	494.80
		226.00	502	506	271.20	497.40
		227.40	507	510	272.90	499.60
		228.80	511	515	274.60	502.20
		230.30	516	520	276.40	504.90
		231.70	521	524	278.10	506.90

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 1971 Act)	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—		
		\$233.10	\$525	\$529	\$279.80	\$509.60
		234.70	530	534	281.70	412.20
		236.00	535	538	283.20	514.40
		237.40	539	543	284.90	517.00
		239.00	544	548	286.80	519.60
		240.80	549	553	288.40	522.30
		241.70	554	556	290.10	523.80
		242.90	557	560	291.50	526.00
		244.20	561	563	293.10	527.60
		245.50	564	567	294.60	529.70
		246.80	568	570	296.20	531.30
		248.00	571	574	297.60	533.30
		249.30	575	577	299.20	535.00
		250.50	578	581	300.60	537.00
		251.80	582	584	302.20	539.60
		253.00	585	588	303.60	540.80
		251.40	589	591	305.30	542.30
		255.50	592	595	306.80	544.50
		256.90	596	598	308.30	546.00
		258.10	599	602	309.80	548.20
		259.40	603	605	311.30	549.80
		260.60	606	609	312.80	551.80
		262.00	610	612	314.40	553.50
		263.20	613	616	315.90	555.50
		264.50	617	620	317.40	557.70
		265.70	621	623	318.90	559.20
		267.00	624	627	320.40	561.40
		268.20	628	630	321.90	563.30
		269.50	631	634	323.40	565.10
		270.80	635	637	325.00	568.70
		272.10	638	641	326.60	571.50
		273.30	642	644	328.00	574.00
		274.60	645	648	329.60	576.80
		275.80	649	652	331.00	579.30
		276.60	653	656	332.00	581.00
		277.40	657	660	332.90	582.60
		278.40	661	665	334.10	584.70
		279.40	666	670	335.30	586.80
		280.40	671	675	336.50	589.00
		281.40	676	680	337.70	591.00
		282.40	681	685	338.90	593.10
		283.40	686	690	340.10	595.20
		284.40	691	695	341.30	597.30
		285.40	699	700	342.50	599.40
		286.40	701	705	343.70	601.50
		287.40	706	710	344.90	603.60
		288.40	711	715	346.10	605.70
		289.40	716	720	347.30	607.80
		290.40	721	725	348.50	609.90
		291.40	726	730	349.70	612.00
		292.40	731	735	350.90	614.10
		293.40	736	740	352.10	616.20

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 1971 Act)	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—		
		\$294.40	\$741	\$745	\$353.30	\$618.30
		295.40	746	750	354.50	620.40
			751	755	355.50	622.20
			756	760	356.50	623.90
			761	765	357.50	625.70
			766	770	358.50	627.40
			771	775	359.50	629.20
			776	780	360.50	630.90
			781	785	361.50	632.70
			786	790	362.50	634.40
			791	795	363.50	636.20
			796	800	364.50	637.90
			801	805	365.50	639.70
			806	810	366.50	641.40
			811	815	367.50	643.20
			816	820	368.50	644.90
			821	825	369.50	646.70
			826	830	370.50	648.40
			831	835	371.50	650.20
			836	840	372.50	651.90
			841	845	373.50	653.70
			846	850	374.50	655.40
			851	855	375.50	657.20
			856	860	376.50	658.90
			861	865	377.50	660.70
			866	870	378.50	662.40
			871	875	379.50	664.20
			876	880	380.50	665.90
			881	885	381.50	667.70
			886	890	382.50	669.40
			891	895	383.50	671.20
			896	900	384.50	672.90
			901	905	385.50	674.70
			906	910	386.50	676.40
			911	915	387.50	678.20
			916	920	388.50	679.90
			921	925	389.50	681.70
			926	930	390.50	683.40
			931	935	391.50	685.20
			936	940	392.50	686.90
			941	945	393.50	688.70
			946	950	394.50	690.40
			951	955	395.50	692.20
			956	960	396.50	693.90
			961	965	397.50	695.70
			966	970	398.50	697.40
			971	975	399.50	699.20
			976	980	400.50	700.90
			981	985	401.50	702.70
			986	990	402.50	704.40
			991	995	403.50	706.20
			996	1,000	404.50	707.90

(b) Section 203(a) of such Act is amended by striking out paragraph (2) 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 August 1972 on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection were applicable in January 1971 or any prior month in determining the total of the benefits for persons entitled for any such month on the basis of such wages and self-employment income, such total of benefits for September 1972 or any subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title for August 1972 (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), for each person for such month, by 120 percent and raising 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 (1) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for September 1972, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for September 1972, or".

(c) Section 215(a) of such Act is amended by striking out the matter which precedes the table and inserting in lieu thereof the following:

"(a) The primary insurance amount of an insured individual shall be determined as follows:

"(1) Subject to the conditions specified in subsection (b), (c), and (d) of this section and except as provided in paragraph (6) of this subsection, such primary insurance amount shall be whichever of the following amounts is the largest:

"(A) the amount in column IV of the following table on the line on which in column III of such table appears his average monthly wage (as determined under subsection (b));

"(B) the amount in column IV of such table on the line on which in column II appears his primary insurance amount (as determined under subsection (c)); or

"(C) the amount in column IV of such table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)).

"(2) 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, such primary insurance amount shall be the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table and in the following month became entitled to an old-age insurance benefit, or he died in such following month then his primary insurance amount then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c))

instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined)."

(d) Section 215(b)(4) of such Act is amended by striking out "December 1970" each time it appears and inserting in lieu thereof "August 1972".

(e) Section 215(c) of such Act is amended to read as follows:

"Primary Insurance Amount Under Act of March 17, 1971

"(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 on the basis of the law in effect prior to September 1972.

"(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 September 1972, or who died before such month."

(f) Section 215(f)(2) of such Act is amended by striking out "(a)(1) and (3)" and inserting in lieu thereof "(a)(1) (A) and (C)".

(g)(1)(A) Section 227(a) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00", and by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(B) Section 227(b) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00".

(2)(A) Section 228(b)(1) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00".

(B) Section 228(b)(2) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00", and by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(C) Section 228(c)(2) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(D) Section 228(c)(3)(A) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00".

(E) Section 228(c)(3)(B) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(h)(1) Section 203(a) of the Social Security Act (as amended by subsection (b) of this section) is further amended by striking out "or" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", or", and by inserting after paragraph (3) the following new paragraph:

"(4) notwithstanding any other provision of law, when—

"(A) two or more persons are entitled to monthly benefits for a particular month on the basis of the wages and self-employment income of an insured individual and (for such particular month) the provisions of this subsection and section 202(q) are applicable to such monthly benefits, and

"(B) such individual's primary insurance amount is increased for the following month under any provision of this title,

then the total of monthly benefits for all persons on the basis of such wages and self-employment income for such particular month, as determined under the provisions of this subsection, shall for purposes of determining the total monthly benefits for all persons on the basis of such wages and self-employment income for months subsequent to such particular month to be considered to have been increased by the smallest amount that would have been required in order to assure that the total of monthly benefits payable on the basis of such wages

and self-employment income for any such subsequent month will not be less (after the application of the other provisions of this subsection and section 202(q)) than the total of monthly benefits (after the application of the other provisions of this subsection and section 202(q)) payable on the basis of such wages and self-employment income for such particular month."

(2) In any case in which the provisions of section 1002(b)(2) of the Social Security Amendments of 1969 were applicable with respect to benefits for any month in 1970, the total of monthly benefits as determined under section 203(a) of the Social Security Act shall, for months after 1970, be increased to the amount that would be required in order to assure that the total of such monthly benefits (after the application of section 202(q) of such Act) will not be less than the total of monthly benefits that was applicable (after the application of such sections 203(a) and 202(q)) for the first month for which the provisions of such section 1002(b)(2) applied.

(1) The amendments made by this section (other than the amendments made by subsections (g) and (h)) shall apply with respect to monthly benefits under title II of the Social Security Act for months after August 1972 and with respect to lump-sum death payments under such title in the case of deaths occurring after such month. The amendments made by subsection (g) shall apply with respect to monthly benefits under title II of such Act for months after August 1972. The amendments made by subsection (h)(1) shall apply with respect to monthly benefits under title II of such Act for months after December 1971.

#### AUTOMATIC ADJUSTMENTS IN BENEFITS AND IN THE CONTRIBUTION AND BENEFIT BASE

##### Adjustments in Benefits

SEC. 202. (a)(1) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:

##### "Cost-of-Living Increases in Benefits

"(1)(1) For purposes of this subsection—

"(A) the term 'base quarter' means (i) the calendar quarter ending on June 30 in each year after 1972, or (ii) any other calendar quarter in which occurs the effective month of a general benefit increase under this title;

"(B) the term 'cost-of-living computation quarter' means a base quarter, as defined in subparagraph (A)(i), in which the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, such Index in the later of (i) the last prior cost-of-living computation quarter which was established under this subparagraph, or (ii) the most recent calendar quarter in which occurred the effective month of a general benefit increase under this title; except that there shall be no cost-of-living computation quarter in any calendar year in which a law has been enacted providing a general benefit increase under this title or in which such a benefit increase becomes effective; and

"(C) the Consumer Price Index for a base quarter, a cost-of-living computation quarter, or any other calendar quarter shall be the arithmetical mean of such index for the 3 months in such quarter.

"(2)(A)(i) The Secretary shall determine each year beginning with 1974 (subject to the limitation in paragraph (1)(B) and to subparagraph (E) of this paragraph) whether the base quarter (as defined in paragraph (1)(A)(i)) in such year is a cost-of-living computation quarter.

"(ii) If the Secretary determines that such base quarter is a cost-of-living computation quarter, he shall, effective with the month of January of the next calendar year (subject to subparagraph (E)) as provided in subparagraph (B), increase the benefit amount of each individual who for such

month is entitled to benefits under section 227 or 228, and the primary insurance amount of each other individual under this title, by an amount derived by multiplying each such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the nearest one-tenth of 1 percent) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such index for the most recent prior calendar quarter which was a base quarter under paragraph (1)(A)(ii) or, if later, the most recent cost-of-living computation quarter under paragraph (1)(B). Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply (subject to subparagraph (E)) in the case of monthly benefits under this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, and in the case of lump-sum death payments with respect to deaths occurring after December of such calendar year.

"(C)(1) When ever the level of the Consumer Price Index as published for any month exceeds by 2.5 percent or more the level of such index for the most recent base quarter (as defined in paragraph (1)(A)(d)) or, if later, the most recent cost-of-living computation quarter, the Secretary shall (within 5 days after such publication) report the amount of such excess to the House Committee on Ways and Means and the Senate Committee on Finance.

"(ii) Whenever the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance of such determination on or before August 15 of such calendar year, indicating the amount of the benefit increase to be provided, his estimate of the extent to which the cost of such increase would be met by an increase in the contribution and benefit base under section 230 and the estimated amount of the increase in such base, the actuarial estimates of the effect of such increase, and the actuarial assumptions and methodology used in preparing such estimates.

"(D) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall punish in the Federal Register on or before November 1 of such calendar year a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be the amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been most recently revised by another law or pursuant to this paragraph); and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

"(i) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall reflect the year in which the primary insurance amounts set forth in column IV of the table immediately prior to its revision were effective.

"(ii) The amounts on each line of column I and column III, except as otherwise provided by clause (v) of this subparagraph, shall be the same as the amounts appearing

in each such column in the table immediately prior to its revision.

"(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

"(iv) The amounts on each line of column IV and column V shall be increased from the amounts shown in the table immediately prior to its revision by increasing each such amount by the percentage specified in subparagraph (A)(ii) of this paragraph. The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(v) If the contribution and benefit base (determined under section 230) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV, and V of such table shall be extended. The amounts on each additional line of column III shall be the amounts on the preceding line increased by \$5 until in the last such line of column III the second figure is equal to one-twelfth of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised. The amount on each additional line of column IV shall be the amount on the preceding line increased by \$1.00, until the amount on the last line of such column is equal to the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised (as determined under section 230) over such base for the calendar year in which the table of benefits is revised. The amount in each additional line of column V shall be equal to 1.75 times the amount on the same line of column IV. Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(E) Notwithstanding a determination by the Secretary under subparagraph (A) that a base quarter in any calendar year is a cost-of-living computation quarter (and notwithstanding any notification or publication thereof under subparagraph (C) or (D)), no increase in benefits shall take effect pursuant thereto, and such quarter shall be deemed not to be a cost-of-living computation quarter, if during the calendar year in which such determination is made a law providing a general benefit increase under this title is enacted or becomes effective.

"(3) As used in this subsection, the term 'general benefit increase under this title' means an increase (other than an increase under this subsection) in all primary insurance amounts on which monthly insurance benefits under this title are based."

(2)(A) Effective January 1, 1974, section 203(a) of such Act is amended by striking out "the table in section 215(a)" in the matter preceding paragraph (1) and inserting in lieu thereof "the table in or deemed to be in section 215(a)".

(B) Effective January 1, 1974, section 203(a)(2) of such Act (as amended by section 201(b) of this Act) is further amended to read as follows:

"(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 January 1971 or any prior month on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection as in effect for any such month were applicable in determining the benefit amount of any persons on the basis of such wages and

self-employment income, the total of benefits for any month after January 1971 shall not be reduced to less than the largest of—

"(A) the amount determined under this subsection without regard to this paragraph,

"(B) the largest amount which has been determined for any month under this subsection for persons entitled to monthly benefits on the basis of such insured individual's wages and self-employment income, or

"(C) if any persons are entitled to benefits on the basis of such wages and self-employment income for the month before the effective month (after September 1972) of a general benefit increase under this title (as defined in section 215(i)(3)) or a benefit increase under the provisions of section 215(i), an amount equal to the sum of amounts derived by multiplying the benefit amount determined under this title for the month before such effective month including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), for each such person for such month, by a percentage equal to the percentage of the increase provided under such benefit increase (with any such increased amount which is not a multiple of \$0.10 being rounded to the next higher multiple of \$0.10);

but in any such case (1) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B) or (C), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for a month, and ceases to apply for a month after such month, the provisions of subparagraph (B) or (C) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for the last month for which subparagraph (B) or (C) was applicable, or".

(3)(A) Effective January 1, 1975, section 215(a) of such Act (as amended by section 201(c) of this Act) is further amended—

(i) by inserting "(or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (1)(2)(D))" after "the following table" in paragraph (1)(A); and

(ii) by inserting "(whether enacted by another law or deemed to be such table under subsection (1)(2)(D))" after "effective month of a new table" in paragraph (2).

(B) Effective January 1, 1975, section 215(b)(4) of such Act (as amended by section 201(d) of this Act) is further 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 to benefits under section 202(a) or section 223 in or after the month in which a new table that appears in (or is deemed by subsection (1)(2)(D) to appear in) subsection (a) becomes effective; or

"(B) who dies in or after the month in which such table becomes effective 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)."

(C) Effective January 1, 1975, section 215(c) of such Act (as amended by section 201(e) of this Act) is further amended to read as follows:

**"Primary Insurance Amount Under Prior Provisions**

"(c)(1) For the purposes of column II of the latest table that appears in (or is deemed to appear in) subsection (a) of this section, an individual's primary insurance amount shall be computed on the basis of the law in effect prior to the month in which the latest such table became effective.

"(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, or who died, before such effective month."

(4) Effective January 1, 1975, sections 227 and 228 of such Act (as amended by section 201(g) of this Act) are further amended by striking out "\$58.00" wherever it appears and inserting in lieu thereof "the larger of \$58.00 or the amount most recently established in lieu thereof under section 215(1)", and by striking out "\$29.00" wherever it appears and inserting in lieu thereof "the larger of \$29.00 or the amount most recently established in lieu thereof under section 215(1)".

#### Adjustments in Contribution and Benefit Base

(b)(1) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

#### "ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

"SEC. 230. (a) Whenever the Secretary pursuant to section 215(1) increases benefits effective with the first month of the calendar year following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs (along with the publication of such benefit increase as required by section 215(1)(2)(D)) the contribution and benefit base determined under subsection (b) which shall be effective (unless such increase in benefits is prevented from becoming effective by section 215(1)(2)(E)) with respect to remuneration paid after the calendar year in which such quarter occurs and taxable years beginning after such year.

"(b) The amount of such contribution and benefit base shall be the amount of the contribution and benefit base in effect in the year in which the determination is made or, if larger, the product of—

"(1) the contribution and benefit base which was in effect with respect to remuneration paid in (and taxable years beginning in) the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made, and

"(2) the ratio of (A) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made to the latest or (B) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1973 or the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under subsection (a), with such product, if not a multiple of \$300, being rounded to the next higher multiple of \$300 where such product is a multiple of \$150 but not of \$300 and to the nearest multiple of \$300 in any other case.

"(c) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the 'contribution and benefit base' with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1973 and prior to the calendar year with the first month of which the first increase in benefits pursuant to section 215(1) of this Act becomes effective shall be \$12,000 or (if applicable) such other amount as may be specified in a law enacted subsequent to the law which added this section."

#### INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

SEC. 203. (a)(1)(A) Section 209(a)(6) of the Social Security Act is amended by inserting "and prior to 1973" after "1971".

(B) Section 209(a) of such Act is further amended by adding at the end thereof the following new paragraphs:

"(7) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$10,800 with respect to employment has been paid to an individual during any calendar year after 1972 and prior to 1974, is paid to such individual during such calendar year;

"(8) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$12,000 with respect to employment has been paid to an individual during any calendar year after 1973 and prior to 1975, is paid to such individual during such calendar year;

"(9) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to the contribution and benefit base (determined under section 230) with respect to employment has been paid to an individual during any calendar year after 1974 with respect to which such contribution and benefit base is effective, is paid to such individual during such calendar year;"

(2)(A) Section 211(b)(1)(F) of such Act is amended by inserting "and prior to 1973" after "1971", 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 subparagraphs:

"(G) For any taxable year beginning after 1972 and prior to 1974, (1) \$10,800, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(H) For any taxable year beginning after 1973 and prior to 1975, (1) \$12,000, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(I) For any taxable year beginning in any calendar year after 1974, (1) an amount equal to the contribution and benefit base (as effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(3)(A) Section 213(a)(2)(ii) of such Act is amended by striking out "after 1971" and inserting in lieu thereof "after 1971 and before 1973, or \$10,800 in the case of a calendar year after 1972 and before 1974, or \$12,000 in the case of a calendar year after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective".

(B) Section 213(a)(2)(iii) of such Act is amended by striking out "after 1971" and inserting in lieu thereof "after 1971 and before 1973, or \$10,800 in the case of a taxable year beginning after 1972 and before 1974, or \$12,000 in the case of a taxable year beginning after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1974".

(4) Section 215(a)(1) of such Act is amended by striking out "and the excess over \$9,000 in the case of any calendar year after 1971" and inserting in lieu thereof "the excess over \$9,000 in the case of any calendar year after 1971 and before 1973, the excess over \$10,800 in the case of any calendar year after 1972 and before 1974, the excess over

\$12,000 in the case of any calendar year after 1973 and before 1975, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective".

(b)(1)(A) Section 1402(b)(1)(F) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting "and before 1973" after "1971", 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 subparagraphs:

"(G) for any taxable year beginning after 1972 and before 1974, (1) \$10,800, minus (ii) the amount of the wages paid to such individual during the taxable year;

"(H) for any taxable year beginning after 1973 and before 1975, (1) \$12,000, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(I) for any taxable year beginning in any calendar year after 1974, (1) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(2)(A) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "\$9,000" each place it appears and inserting in lieu thereof "\$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out "\$10,800" each place it appears and inserting in lieu thereof "\$12,000".

(C) Effective with respect to remuneration paid after 1974, section 3121(a)(1) of such Code is amended—

(i) by striking out "\$12,000" each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)", and

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective".

(3)(A) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "\$9,000" and inserting in lieu thereof "\$10,800".

(B) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out "\$10,800" and inserting in lieu thereof "\$12,000".

(C) Effective with respect to remuneration paid after 1974, the second sentence of section 3122 of such Code is amended by striking out "the \$12,000 limitation" and inserting in lieu thereof "the contribution and benefit base limitation".

(4)(A) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "\$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "\$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out "\$10,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "\$12,000".

(C) Effective with respect to remuneration paid after 1974, section 3125 of such Code is amended by striking out "the \$12,000 limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof

"the contribution and benefit base limitation".

(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 1973" after "the calendar year 1971";

(B) by inserting after "exceed \$9,000," the following: "or (F) during any calendar year after the calendar year 1972 and prior to the calendar year 1974, the wages received by him during such year exceed \$10,800, or (G) during any calendar year after the calendar year 1973 and prior to the calendar year 1975, the wages received by him during such year exceed \$12,000, or (H) during any calendar year after 1974, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year,"; and

(C) by inserting before the period at the end thereof the following: "and before 1973, or which exceeds the tax with respect to the first \$10,800 of such wages received in such calendar year after 1972 and before 1974, or which exceeds the tax with respect to the first \$12,000 of such wages received in such calendar year after 1973 and before 1975, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1974 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year".

(6) Section 6413(a)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "or \$9,000 for any calendar year after 1971" and inserting in lieu thereof "\$9,000 for the calendar year 1972, \$10,800 for the calendar year 1973, \$12,000 for the calendar year 1974, or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1974 with respect to which such contribution and benefit base is effective".

(7) (A) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "\$9,000" and inserting in lieu thereof "\$10,800".

(B) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "\$10,800" and inserting in lieu thereof "\$12,000".

(C) Effective with respect to taxable years beginning after 1974, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "the excess of \$12,000 over the amount" and inserting in lieu thereof "the excess of (I) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount".

(c) The amendments made by subsections (a)(1) and (a)(3)(A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1972. The amendments made by subsections (a)(2), (a)(3)(B), (b)(1), and (b)(7) shall apply only with respect to taxable years beginning after 1972. The amendment made by subsection (a)(4) shall apply only with respect to calendar years after 1972.

#### CHANGES IN TAX SCHEDULES

SEC. 204. (a)(1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to

rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "and before January 1, 1973" in paragraph (3) and inserting in lieu thereof "and before January 1, 1978";

(B) by striking out "and" at the end of paragraph (3); and

(C) by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 2011, the tax shall be equal to 6.7 percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 2010, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "any of the calendar years 1971 through 1977" and;

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages received during any of the calendar years 1978 through 2010, the rate shall be 4.5 percent; and

"(5) with respect to wages received after December 31, 2010, the rate shall be 5.35 percent."

(3) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "any of the calendar years 1971 through 1977"; and

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages paid during any of the calendar year 1978 through 2010, the rate shall be 4.5 percent; and

"(5) with respect to wages paid after December 31, 2010, the rate shall be 5.35 percent."

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 0.9 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1986, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1985, and before January 1, 1993, the tax shall be equal to 1.1 percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1992, the tax shall be equal to 1.2 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of

hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 0.9 percent;

"(3) with respect to wages received during the calendar years 1978, 1979, 1980, 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.0 percent;

"(4) with respect to wages received during the calendar years 1986, 1987, 1988, 1989, 1990, 1991, and 1992, the rate shall be 1.1 percent; and

"(5) with respect to wages received after December 31, 1992, the rate shall be 1.2 percent."

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 0.9 percent;

"(3) with respect to wages paid during the calendar years 1978, 1979, 1980, 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.0 percent;

"(4) with respect to wages paid during the calendar years 1986, 1987, 1988, 1989, 1990, 1991, and 1992, the rate shall be 1.1 percent; and

"(5) with respect to wages paid after December 31, 1992, the rate shall be 1.2 percent."

(c) The amendments made by subsections (a)(1) and (b)(1) shall apply only with respect to taxable years beginning after December 31, 1972. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1972.

#### ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 205. (a) Section 201(b)(1) of the Social Security Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "1969, and so reported," and inserting in lieu thereof "1969, and before January 1, 1973, and so reported, (E) 1.0 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1978, and so reported, (F) 1.1 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 2011, and so reported, and (G) 1.4 per centum of the wages (as so defined) paid after December 31, 2010, and so reported,". (b) Section 201(b)(2) of such Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "beginning after December 31, 1969," and inserting in lieu thereof "beginning after December 31, 1969, and before January 1, 1973, (E) 0.75 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1978, (F) 0.825 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 2011, and (G) 0.915 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010,".

Amend the title so as to read: "An Act to provide for a four-month extension of the present temporary level in the public debt limitation, and for other purposes."

Mr. MILLS of Arkansas (during the reading). Mr. Speaker, I wonder if the Members want to hear this amendment read. I think they all know what it is.

Mr. Speaker, I ask unanimous consent to dispense with further reading of the amendment. I will explain it in detail.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. Is the gentleman from Arkansas prepared to make the motion?

The gentleman should make the motion now.

MOTION OFFERED BY MR. MILLS OF ARKANSAS

Mr. MILLS of Arkansas. Mr. Speaker, I move that the House recede and concur, and pending that, Mr. Speaker, I would like to be recognized.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask that the motion be divided.

The SPEAKER. That will be in order after the Clerk reports the motion.

The Clerk will read.

The Clerk reads as follows:

Mr. MILLS moves to recede and concur in Senate amendment numbered 2.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask for a division of the question, that it be divided.

The SPEAKER. The gentleman from Wisconsin asks for a division of the question.

The question is, will the House recede from its disagreement to the amendment of the Senate.

The motion was agreed to.

MOTION OFFERED BY MR. BYRNES OF WISCONSIN

Mr. BYRNES of Wisconsin. Mr. Speaker, I offer a motion to concur with an amendment.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. BYRNES of Wisconsin moves to concur in Senate amendment No. 2 to H.R. 15390 with the following amendment:

In lieu of the matter to be proposed by Senate amendment No. 2 insert the following:

TITLE II—AMENDMENTS TO THE SOCIAL SECURITY ACT

INCREASE IN OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS

SEC. 201. (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 effective for January 1971)	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—		
16.21	18.20	70.40		76	77.50	118.30
16.25	18.24	71.50		77	78.70	118.10
16.29	18.28	72.60		78	80.00	120.80
16.33	18.32	73.70		79	81.30	123.00
16.37	18.36	74.80		80	82.60	125.10
16.41	18.40	75.90		81	83.90	127.20
16.45	18.44	77.00		82	85.20	129.30
16.49	18.48	78.10		83	86.50	131.40
16.53	18.52	79.20		84	87.80	133.50
16.57	18.56	80.30		85	89.10	135.60
16.61	18.60	81.40		86	90.40	137.70
16.65	18.64	82.50		87	91.70	139.80
16.69	18.68	83.60		88	93.00	141.90
16.73	18.72	84.70		89	94.30	144.00
16.77	18.76	85.80		90	95.60	146.10
16.81	18.80	86.90		91	96.90	148.20
16.85	18.84	88.00		92	98.20	150.30
16.89	18.88	89.10		93	99.50	152.40
16.93	18.92	90.20		94	100.80	154.50
16.97	18.96	91.30		95	102.10	156.60
17.01	19.00	92.40		96	103.40	158.70
17.05	19.04	93.50		97	104.70	160.80
17.09	19.08	94.60		98	106.00	162.90
17.13	19.12	95.70		99	107.30	165.00
17.17	19.16	96.80		100	108.60	167.10
17.21	19.20	97.90		101	109.90	169.20
17.25	19.24	99.00		102	111.20	171.30
17.29	19.28	100.10		103	112.50	173.40
17.33	19.32	101.20		104	113.80	175.50
17.37	19.36	102.30		105	115.10	177.60
17.41	19.40	103.40		106	116.40	179.70
17.45	19.44	104.50		107	117.70	181.80
17.49	19.48	105.60		108	119.00	183.90
17.53	19.52	106.70		109	120.30	186.00
17.57	19.56	107.80		110	121.60	188.10
17.61	19.60	108.90		111	122.90	190.20
17.65	19.64	110.00		112	124.20	192.30
17.69	19.68	111.10		113	125.50	194.40
17.73	19.72	112.20		114	126.80	196.50
17.77	19.76	113.30		115	128.10	198.60
17.81	19.80	114.40		116	129.40	200.70
17.85	19.84	115.50		117	130.70	202.80
17.89	19.88	116.60		118	132.00	204.90
17.93	19.92	117.70		119	133.30	207.00
17.97	19.96	118.80		120	134.60	209.10
18.01	20.00	119.90		121	135.90	211.20
18.05	20.04	121.00		122	137.20	213.30
18.09	20.08	122.10		123	138.50	215.40
18.13	20.12	123.20		124	139.80	217.50
18.17	20.16	124.30		125	141.10	219.60
18.21	20.20	125.40		126	142.40	221.70
18.25	20.24	126.50		127	143.70	223.80
18.29	20.28	127.60		128	145.00	225.90
18.33	20.32	128.70		129	146.30	228.00
18.37	20.36	129.80		130	147.60	230.10
18.41	20.40	130.90		131	148.90	232.20
18.45	20.44	132.00		132	150.20	234.30
18.49	20.48	133.10		133	151.50	236.40
18.53	20.52	134.20		134	152.80	238.50
18.57	20.56	135.30		135	154.10	240.60
18.61	20.60	136.40		136	155.40	242.70
18.65	20.64	137.50		137	156.70	244.80
18.69	20.68	138.60		138	158.00	246.90
18.73	20.72	139.70		139	159.30	249.00
18.77	20.76	140.80		140	160.60	251.10
18.81	20.80	141.90		141	161.90	253.20
18.85	20.84	143.00		142	163.20	255.30
18.89	20.88	144.10		143	164.50	257.40
18.93	20.92	145.20		144	165.80	259.50
18.97	20.96	146.30		145	167.10	261.60
19.01	21.00	147.40		146	168.40	263.70
19.05	21.04	148.50		147	169.70	265.80
19.09	21.08	149.60		148	171.00	267.90
19.13	21.12	150.70		149	172.30	270.00
19.17	21.16	151.80		150	173.60	272.10
19.21	21.20	152.90		151	174.90	274.20
19.25	21.24	154.00		152	176.20	276.30
19.29	21.28	155.10		153	177.50	278.40
19.33	21.32	156.20		154	178.80	280.50
19.37	21.36	157.30		155	180.10	282.60
19.41	21.40	158.40		156	181.40	284.70
19.45	21.44	159.50		157	182.70	286.80
19.49	21.48	160.60		158	184.00	288.90
19.53	21.52	161.70		159	185.30	291.00
19.57	21.56	162.80		160	186.60	293.10
19.61	21.60	163.90		161	187.90	295.20
19.65	21.64	165.00		162	189.20	297.30
19.69	21.68	166.10		163	190.50	299.40
19.73	21.72	167.20		164	191.80	301.50
19.77	21.76	168.30		165	193.10	303.60
19.81	21.80	169.40		166	194.40	305.70
19.85	21.84	170.50		167	195.70	307.80
19.89	21.88	171.60		168	197.00	309.90
19.93	21.92	172.70		169	198.30	312.00
19.97	21.96	173.80		170	199.60	314.10
20.01	22.00	174.90		171	200.90	316.20
20.05	22.04	176.00		172	202.20	318.30
20.09	22.08	177.10		173	203.50	320.40
20.13	22.12	178.20		174	204.80	322.50
20.17	22.16	179.30		175	206.10	324.60
20.21	22.20	180.40		176	207.40	326.70
20.25	22.24	181.50		177	208.70	328.80
20.29	22.28	182.60		178	210.00	330.90
20.33	22.32	183.70		179	211.30	333.00
20.37	22.36	184.80		180	212.60	335.10
20.41	22.40	185.90		181	213.90	337.20
20.45	22.44	187.00		182	215.20	339.30
20.49	22.48	188.10		183	216.50	341.40
20.53	22.52	189.20		184	217.80	343.50
20.57	22.56	190.30		185	219.10	345.60
20.61	22.60	191.40		186	220.40	347.70
20.65	22.64	192.50		187	221.70	349.80
20.69	22.68	193.60		188	223.00	351.90
20.73	22.72	194.70		189	224.30	354.00
20.77	22.76	195.80		190	225.60	356.10
20.81	22.80	196.90		191	226.90	358.20
20.85	22.84	198.00		192	228.20	360.30
20.89	22.88	199.10		193	229.50	362.40
20.93	22.92	200.20		194	230.80	364.50
20.97	22.96	201.30		195	232.10	366.60
21.01	23.00	202.40		196	233.40	368.70
21.05	23.04	203.50		197	234.70	370.80
21.09	23.08	204.60		198	236.00	372.90
21.13	23.12	205.70		199	237.30	375.00
21.17	23.16	206.80		200	238.60	377.10
21.21	23.20	207.90		201	239.90	379.20
21.25	23.24	209.00		202	241.20	381.30
21.29	23.28	210.10		203	242.50	383.40
21.33	23.32	211.20		204	243.80	385.50
21.37	23.36	212.30		205	245.10	387.60
21.41	23.40	213.40		206	246.40	389.70
21.45	23.44	214.50		207	247.70	391.80
21.49	23.48	215.60		208	249.00	393.90
21.53	23.52	216.70		209	250.30	396.00
21.57	23.56	217.80		210	251.60	398.10
21.61	23.60	218.90		211	252.90	400.20
21.65	23.64	220.00		212	254.20	402.30
21.69	23.68	221.10		213	255.50	404.40
21.73	23.72	222.20		214	256.80	406.50
21.77	23.76	223.30		215	258.10	408.60
21.81	23.80	224.40		216	259.40	410.70
21.85	23.84	225.50		217	260.70	412.80
21.89	23.88	226.60		218	262.00	414.90
21.93	23.92	227.70		219	263.30	417.00
21.97	23.96	228.80		220	264.60	419.10
22.01	24.00	229.90		221	265.90	421.20
22.05	24.04	231.00		222	267.20	423.30
22.09	24.08	232.10		223	268.50	425.40
22.13	24.12	233.20		224	269.80	427.50
22.17	24.16	234.30		225</		

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	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—		
		171.50	329	333	188.70	322.50
		172.20	334	337	190.60	326.30
		174.50	338	342	192.00	331.10
		176.00	343	347	193.60	336.00
		177.70	348	351	195.50	339.80
		179.10	352	356	197.10	344.70
		180.80	357	361	198.90	349.50
		182.20	362	366	200.60	353.40
		183.60	366	370	202.00	358.20
		185.30	371	375	203.90	363.00
		186.80	376	379	205.50	367.00
		188.50	380	384	207.40	371.80
		189.80	385	389	209.80	376.70
		191.80	390	393	211.60	380.60
		193.00	394	398	212.30	385.40
		194.40	399	403	213.90	390.20
		195.10	404	407	215.80	394.10
		197.40	408	412	217.20	398.90
		198.80	413	417	218.70	403.70
		200.20	418	421	220.30	407.60
		201.60	422	426	222.00	412.40
		203.10	427	431	223.50	417.30
		204.50	432	436	225.00	422.10
		206.10	437	440	226.80	424.10
		207.40	441	445	228.20	428.50
		208.80	446	450	229.70	243.90
		210.40	451	454	231.50	430.80
		217.70	455	459	232.90	433.20
		218.10	464	464	234.50	435.60
		214.50	465	468	236.00	437.60
		216.10	469	473	237.80	440.00
		217.40	474	478	239.20	442.60
		218.80	479	482	240.70	444.40
		220.40	483	487	242.50	446.90
		221.70	488	492	243.90	449.30
		223.10	493	496	245.50	251.20
		224.70	497	501	247.20	453.60
		226.00	502	506	248.60	456.00
		227.40	507	510	250.20	458.00
		228.80	511	515	251.70	460.40
		230.30	516	520	253.40	462.80
		231.70	521	524	254.90	464.70
		233.10	525	529	256.50	467.10
		234.70	530	534	258.20	469.50
		236.00	535	538	259.60	471.60
		237.40	539	543	261.20	473.90
		239.00	544	548	262.90	476.30
		240.30	549	553	264.40	478.80
		241.70	554	558	265.90	480.20
		242.90	557	560	267.20	482.20
		244.20	561	563	268.70	483.60
		245.50	564	567	270.10	485.60
		246.80	565	570	271.50	487.00
		248.00	571	574	272.80	488.90
		249.30	575	577	274.30	490.40
		250.50	578	581	275.60	292.30
		251.80	582	584	277.00	493.70
		253.00	585	588	473.30	495.70
		254.40	589	591	279.90	497.10

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	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—		
		255.60	592	595	281.20	499.10
		256.90	596	598	282.60	500.80
		258.10	599	602	284.00	502.60
		259.40	603	605	285.40	504.00
		260.60	606	609	286.70	506.80
		262.00	610	612	288.20	507.40
		263.20	613	616	289.60	509.20
		264.50	617	620	291.00	511.20
		265.70	621	623	292.30	512.60
		267.00	624	627	293.70	514.60
		268.20	628	630	295.10	516.40
		269.50	631	634	296.50	518.90
		270.90	635	637	297.90	521.80
		272.10	638	641	299.40	523.20
		273.80	642	644	300.70	525.20
		274.60	645	648	302.10	528.70
		275.80	649	652	303.40	531.00
		276.60	653	656	304.80	532.60
		277.40	657	660	306.20	534.10
		278.40	661	665	307.40	536.00
		279.40	666	670	308.20	538.00
		280.40	671	675	309.60	541.80
		281.40	676	680	310.70	543.70
		282.40	681	685	311.80	545.60
		283.40	686	690	312.90	547.50
		284.40	691	695	314.00	549.50
		285.40	696	700	315.10	551.40
		286.40	701	705	316.20	553.30
		287.40	706	710	317.30	555.20
		288.40	711	715	318.40	557.20
		289.40	716	720	319.50	559.10
		290.40	721	725	320.60	561.00
		291.40	726	730	321.70	562.90
		292.40	731	735	322.80	564.90
		293.40	736	740	323.90	566.80
		294.40	741	745	325.00	568.70
		295.40	746	750	326.00	570.60
			751	755	327.00	572.30
			756	760	328.00	574.00
			761	765	329.00	575.80
			766	770	330.00	577.60
			771	775	331.00	579.30
			776	780	332.00	581.00
			781	785	333.00	582.80
			786	790	334.00	584.60
			791	795	335.00	586.30
			796	800	336.00	588.00
			801	805	337.00	589.80
			806	810	338.00	591.60
			811	815	339.00	593.30
			816	820	340.00	595.00
			821	825	341.00	596.80
			826	830	342.00	598.60
			831	835	343.00	600.30
			836	840	344.00	602.00
			841	845	345.00	603.80
			846	850		

(b) Section 203(a) of such Act is amended by striking out paragraph (2) 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 August 1972 on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection were applicable in January 1971 or any prior month in determining the total of the benefits for persons entitled for any such month on the basis of such wages and self-employment income, such total of benefits for September 1972 or any subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) an amount derived by multiplying the sum of the benefit amounts determined under this title for August 1972 (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), by 110 percent and raising 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), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for September 1972, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for June 1972, or".

(c) Section 215(a) of such Act is amended by striking out the matter which precedes the table and inserting in lieu thereof the following:

"(a) The primary insurance amount of an insured individual shall be determined as follows:

"(1) Subject to the conditions specified in subsections (b), (c), and (d) of this section and except as provided in paragraph (2) of this subsection, such primary insurance amount shall be whichever of the following amounts is the largest:

"(A) the amount in column IV of the following table on the line on which in column III of such table appears his average monthly wage (as determined under subsection (b));

"(B) the amount in column IV of such table on the line on which in column II appears his primary insurance amount (as determined under subsection (c)); or

"(C) the amount in column IV of such table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)).

"(2) 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, such primary insurance amount shall be the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table and in the following month became entitled to an old-age insurance benefit or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal

to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined)." (d) Section 215(b)(4) of such Act is amended by striking out "December 1970" each time it appears and inserting in lieu thereof "August 1972".

(e) Section 215(c) of such Act is amended to read as follows:

"Primary Insurance Amount Under Act of March 17, 1971

"(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 on the basis of the law in effect prior to June 1972.

"(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 September 1972, or who died before such month."

(f) Section 215(f)(2) of such Act is amended by striking out "(a)(1) and (3)" and inserting in lieu thereof "(a)(1)(A) and (C)".

(g) (1) Section 203(a) of the Social Security Act (as amended by subsection (b) of this section) is further amended by striking out "or" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", or", and by inserting after paragraph (3) the following new paragraph:

"(4) notwithstanding any other provision of law, when—

"(A) two or more persons are entitled to monthly benefits for a particular month on the basis of the wages and self-employment income of an insured individual and (for such particular month) the provisions of this subsection and section 202(q) are applicable to such monthly benefits, and

"(B) such individual's primary insurance amount is increased for the following month under any provision of this title,

then the total of monthly benefits for all persons on the basis of such wages and self-employment income for such particular month, as determined under the provisions of this subsection, shall for purposes of determining the total of monthly benefits for all persons on the basis of such wages and self-employment income for months subsequent to such particular month be considered to have been increased by the smallest amount that would have been required in order to assure that the total of monthly benefits payable on the basis of such wages and self-employment income for any such subsequent month will not be less (after the application of the other provisions of this subsection and section 202(q) than the total of monthly benefits (after the application of the other provisions of this subsection and section 202(q)) payable on the basis of such wages and self-employment income for such particular month."

(2) In any case in which the provisions of section 1002(b)(2) of the Social Security Amendments of 1969 were applicable with respect to benefits for any month in 1970, the total of monthly benefits as determined under section 203(a) of the Social Security Act shall, for months after 1970, be increased to the amount that would be required in order to assure that the total of such monthly benefits (after the application of section 202(q) of such Act) will not be less than the total of monthly benefits that was applicable (after the application of such sections 203(a) and 202(q)) for the first month for which the provisions of such section 1002(b)(2) applied.

(h) (1) (A) Section 227(a) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$53.20", and by striking out "\$24.20" and inserting in lieu thereof "\$26.70".

(B) Section 227(f) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$53.20".

(2) (A) Section 228(b)(1) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$53.20".

(B) Section 228(b)(2) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$53.20", and by striking out "\$24.20" and inserting in lieu thereof "\$26.70".

(C) Section 228(c)(2) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$26.70".

(D) Section 228(c)(3)(A) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$53.20".

(E) Section 228(c)(3)(B) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$26.70".

(i) The amendments made by this section (other than the amendments made by subsection (g) and (h)) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1972 and with respect to lump-sum death payments under such title in the case of deaths occurring after such month. The amendments made by subsection (g) shall apply with respect to monthly benefits under title II of such Act for months after May 1972.

#### AUTOMATIC ADJUSTMENTS IN BENEFITS AND THE CONTRIBUTION AND BENEFIT BASE

##### Adjustments in Benefits

SEC. 202. (a) (1) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:

##### "Cost-of-Living Increases in Benefits

"(1) (1) For purposes of this subsection—  
"(A) the term 'base quarter' means (i) the calendar quarter ending on June 30 in each year after 1972, or (ii) any other calendar quarter in which occurs the effective month of a general benefit increase under this title;

"(B) the term 'cost-of-living computation quarter' means a base quarter, as defined in subparagraph (A) (1), in which the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, such Index in the later of (i) the last prior cost-of-living computation quarter which was established under this subparagraph, or (ii) the most recent calendar quarter in which occurred the effective month of a general benefit increase under this title; except that there shall be no cost-of-living computation quarter in any calendar year in which a law has been enacted providing a general benefit increase under this title or in which such a benefit increase becomes effective; and

"(C) the Consumer Price Index for a base quarter, a cost-of-living computation quarter, or any other calendar quarter shall be the arithmetical means of such index for the 3 months in such quarter.

"(2) (A) (1) The Secretary shall determine each year beginning with 1974 (subject to the limitation in paragraph (1) (B) and to subparagraph (E) of this paragraph) whether the base quarter (as defined in paragraph (1) (A) (1)) in such year is a cost-of-living computation quarter.

"(1) If the Secretary determines that such base quarter is a cost-of-living computation quarter, he shall, effective with the month of January of the next calendar year (subject to subparagraph (E) as provided in subparagraph (B)), increase the benefit amount of each individual who for such month is entitled to benefits under section 227 or 228, and the primary insurance amount of each other individual under this title (but not in-

cluding a primary insurance amount determined under subsection (a) (3) of this section, by an amount derived by multiplying each such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the nearest one-tenth of 1 percent) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such index for the most recent prior calendar quarter which was a base quarter under paragraph (1) (A) (i) or, if later, the most recent cost-of-living computation quarter under paragraph (1) (B). Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply (subject to subparagraph (E)) in the case of monthly benefits under this title for months this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, and in the case of lump-sum death payments with respect to deaths occurring after December of such calendar year.

"(C) (1) Whenever the level of the Consumer Price Index as published for any month exceeds by 2.5 percent or more the level of such index for the most recent base quarter (as defined in paragraph (1) (A) (ii)) or, if later, the most recent cost-of-living computation quarter, the Secretary shall (within 5 days after such publication) report the amount of such excess to the House Committee on Ways and Means and the Senate Committee on Finance.

"(1) Whenever the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance of such determination on or before August 15 of such calendar year, indicating the amount of the benefit increase to be provided, his estimate of the extent to which the cost of such increase would be met by an increase in the contribution and benefit base under section 230 and the estimated amount of the increase in such base, the actuarial estimates of the effect of such increase, and the actuarial assumptions and methodology used in preparing such estimates.

"(D) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall publish in the Federal Register on or before November 1 of such calendar year a determination that a benefit increase is resulfantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be the amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been most recently revised by another law or pursuant to this paragraph); and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

"(1) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall reflect the year in which the primary insurance amounts set forth in column IV of the table immediately prior to its revision were effective.

"(ii) The amounts on each line of column I and column III, except as otherwise provided by clause (v) of this subparagraph, shall be the same as the amounts appearing in each such column in the table immediately prior to its revision.

"(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

"(iv) The amounts on each line of column IV and column V shall be increased from the amounts shown in the table immediately prior to its revision by increasing each such amount by the percentage specified in subparagraph (A) of paragraph (2). The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(v) If the contribution and benefit base (determined under section 230) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV, and V of such table shall be extended. The amounts on each additional line of column III shall be the amounts on the preceding line increased by \$5 until in the last such line of column III the second figure is equal to one-twelfth of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised. The amount on each additional line of column IV shall be the amount on the preceding line increased by \$1.00, until the amount on the last line of such column is equal to the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised (as determined under section 230) over such base for the calendar year in which the table of benefits is revised. The amount on each additional line of column V shall be equal to 1.75 times the amount on the same line of column IV. Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

"(E) Notwithstanding a determination by the Secretary under subparagraph (A) that a base quarter in any calendar year is a cost-of-living computation quarter (and notwithstanding any notification or publication thereof under subparagraph (C) or (D)), no increase in benefits shall take effect pursuant thereto, and such quarter shall be deemed not to be a cost-of-living computation quarter, if during the calendar year in which such determination is made a law providing a general benefit increase under this title is enacted or becomes effective.

"(3) As used in this subsection, the term 'general benefit increase under this title' means an increase (other than an increase under this subsection) in all primary insurance amounts (but not including those determined under subsection (a) (3) of this section) on which monthly insurance benefits under this title are based."

(2) (A) Effective January 1, 1974, section 203(a) of such Act is amended by striking out "the table in section 215(a)" in the matter preceding paragraph (1) and inserting in lieu thereof "the table in (or deemed to be in) section 215(a)".

(B) Effective January 1, 1974, section 203 (a) (2) of such Act (as amended by section 201(b) of this Act) is further amended to read as follows:

"(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 January 1972 or any prior month on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection as in effect for any such month were applicable in determining the benefit amount of any persons on the basis

of such wages and self-employment income, the total of benefits for any month after January 1972 shall not be reduced to less than the largest of—

"(A) the amount determined under this subsection without regard to this paragraph.

"(B) the largest amount which has been determined for any month under this subsection for persons entitled to monthly benefits on the basis of such insured individual's wages and self-employment income, or

"(C) if any persons are entitled to benefits on the basis of such wages and self-employment income for the month before the effective month (after September 1972) of a general benefit increase under this title (as defined in section 215(1) (3)) or a benefit increase under the provisions of section 215(1), an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title for the month before such effective month (including this subsection, but without the application of section 222(b), section 202(g), and subsections (b), (c), and (d) of this section), for each such person for such month by a percentage equal to the percentage of the increase provided under such benefit increase (with any such increased amount which is not a multiple of \$0.10 being rounded to the next higher multiple of \$0.10);

but in any such case (1) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B) or (C), and (ii) if section 202(k) (2) (A) was applicable in the case of any such benefits for a month, and ceases to apply for a month after such month, the provisions of subparagraph (B) or (C) shall be applied, for and after the month in which section 202(k) (2) (A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for the last month for which subparagraph (B) or (C) was applicable, or"

(3) (A) Effective January 1, 1975, section 215(a) of such Act (as amended by section 201(c) of this Act) is further amended—

(1) by inserting "(or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (1) (2) (D))" after "the following table" in paragraph (1) (A); and

(ii) by inserting "(whether enacted by another law or deemed to be such table under subsection (1) (2) (D))" after "effective month of a new table" in paragraph (2).

(B) Effective January 1, 1975, section 215 (b) (4) of such Act (as amended by section 201(d) of this Act) is further 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 to benefits under section 202(a) or section 223 in or after the month in which a new table that appears in (or is deemed by subsection (1) (2) (D) to appear in) subsection (a) becomes effective; or

"(B) who dies in or after the month in which such table becomes effective 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);"

(C) Effective January 1, 1975, section 215 (c) of such Act (as amended by section 201(e) of this Act) is further amended to read as follows:

"Primary Insurance Amount Under Prior Provisions

"(c) (1) For the purposes of column II of the latest table that appears in (or is deemed to appear in) subsection (a) of this section, an individual's primary insurance

amount shall be computed on the basis of the law in effect prior to the month in which the latest such table became effective.

"(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, or who died, before such effective month."

(4) Effective January 1, 1975, sections 227 and 228 of such Act (as amended by section 201(g) of this Act) are further amended by striking out "\$53.20" wherever it appears and inserting in lieu thereof "the larger of \$53.20 or the amount most recently established in lieu thereof under section 215(1)", and by striking out "\$26.70" wherever it appears and inserting in lieu thereof "the larger of \$26.70 or the amount most recently established in lieu thereof under section 215(1)".

#### ADJUSTMENT OF THE TAX AND BENEFIT BASE

(b) (1) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

#### "ADJUSTMENT OF THE TAX AND BENEFIT BASE

"SEC. 230. (a) If the Secretary determines pursuant to subsection (1) of section 215 that an increase in benefits provided by subparagraph (A) of paragraph (2) of such subsection applies in the case of monthly benefits under sections 202 and 223 for months of a calendar year immediately following a cost-of-living computation quarter he shall also estimate the long-range additional level-cost (without regard to any estimated actuarial surplus which may exist at such time) of such benefits. He shall also determine the increase that is necessary in (1) the amount of earnings and self-employment income that may be taxed under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance and (2) the rate of tax specified in sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, to meet the total of such level cost and the cost (not previously taken into account under this subsection) of increasing the exempt amount pursuant to section 203(f) (8) for years prior to the year in which such increase in benefits becomes effective so that one-half (or approximately one-half) of such total is to be met by the increase specified in clause (1) and the remainder is to be met by the increase specified in clause (2).

"(b) The tax and benefit base for the calendar year referred to in subsection (a) and all succeeding calendar years, prior to the first calendar year thereafter in which an increase in benefits authorized by subsection (1) of section 215 becomes effective, shall be the sum of the amount of earnings of individuals that may be counted for benefits under this title and that may be taxed under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance with respect to the calendar year immediately preceding the calendar year referred to in subsection (a) and the increase referred to in subsection (a), with such sum if not a multiple of \$150, being rounded to the nearest multiple of \$150; except that—

"(1) If prior to such first calendar year a law is enacted which provides that for any calendar year a different amount of earnings may be so counted and may be so taxed, such different amount shall be the contribution and benefit base for the calendar years specified in such law but only until the first calendar year thereafter for which an increase in benefits is authorized by subsection (1) of section 215; and

"(2) the contribution and benefit base for any year after 1973 and prior to the first calendar year in which the first increase in benefits pursuant to section 215(1) becomes effective shall be \$10,200 or (if applicable) such other amount as may be specified in a law enacted subsequent to the date of this Act is enacted.

"(c) The Secretary shall allocate the increase in tax rates specified in clause (2) of subsection (a) of this section among the

rates of tax specified in sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 so that—

"(A) the rate of tax under section 3101 (a) of such Code with respect to wages (as defined in section 3121(a) of such Code) received during a calendar year is equal to the rate of tax under section 3111(a) of such Code with respect to wages (as defined in section 3121(a) of such Code) paid during such calendar year;

"(B) the rate of tax under section 1401(a) of such Code with respect to self-employment income (as defined in section 1402(b) of such Code) for any taxable year beginning during a period specified in such section 1401 (a) shall be equal to 150 percent of the rate of tax under section 3101(a) of such Code with respect to wages (as defined in section 3121(a) of such Code) received during any calendar year occurring in such period.

After such allocation, the Secretary shall round any such tax rate, increased by reason of such allocation, to the nearest one-tenth of 1 percent.

"(d) At the time the Secretary publishes in the Federal Register the table required by section 215(1) (2) (D), he shall also publish in such Register—

"(1) the actuarial assumptions and methodology used in estimating the additional long-range level-cost referred to subsection (a), and

"(2) the tax and benefit base resulting pursuant to subsection (b), and

"(3) the amount of the increase in tax rates required pursuant to such subsection (a) and the allocation of such increase determined under subsection (b) (including any rounding authorized by such subsection).

"(e) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the 'tax and benefit base' with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1972 and prior to the calendar year with the first month of which the first increase in benefits pursuant to section 215(1) of this Act becomes effective shall be \$10,200 or (if applicable) such other amount as may be specified in a law enacted subsequent to the Social Security Amendments of 1972."

#### SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT

SEC. 203. (a) Section 215(a) of the Social Security Act (as amended by section 201(c) of this Act) is further amended—

(1) by striking out "paragraph (2)" in the matter preceding subparagraph (A) of paragraphs (1) and inserting in lieu thereof "paragraphs (2) and (3)"; and

(2) by inserting after paragraph (2) the following:

"(3) Such primary insurance amount shall be an amount equal to \$10 multiplied by the individual's years of coverage in excess of 10 in any case in which such amount is higher than the individual's primary insurance amount as determined under paragraph (1) or (2).

For purposes of paragraph (3), an individual's 'years of coverage' is the number (not exceeding 30) equal to the sum of (1) the number (not exceeding 14 and disregarding any fraction) determined by dividing the total of the wages credited to him for years after 1936 and before 1951 by \$900, plus (2) the number equal to the number of years after 1950 each of which is a computation base year (within the meaning of subsection (b) (2) (C)) and in each of which he is credited with wages and self-employment income of not less than 25 percent of the maximum amount which, pursuant to subsection (e), may be counted for such year."

(b) Section 203(a) of such Act (as amended by sections 201(b) and 202(a) (2) of this Act) is further amended by striking out "or" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", or", and by inserting after paragraph (3) the following new paragraph:

"(4) whenever the monthly benefits of such individuals are based on an insured individual's primary insurance amount which is determined under section 215(a) (3) and such primary insurance amount does not appear in column IV of the table in (or deemed to be in) in section 215(a), the applicable maximum amount in column V of such table shall be the amount in such column that appears on the line on which the next higher primary insurance amount appears in column IV, or, if larger, the largest amount determined for such persons under this subsection for any month prior to February 1971."

(c) Section 215(a) (2) of such Act (as amended by section 201(c) of this Act) is further amended by striking out "such primary insurance amount shall be" and all that follows and inserting in lieu thereof the following:

"such primary insurance amount shall be—

"(A) the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table (whether enacted by another law or deemed to be such table under subsections (1) (2) (D)) and in the following month became entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined); or

"(B) an amount equal to the primary insurance amount upon which such disability insurance benefit is based if such primary insurance amount was determined under paragraph (3)."

(d) Section 215(f) (2) of such Act (as amended by section 201(f) of this Act) is further amended by striking out "subsection (a) (1) (A) and (C)" and inserting in lieu thereof "subsections (a) (1) (A) and (C) and (a) (3)".

(e) Whenever an insured individual is entitled to benefits for a month which are based on a primary insurance amount under paragraph (1) or paragraph (3) of section 215(a) of the Social Security Act and for the following month such primary insurance amount is increased or such individual becomes entitled to benefits on a higher primary insurance amount under a different paragraph of such section 215(a), such individual's old-age or disability insurance benefit (beginning with the effective month of the increased primary insurance amount, shall be increased by an amount equal to the difference between the higher primary increase amount and the primary insurance amount on which such benefit was based for the month prior to such effective month, after the application of section 202(q) of such Act where applicable to such difference.

(f) The amendments made by this section

shall apply with respect to monthly insurance benefits under title II of the Social Security Act for months after December 1971 (without regard to when the insured individual became entitled to such benefits or when he died) and with respect to lump-sum death payments under such title in the case of deaths occurring after such month.

**AUTOMATIC INCREASES OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES**

SEC. 204. (a) (1) Section 209(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(7) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to the contribution 230) with respect to employment has been paid to an individual during any calendar year after 1973 with respect to which such contribution and benefit base is effective, is paid to such individual during such calendar year;"

(2) Section 211(b)(1) of such Act is amended by adding at the end thereof the following new subparagraph:

"(G) For any taxable year beginning in any calendar year after 1973, (1) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or"

(3) (A) Section 213(a)(2)(ii) of such Act is amended by inserting immediately after "calendar year after 1971" the following: "and before 1974, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1973 with respect to which such contribution and benefit base is effective".

(B) Section 213(a)(2)(iii) of such Act is amended by inserting immediately after "calendar year after 1971" the following: "and before 1974, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1973".

(4) Section 215(e)(1) of such Act is amended by inserting immediately after "calendar year after 1971" the following: "and before 1974, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1973 with respect to which such contribution and benefit base is effective".

(b)(1) Section 1402(b)(1) of such Code is further amended by adding at the end thereof the following new subparagraph:

"(G) for any taxable year beginning in any calendar year after 1973, (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or"

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended—

(i) by striking out "\$9,000" each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)", and

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective".

(B) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out "the \$9,000 limitation" and inserting

in lieu thereof "the contribution and benefit base limitation".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out "the \$9,000 limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base limitation".

(5) Section 6413(c)(1) of such Code (relating to special funds of employment taxes) is amended—

(A) by inserting "and before 1973" after "after the calendar year 1971";

(B) by inserting after "exceed \$9,000," the following:

"or (F) during any calendar year after the calendar year 1973, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year;" and

(C) by inserting immediately before the period at the end thereof "and before 1974, or which exceeds the tax with respect to an amount of such wages received and such calendar year after 1973 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by inserting after "or \$9,000 for any calendar year after 1971" the following: "or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1973 with respect to which such contribution and benefit base is effective".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code is amended by striking out an amount equal to the contribution and inserting in lieu thereof "the excess of (I) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount".

(c) The amendments made by subsections (a)(1) and (a)(3)(A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1972. The amendments made by subsections (a)(2), (a)(3)(B), (b)(1), and (b)(7) shall apply only with respect to taxable years beginning after 1972. The amendment made by subsection (a)(4) shall apply only with respect to calendar years after 1972.

**CHANGES IN TAX SCHEDULES**

SEC. 205. (a)(1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "and" at the end of paragraph (3); and

(B) by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 6.7 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1977, and before January 1, 2011, the tax shall be equal to 6.6 percent of the amount of the self-employment income for such taxable year; and

"(6) in the case of any taxable year beginning after December 31, 2010, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable year.

Such tax with respect to self-employment income for any taxable year shall be increased

to accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."

(2) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance is amended by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar years 1973 through 1977 the rate shall be 4.45 percent;

"(5) with respect to wages received during the calendar years 1970 through 2010, the rate shall be 4.4 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.3 percent.

Such tax with respect to wages received during any calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."

(3) Section 3111(a) of the such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar years 1973 through 1977 the rate shall be 4.45 percent;

"(5) with respect to wages paid during the calendar years 1978 through 2010, the rate shall be 4.45 percent;

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.3 percent.

Such tax with respect to wages reached during any calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment incomes for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 0.9 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1982, the tax shall be equal to 1.1 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1981, and before January 1, 1991, the tax shall be equal to 1.2 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1990, the tax shall be equal to 1.3 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar years 1973 through 1977, the rate shall be 0.9 percent;

"(3) with respect to wages received during the calendar years 1978 through 1981, the rate shall be 1.1 percent;

"(4) with respect to wages received during the calendar years 1982 through 1990 the rate shall be 1.2 percent;

"(5) with respect to wages received after December 31, 1990, the rate shall be 1.3 percent."

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar years 1973 through 1977, the rate shall be 0.9 percent;

"(3) with respect to wages paid during the calendar years 1978 through 1981 the rate shall be 1.1 percent;

"(4) with respect to wages paid during the calendar years 1982 through 1990, the rate shall be 1.2 percent;

"(5) with respect to wages paid after December 31, 1990, the rate shall be 1.3 percent."

(b) The amendments made by subsection (a) (1) shall apply only with respect to taxable years beginning after December 31, 1972. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1972.

**ALLOCATION TO DISABILITY INSURANCE TRUST FUND**

SEC. 206. (a) Section 201(b) (1) of the Social Security Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "1969, and so reported" and inserting in lieu thereof "1969, and before January 1, 1973, and so reported, (E) 0.95 of 1 per centum of the wages (as so defined) paid after December 31, 1971, and before January 1, 1978, and so reported, (F) 1.10 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 2011, and so reported, and (G) 1.5 per centum of the wages (as so defined) paid after December 31, 2010, and so reported."

(b) Section 201(b) (2) of such Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)", and

(2) by striking out "beginning after December 31, 1969," and inserting in lieu thereof "beginning after December 31, 1969, and before January 1, 1973, (E) 0.715 of 1 per centum of the amount of self-employed income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1977, and (F) 0.825 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 2011, and (G) 0.990 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010."

Amend the title so as to read: "An Act to provide for a four-month extension of the present temporary level in the public debt limitation, and for other purposes."

Mr. BYRNES of Wisconsin (during the reading). Mr. Speaker, I wonder if on this particular amendment we may not dispense with the reading?

The SPEAKER. Does the gentleman ask unanimous consent to do so?

Mr. BYRNES of Wisconsin. I ask unanimous consent to dispense with further reading of the motion and that it be printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER. The gentleman from Arkansas is recognized.

Mr. MILLS of Arkansas. Mr. Speaker, the second amendment in which I have

moved to recede and concur involves an increase in social security benefits of 20 percent across the board effective for the month of September 1972, payable in the check for early October and automatic benefit increases to protect against the cost-of-living rises in the future.

Before explaining the effect of the amendment, the financing which is involved—and financing is contained in the Senate amendment in sufficient amount—let me make clear my own position on this matter. I favor the 20 percent. I favor it for many, many reasons. One of the reasons is that under the provisions of existing law, and under the bill that we passed, H.R. 1, last year, we were establishing rates of tax at an early period in the future that were totally unnecessary, I concluded, on my further study of this whole matter, to finance the benefits that we were proposing to add to those in existing law. A 5-percent benefit increase was in H.R. 1. There were other increases that I thought were good for widows and others, but there was only a 5-percent across-the-board increase.

I suggested at that time that the Senate replace the 5-percent increase with the bill that I had introduced, providing for a 20-percent increase, because my bill contained in it a provision for taxes, taking into account adjustment of the level of wages sufficient to finance the 20 percent, plus all of the other features involving OASDI and HI that were contained in the House-passed version of H.R. 1.

I would be the last one, frankly, to want to get this program in a position where it was not actuarially sound. The actuarial soundness of OASDI, different from HI—that is the hospital insurance—is predicated upon assumptions of what will happen over a 75-year period. HI is predicated upon assumptions of what will happen over a 25-year period.

If we enact the 20-percent increase with the tax adjustments that are in my bill or in this amendment, I can assure the membership of this House that we will over that 75-year period take in each year more money than we will be paying out. We will not be taking in the excessive amounts over what we pay out, that we would under the provisions of existing law or under H.R. 1, if enacted.

Mr. Speaker, I am a little bit confused as to what the President has said, and the information that he has received about this matter, because I have a letter from the Secretary of HEW, who tells me that the bill that I introduced is actuarially sound. The administration opposes it because they preferred a lower level of percentage increase and a higher level of tax reduction. Both are contained in this amendment. If I have permission, I will include with my remarks these charts and tables at the conclusion of my remarks.

I ask unanimous consent to do so.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.  
The material referred to follows:

TABLE 4.—IMPACT OF 20 PERCENT BENEFIT INCREASE ON BENEFIT LEVELS

	Monthly benefits		Increased benefits on an annual basis above present levels
	Present	20 percent	
Retired worker (average).....	\$134.00	\$162.00	\$36
Retired couple (average) monthly..	224.00	271.00	564
Minimum.....	70.40	84.50	169
Worker with maximum earnings.....	216.00	259.00	516
Couple with maximum earnings.....	324.00	389.00	780
Widow (average).....	114.00	137.00	276

TABLE 3.—OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE: PROGRESS OF THE OASI AND DI TRUST FUNDS, COMBINED, UNDER THE SYSTEM AS MODIFIED BY A PROPOSED BENEFIT INCREASE OF 20 PERCENT ACROSS-THE-BOARD, EFFECTIVE FOR SEPTEMBER 1972, CALENDAR YEARS 1972-77

(Dollar amounts in billions)

Calendar year	Income	Outgo	Assets, end of year	Assets at end of year, as percent of outgo in—	
				Current year	Following year
1972.....	\$46.2	\$43.2	\$43.4	100	84
1973.....	52.2	51.6	44.0	85	81
1974.....	58.1	54.2	48.0	89	81
1975.....	62.8	59.2	51.6	87	83
1976.....	66.2	62.1	55.7	90	82
1977.....	71.6	68.2	59.1	87	83

Note: The proposal provides for an OASDI contribution rate of 4.6 percent in calendar years 1972-77; automatic cost-of-living increases in cash benefits after September 1972; contribution and benefit base of \$10,800 in 1973, \$12,000 in 1974, with automatic adjustment to increases in earnings levels thereafter.

TABLE 2.—SOCIAL SECURITY TAXES PAID BY WORKERS AT VARIOUS EARNINGS LEVELS UNDER PRESENT LAW AND UNDER SENATE AMENDMENT

Worker earnings	Taxes for cash social security		Total taxes including medicare	
	Present law	Senate amendment	Present law	Senate amendment
<b>1973:</b>				
\$2,000.....	\$100	\$92.00	\$113.00	\$110
\$3,000.....	150	138.00	169.50	165
\$4,000.....	200	184.00	226.00	220
\$5,000.....	250	230.00	282.50	275
\$6,000.....	300	276.00	339.00	330
\$7,000.....	350	322.00	395.50	385
\$8,000.....	400	368.00	452.00	440
\$9,000.....	450	414.00	508.50	495
\$10,000.....	450	460.00	508.50	550
\$11,000.....	450	496.80	508.50	594
\$12,000.....	450	496.80	508.50	594
<b>1974:</b>				
\$2,000.....	100	92.00	113.00	110
\$3,000.....	150	138.00	169.50	165
\$4,000.....	200	184.00	226.00	220
\$5,000.....	250	230.00	282.50	275
\$6,000.....	300	276.00	339.00	330
\$7,000.....	350	322.00	395.50	385
\$8,000.....	400	368.00	452.00	440
\$9,000.....	450	414.00	508.50	495
\$10,000.....	450	460.00	508.50	550
\$11,000.....	450	506.00	508.50	605
\$12,000.....	450	552.00	508.50	660

TABLE 1.—SOCIAL SECURITY TAX RATES, PRESENT LAW AND PROPOSED SENATE AMENDMENT

	Employee-employer, each			Self-employed			Employee-employer, each			Self-employed			
	OASDI percent	HI percent	Total percent	OASDI percent	HI percent	Total percent	OASDI percent	HI percent	Total percent	OASDI percent	HI percent	Total percent	
Present law: <sup>1</sup>													
1972.....	4.60	0.60	5.20	6.9	0.60	7.50							
1973-75.....	5.00	.65	5.65	7.0	.65	7.65							
1976-79.....	5.15	.70	5.85	7.0	.70	7.70							
1980-86.....	5.15	.80	5.95	7.0	.80	7.80							
1987 and after.....	5.15	.90	6.05	7.0	.90	7.90							
							Proposed Senate amendment: <sup>2</sup>						
							1973-77.....	4.6	0.9	5.5	6.9	0.9	7.8
							1978-85.....	4.5	1.0	5.5	6.7	1.0	7.7
							1986-92.....	4.5	1.1	5.6	6.7	1.1	7.8
							1993-2010.....	4.5	1.2	5.7	6.7	1.2	7.9
							2011 and later.....	5.35	1.2	6.55	7.0	1.2	8.2

<sup>1</sup> Tax rates apply to annual earnings up to \$9,000.

<sup>2</sup> Tax rates apply to annual earnings up to \$10,800 in 1973, \$12,000 in 1974, subject to automatic adjustment beginning in 1975.

Under present law, a person with \$2,000 earnings pays \$113 social security tax. Under this amendment he will pay \$110. A person with \$3,000—and I am talking about the total tax including medicare—under present law pays \$169.50. Under this amendment it will be \$165. That continues to be less under the amendment than existing law in the year 1973 until you get to an income level of \$9,245. When you get to that level, because of the increase in the amount of one's earnings subject to the tax rate the individual begins to pay more. That individual now, under present law, would pay \$508.50 and under the Senate amendment would pay \$550, and so on.

In the year 1974 the same is true. Under the proposed amendment I am asking the House to recede and concur in, in the year 1974 in each category of income, that is, \$2,000, \$3,000, \$4,000, \$5,000, \$6,000, \$7,000, \$8,000, and \$9,000, the individual will pay less tax if we agree to the Senate amendment than he would pay under the provisions of existing law. At \$10,000 he would pay more. That is the effect of the change in the income that the individual may have which is subject to the rate of tax.

Let me show you again, Mr. Speaker, what the percent is—the tax rate itself is—under present law for OASDI and for HI in total. For the year 1972 it remains the same, 5.2; for the years 1973 through 1977 the total rate under the Senate amendment is 5.5. Under the present law the rate between 1973, 1974, and 1975 is 5.65, a higher rate. Then in 1976 the rate through 1979 is 5.85 under present law. From 1978 through 1985 this rate remains at 5.5 under the amendment. Then in 1986 through 1992 it goes to 5.6. But under the provisions of existing law that rate has already gone up in the year 1987 to 6.05, and it is only when you get to the year 2011 and later on that the tax rate under the amendment exceeds the rate under present law. Why that year? Because that is the year when a great number of your post-World War II babies will begin to retire and receive social security retirement benefits—that is when you need the higher rate. Then the rate will be higher by one-half of one percent than it was in 1987.

Not only have we reduced the rates for those at the lower levels of income, but we are also postponing under this amendment the rates of tax that are in effect now and the even higher rates that would go in effect if H.R. 1 were passed.

So I say I think that the President has received some misinformation about the effect of the Senate amendment on the

taxpayers of the United States, as I understood him in his press conference last night.

Mr. STRATTON. Will the gentleman yield?

Mr. MILLS of Arkansas. I will be glad to yield to the gentleman.

Mr. STRATTON. I would like to ask the chairman of the committee do I understand that the Church amendment is also the gentleman's own proposal and similar to his own proposal and we have a different version from the conference in the original Church amendment?

Mr. MILLS of Arkansas. The Church amendment is effective September 1. The bill I introduced back in February has an effective date of June 1.

There is about the same period of time, between June and September, as between February and June. The gentleman can look down the road a little bit, as I looked down the road.

The tax rates differ because the bill I introduced, provided for the raise in taxes necessary for the 20-percent increase in lieu of the 5, and for all of the other benefits which were included in H.R. 1, as passed by the House. There we provide for the taxes to finance what is proposed. The Senate amendment only provides a tax rate and a tax base sufficient to finance the provisions of the existing law plus the 20-percent benefit increase.

Mr. STRATTON. That is the proposal that the conferees bring back to the House?

Mr. MILLS of Arkansas. That is what I am urging that we recede and concur in.

Mr. BYRNES of Wisconsin. Mr. Speaker, if the gentleman will yield, is it the intention of the gentleman from Arkansas to yield time over here, because I do have some requests for time.

Mr. MILLS of Arkansas. I will yield the gentleman from Wisconsin such time as the gentleman wants within the limits of my time. Is the gentleman from Wisconsin prepared to use some of that time now?

Mr. BYRNES of Wisconsin. The gentleman will state that he is so prepared.

Mr. MILLS of Arkansas. Mr. Speaker, I yield 10 minutes to the gentleman from Wisconsin (Mr. BYRNES).

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Speaker, to appear here as a member of the Committee on Ways and Means, to discuss a matter of this importance with

so little information for the members of the committee, of the House, or of the Congress, is something that I thought I would never have to experience in my service in this House.

This is no way to treat vitally important legislation.

Some may call what we are doing here today cute politics. I call it irresponsibility. Make no mistake, this procedure is playing fast and loose with the integrity of the social security system on which 27 million people depend today, and into which some 94 million people are today paying taxes in the expectation of receiving a floor of protection against a loss of earnings due to retirement, disability, or death.

This is an unfortunate way to treat that system for which we are responsible. We have hastily tied three complicated issues to the debt ceiling legislation which must become law by next Thursday or the machinery of government will come to an abrupt halt.

We will not be able to transact Government business unless we extend the present ceiling. All checks will stop. The sales of savings bonds will stop. Bond redemptions will stop unless an extension is provided.

If you insist on voting a 20-percent social security increase without any study by the Ways and Means Committee or the House of the soundness of the fundamental concepts involved in the financing provided it may well mark a turning point in the capacity of the social security system to respond with equity to the needs of our older people, and to the needs of those who are paying taxes today in anticipation of receiving benefits in the future.

We talk today about high taxes. But think of what is being attempted here today—holding the entire operation of Government hostage to an increase in social security taxes.

Yes, the whole machinery of Government would be held hostage to partisan politics. We might just as well admit it. There is no use glossing over the fact.

We insist on tying a social security increase to legislation that is absolutely essential to the operation of Government and then we immediately cut and run, because the motion or a resolution to recess this Congress and get out of town will be the next order of business.

Let me make this clear. I want to talk about the social security aspect of this. We all know what is involved in the debt ceiling legislation. That passed this House and it passed the Senate—there

was no disagreement on that. We did not have to go to conference on it.

The amendments that were added in the Senate have brought us here today.

At no point has there been a study by the Ways and Means Committee of the new method of financing that has produced the "windfall" that now is going to be used for the 20-percent benefit increase. Not one word of testimony in public or executive session has been received on this subject. This fundamental change in the criteria by which the soundness of the social security trust fund has been measured for one-third of a century is being adopted willy-nilly by the Congress without even a cursory review. And by enacting a 20-percent increase rather than the 10 percent I am proposing, you preempt tax resources that otherwise would be available for creating greater equity in our social security system.

A number of proposals for creating greater equity were approved overwhelmingly by this body more than a year ago. A good share of them were approved by the Senate Finance Committee, with some additions. These amendments provide greater equity to widows, the disabled, working women, and those supplementing their retirement by working. And these are going to come back to us, I hope, because they are certainly needed. But you are then going to have to impose increased taxes for every penny in increased benefits.

Despite the subterfuge and political chicanery underlying this discussion about tax increases, the American people will not be fooled. If we are going to pay out 20 percent more in benefit dollars, someone will have to pay 20 percent more in tax dollars than they otherwise would have to pay. It is that simple. The new methodology, while permitting some manipulation, does not change this fact. And let me point out that the hasty procedures employed here are completely inconsistent with the caution with which we should approach these new proposals.

It is very interesting that the actuary who was with this system from the beginning, Robert J. Myers, is no longer with the Social Security Administration. He is the greatest authority on the actuarial basis of the system and the man to whom our committee, the Senate Finance Committee, and the entire Congress have turned through the years for counsel and expert advice.

Mr. Myers has commented on the new cost estimates for cash benefits which we are based on the increased earnings assumption.

He is speaking as the man who knows more about our system than any other man in this country, and this is what he said about the new methodology using dynamic earnings:

This would be unsound actuarial procedure even if automatic adjustment provisions are adopted. What it would mean, in essence, is that actuarial soundness would be wholly dependent on a perpetually continuing inflation of a certain prescribed nature—and a borrowing from the next generation to pay the current generations benefits, in the hope that inflation of wages would make this possible.

That is the system of financing that this 20-percent increase is predicated on. And we have not studied this at all in the Ways and Means Committee.

By adopting this proposal, we would be saying to the President, "You either sign what we are sending to you, take a bad and unknown course, or else we are going to stop the whole function of government."

What could be more irresponsible?

Today we wonder why we hear expressions of disenchantment with the Congress of the United States. I do not think we need wonder any longer when we sit here and conduct our business in this fashion. How can we help but bring about a disrespect for our actions when we treat such serious questions in such a cursory fashion? We are contemplating taking steps that can lead us into very serious problems as far as this system and the many people involved in it are concerned.

This is not merely a matter of a 10-percent benefit rise or a 20-percent benefit rise. This is a matter of what you are going to be able to do for widows who, under existing law, are in an unfortunate situation, because when they apply for benefits at age 65, they are entitled to only 82½ percent of the benefit their husbands would have received had they lived. In H.R. 1 we raised that amount so a widow would receive 100 percent of the amount her husband would have received.

And what happens to the retirement test liberalization that we voted last year so that an older person can earn at least \$2,000 a year before his social security benefits are reduced? How many people have you heard complaining about the existing earnings limit of \$1,680 a year? Yet that is one of the things which, in my judgment, would be killed by taking all the money that may be available and putting it into a one-shot across-the-board benefit boost.

Let me remind some of the ladies, especially my friend from Michigan (Mrs. GRIFFITHS) that we provided in H.R. 1 for a system under which certain married couples could have their benefits computed on the basis of their combined earnings.

But you would jeopardize that provision by the proposal before us. You would use up tax resources resulting from increases you have placed in here. Are you going to want to come in and raise them further? That is what you will have to do to provide any of these benefits.

I could go on to cite some \$5 billion of benefits that you are surrendering, that we all agreed are advisable and essential to bring greater equity into the system.

What about medical care for the disabled? Last year we instituted—at the behest of the chairman primarily, and I concurred—a provision that would expand medicare to those who have been eligible for social security disability payments for at least 2 years, on the ground that these people need medicare coverage as much as those who have retired under social security. But this, too,

would be placed in jeopardy by the action proposed today.

Mr. Speaker, I have proposed that we provide an increase in social security benefits of 10 percent at this time. We would not then preempt all of the tax resources available.

We could then see what we do with the other 10 percent, when we have the time, as we will have, and as the Senate considers further the legislation (H.R. 1), which we have sent to them to amend the Social Security Act.

Let us see what is more important, to use the full 20 percent for a one-time-only, across-the-board increase or perhaps correct some of the inequities that exist in the system along with at least a 10-percent benefit increase.

We should do this in a calmer moment and not just engage in partisan politics. Would it not be more responsible to say yes, we agreed a year ago to give these beneficiaries 5 percent by June 1? It is only because the Senate did not act that they do not have at least that 5 percent added to the checks they will be getting next week. They could have had it if the Senate had acted. And perhaps we should raise benefits now another 5 percent—bringing it to 10 percent—because there has been a continuing increase in the cost of living. But let us save the other 10 percent and balance it against equity considerations. We can do that if the Members will vote for the amendment I have offered.

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#### CONFERENCE REPORT ON H.R. 15390, EXTENSION OF TEMPORARY LEVEL OF PUBLIC DEBT LIMITATION

Mr. MAZZOLI. Mr. Speaker, will the gentleman from Arkansas yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. Mr. Speaker, I thank the chairman for yielding. The chairman and I had a short conversation in which the chairman tried to explain a situation which occurred to me in reading the CONGRESSIONAL RECORD, which I studied today in preparation for today's vote. If the chairman will yield for a moment, I would like to read a short colloquy between Senator CHURCH and Senator CURTIS with relation to the tax rates. As I understood the chairman tonight, the situation is that next year the tax bite out of each earning category would be less.

Mr. MILLS of Arkansas. Not out of each, but just up to \$9,245.

Mr. MAZZOLI. Up to \$9,245?

Mr. MILLS of Arkansas. For \$9,245 in earnings, the rate under the Senate amendment is lower. That is done up through even \$9,245. Each individual who earns less than that amount will pay less tax for social security, including medicare, than he will under the provisions of the present law.

Mr. MAZZOLI. Mr. Speaker, if I can quote just a short portion from that page.

Mr. MILLS of Arkansas. I have gone over that myself, and I am not persuaded by anything that is said on the Senate floor that my tables are wrong. Senator CHURCH said he did not have the information. I do have the information, and I have it here in the form of a table I have just inserted in the RECORD, so I can assure the gentleman the table is correct.

Mr. KYL. Mr. Speaker, will be gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Iowa.

Mr. KYL. Mr. Speaker, a moment ago, the gentleman spoke of the rates that would be charged the employees under the Church amendment.

Mr. MILLS of Arkansas. And the employers.

Mr. KYL. And the employers' rates will remain exactly as they are?

Mr. MILLS of Arkansas. No, the rates I gave the gentleman are the rates that are paid by the employee and by the employer.

Mr. KYL. They are consistent in each instance?

Mr. MILLS of Arkansas. Oh, yes. They are exactly the same in each instance.

Mr. CONABLE. Mr. Speaker, will the gentleman yield to me a few minutes?

Mr. MILLS of Arkansas. I am glad to yield the gentleman 5 minutes.

(Mr. CONABLE asked and was given permission to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, I should like to associate myself with the remarks of the gentleman from Wisconsin, who is indeed the conscience of this House. We regret his imminent departure. I believe we are going to miss him a great deal.

Mr. Speaker, the way in which this bill has been handled represents shabby politics, demeaning to the Congress. Cynically relying on an assumed Pavlovian reaction of Representatives who naturally and instinctively sympathize with the older and more dependent elements among their constituencies, our leaders have presented us with a blind 20-percent increase vote which could mark the beginning of the end for a system on which 90 million workers and 27 million beneficiaries have relied. Social security is too important to be casually stripped of its vitality. Too many people depend on it.

In effect the chairman says, in recommending this increase on the basis of the new dynamic actuarial assumptions that "all the experts agree." I will not dwell on the question of whether the experts in HEW are entitled to our confidence. I say only that we in the Congress are not entitled to the confidence of the American people if we allow ourselves to be stampeded into this vote without any prior consideration of these two questions:

One. Should we without hearings change the actuarial assumptions of the past 37 years, mortgaging future earnings increases to pay current benefits?

If the answer to the first question is in the affirmative, the second question should be: Should we use the resulting actuarial windfall to give an across-the-board 20-percent benefit increase, or should we also consider a mix of potential benefits, including such things as higher minimum payments, a different weighting of the benefit schedule, a higher earned income limitation, more equity for working wives, better widows' benefits, a lower retirement age in this time of high unemployment, or even a lower payroll tax?

Perhaps the 20-percent increase is the best thing we can do with such an alleged windfall. Nobody knows. No committee of the Congress has considered it.

These other reforms will not be possible for a long time if we act now because we fear the short-term political consequences of holding off until some responsible congressional committee, somewhere, can look at them.

We have voted for a 25-percent total increase in benefits during the past 3 years, yet I am dismayed to have to vote against a 20-percent increase for my elderly friends at home tonight. I respect them and their problems too much not to be dismayed.

I regret having to resist this specific measure which would give them temporary relief, but the way in which it had been manipulated leaves me no choice.

I will not vote against the 90 million people whose dependence has properly been placed in a sound social security system until now. I respect their investment and the dignity of their labor too much for that.

I will not vote against my own self-respect as a legislator by being a part of this charade beyond what is necessary to register my protest at being used by political cynics.

I urge any of the rest of my colleagues who feel as I do to vote "no" on the 20-percent benefit increase, to follow the lead of the gentleman from Wisconsin, when the time comes.

Mr. HARRINGTON. Mr. Speaker, I rise in support of the 20-percent increase in social security benefits which is included in the conference report before us today.

This increase is long overdue and urgently needed by the millions of Americans who have spent too long in poverty as a result of inactivity by both the administration and the Congress. The elderly in our society have earned the right to a decent and dignified retirement.

The increase which will pass today guarantees minimum income of \$84.50 per month. Mr. MILLS estimated in February when he first introduced the increase—which I endorsed—that the 20-percent increase along with other benefits of H.R. 1 would increase the average benefits from \$133 to \$162 per month for the retired worker, from \$222 to \$269 for aged couples and from \$144 to \$153 for aged widows.

I cannot say these amounts are adequate; but they are substantially better than what has gone before.

Our task now is to consider the real intent behind our social security system, the function it now serves and the function it should serve in the future. Originally, social security was conceived as a means of supplementing retirement income based on pensions or savings. With inflation and unemployment, however, the system weakens and social security is now the only source of income for millions of retired persons.

Last February, Mr. MILLS spoke to that point saying—

Although about half of the workers in the country are covered by private pension plans very few of the retired workers are actually getting private pension payments. Only 21 percent of the couples receiving social security and 8 percent of the nonmarried beneficiaries also received private pensions.

Even with other Federal benefits, only 30 percent of the couples and 14 percent of the other beneficiaries have a second pension.

This means about 70 percent of social security recipients nationwide depend on social security as their single source of income.

As a result there are 5 million Americans 65 and over living in poverty—20 percent of the poor of this Nation.

Over five times as many Americans—27 million or one out of every eight—receive social security. There are 731,163 recipients in my State of Massachusetts alone.

Ninety-three percent of those people 65 and over are eligible for benefits.

Though the need is very great, the solutions are often obscured.

In his televised press conference last night, the President claimed that the expense of the new ceiling increase in payroll taxes to \$12,000 would make the 20-percent increase in benefits insignificant because it would consume the increased income received by the taxpayer as a result of the 1969 tax cuts and would cause inflation which would, in turn, increase prices and thus absorb any benefits of the extra money.

First, it is the contention of WILBUR MILLS, chairman of the House Ways and Means Committee as well as the Social Security Advisory Committee, and I agree with them, that first, the system can absorb the additional costs without any detriment to the social security trust fund, and second, it is my belief that the President is merely glossing over the larger questions of whether or not there should be a payroll tax at all—whether the system should be organized along other lines.

Under the Mills-Church amendment, 70 million of the 94 million wage earners in the United States will pay lower social security taxes in 1973 than they would under the presently scheduled H.R. 1 tax levels for 1973. In 1972, there would be only a slight increase. Moreover, benefits will increase to 8.5 billion for the 27.8 million social security beneficiaries. The Mills statement of February 23, 1972, details the tax scales at which this is possible.

More importantly, however, Joint Economic Committee sources claim that it is perfectly possible for the Government

to pay out a 20 percent increase in social security cash benefits without exceeding the money in the social security trust fund, even without payroll tax increase. The question then becomes why has the Government proposed a 5 percent increase when the money is available under a 20 percent increase? The answer is simple: The Treasury wants to use the 15 percent for something else. A major problem of social security therefore, revolves around the trust fund system itself.

Social security funds are collected by the Treasury and earmarked for the social security trust fund. Social security trust funds, however, are not distinguished from all Government funds and revenues commonly called the unified budgeting accounting system. It is very easy for the Government to use trust fund money for other purposes.

Ideally, the trust fund should be abolished and social security collected and distributed as are general revenues. That way, contribution would reflect ability to pay and distribution would reflect need. Unfortunately, because the traditional attitude toward the system is that of a sacred cow, the system has been neglected as a vital income reserve for millions of needy Americans. Instead, it is something of a piggy bank.

The 20 percent increase would utilize the money in the trust fund allotted to social security contributors and, because the bill would never pass without it, raise the payroll tax ceiling to \$12,000 and thereby make it more difficult for outside sources to use trust fund money.

The amendment would make it possible for our elderly to receive what they originally contributed.

Last October 1971, I introduced legislation which would have removed the \$7,800 ceiling on taxable income while granting workers personal exemptions and a low income allowance equal to those allowed on the Federal income tax. This proposed reform would lower taxes for 63 million wage earners, while raising taxes for 8 million high-income wage earners. Every family of four with an income under \$14,500 would have paid less social security taxes as would every single worker who earns under \$12,000.

At that time, I emphasized as I do today, that there is no relationship between the social security tax and the ability to pay. The poor pay a higher percentage of their income than do the wealthy.

The tax is regressive, the trust fund is discriminatory, and the entire social security system needs to be reformed.

The legislation we are voting on today marks the culmination of many months of effort within the Congress toward an increase in social security funds. There are, however, other aspects of the social security system which need to be changed.

For example, in this Congress alone, I have cosponsored several bills which would have provided between a 5-percent and a 50-percent increase in social security, would increase the earned income ceiling to \$2,400 per year, and would include prescription drugs and other items and services under the hospital insur-

ance program. These problems must be faced by the Congress this year, and I hope that they will be dealt with quickly.

Earlier this week, I voted against the debt-limit ceiling because of my opposition to the huge expenditures of the Vietnam war which have helped to increase our debt so greatly. The social security increase, however, is part of the debt limit conference before us, and I will vote for it. Incidentally, it is particularly ironic that the Government, which spends the most, and social security recipients, who receive the least, should come together for funding in the same bill.

The social security increase is necessary and fair and it must be enacted. I urge my colleagues to join me in voting for this increase.

Mr. GOLDWATER. Mr. Speaker, in the rush to hike social security benefits by 20 percent, the House should realize that we are leaving literally millions of persons in the dust, people who will see little or none of the increase we are now considering.

There are, for example, some 1.1 million persons in the United States who are receiving both social security and old-age assistance benefits. As the social security payments to these individuals go up, their old-age assistance payments go down. Thus while other social security recipients will see a 20-percent increase in their monthly checks others will see no net gain at all. The same is true for those now receiving veterans' benefits and many other forms of State and Federal aid.

Thus, while we pat ourselves on the back for substantially increasing social security payments to the elderly we ought to keep in mind that millions of persons will never receive these benefits unless we act quickly to see that the other forms of assistance which these individuals receive are not cut accordingly.

I call the Members' attention to H.R. 10842 a bill which I have introduced previously and which has been awaiting action by the Committee on Ways and Means for over 9 months.

This bill would prevent future increases in retirement or disability benefits under Federal programs from being taken into consideration in determining a person's need for aid or assistance under any Federal-State public assistance programs. A similar bill is pending in the Senate, S. 3328. This bill, or one like it, must be given early consideration if we are to make sure that this and future social security increases are received by all who need it.

Mr. MINISH. Mr. Speaker, having long championed improvements in the social security system that would make it worthy of its name, I am grateful that the debt ceiling extension bill now before the House contains a Senate-approved amendment providing a long overdue 20-percent increase in social security benefits. This is the minimum acceptable increase; a lesser amount would be grossly inadequate in alleviating the plight of our Nation's elderly, one-third of whom exist below the poverty level.

I am dismayed at the President's statement in his press conference last evening

that he fears a 20-percent boost in social security benefits could be inflationary. I urge the House to dismiss these unfounded fears and to approve this increase without further delay. The vast majority of our pensioned citizens have been hard hit by the administration's unwise economic policies that are responsible for the continued inflationary pressures. They are the victims, not the beneficiaries, of those policies. A 20-percent increase would raise the average monthly benefits for a single retired person from \$133 to \$161 monthly; for a couple, from \$233 to \$270. This modest boost in their incomes would scarcely enable our retirees to indulge in an orgy of spending or even to enjoy a suitable standard of living in our affluent society. It would, however, provide a modicum of relief from the gnawing financial anxiety that accompanies what we euphemistically refer to as the golden years. It would help tenants meet the excessive rental increases permitted under the rent control program, and homeowners meet their ever increasing property taxes.

The administration has acted with commendable swiftness in meeting the tragic conditions caused by the recent hurricanes. But I would remind the administration that other types of catastrophes likewise warrant prompt action—the long, quiet tragedy of the elderly who find themselves after years of hard work with inadequate resources to meet their minimum needs.

Their productive years helped make possible the opportunities and advantages available to the younger members of our society. They have the right to the concern and compassion of the society to which they have contributed so much and from which they are so largely excluded in their later years. We must ease the infirmities of age; we must provide safeguards against the hazards leading to destitution or dependency. A boost in benefits, so vigorously opposed by the administration, is only the first step in updating the social security system. Much more is required to assure our people that they may look forward after a lifetime of work to retirement in comfort and dignity. Mr. Speaker, I urge our colleagues to press for enactment of major reforms in the social security and medicare programs. I am pleased that the amendment before us, in addition to the increase, provides for an automatic cost-of-living adjustment. This is vitally important if social security beneficiaries are not to continue to fall behind in the race with living costs. Of course, they are entitled to more—they should be able to participate in the Nation's increased standard of living. Effective means of keeping benefit levels more in line with other incomes must be considered.

I also strongly recommend that the "retirement test" be liberalized so that individuals may earn at least \$2,500 without loss of benefits. Another essential need is coverage of prescription drugs under medicare.

These and other reforms would be a long step toward the kind of social security system that American people should have. Solicitude for the problems of the elderly expressed at the White House

Conference on Aging must be translated into action. I trust the House will pass the increase before us today, and that the Senate will take up shortly the social security amendment approved by the House last year. We can and must make life better for our retirees.

Mr. LLOYD. Mr. Speaker, a 20-percent increase in social security benefits presents many problems to the Federal Government and especially the overburdened American taxpayer. These problems must be balanced against the needs of our senior citizens, to whom we owe so much.

The increase could help revive the inflationary fires which the President is endeavoring to extinguish.

Federal income taxes, property taxes on homes and automobiles, State income taxes, sales taxes, and the present Social Security taxes have become such a burden that we face a taxpayers revolt, and a demand for responsible spending. Certain segments of the population are especially hard hit by increases. The increased benefits would be one-third financed by application of the scheduled contribution rate to those in the upper income brackets, that is, those of middle income—the working man, the families who are already strained. Social security taxes will be raised for everyone in 1973.

The social security trust fund would be reduced by one-fourth and the reserves cut from their present 1 year to 9 months. Once we had a 3-year reserve; it was reduced to 1 year, and now to 9 months. The reserve cannot be forever used to help finance increases.

Nevertheless, the 7 million senior citizens who are under or within 25 percent of the Federal designated poverty level cry out for relief. We cannot ignore the fact that one in three of our citizens over 65 fall within this category.

A 20-percent increase in benefits would raise 1.4 million of those citizens from the ranks of poverty, plus an additional one-half million under 65 who receive social security benefits due to disablement or other causes.

H.R. 1, which passed the House last June, would have raised benefits in addition to providing for sweeping welfare reform, but the bill has still not reached the Senate floor. When it does reach the floor, the controversy which surrounds it may delay it still longer, perhaps preventing passage during this Congress. In the meantime, those on social security await relief which never arrives. Inflation has worsened their lot, since those hardest hit by inflation are those with fixed income—the elderly and disabled on social security.

The increase also contains a mechanism for keeping benefits in line with increases in prices, financed by the maximum amount of earnings taxed rising as overall earnings rise over time.

I cannot ignore my responsibility to the aging citizens of our country. Therefore, I support the 20-percent increase in benefits despite the difficulties which I have stated.

Mr. MADDEN. Mr. Speaker, the Senate is to be commended for reporting out

the long-awaited 20-percent increase in social security.

The executive department and the Congress have indeed been negligent in not keeping pace with inflation and the high cost of living which has brazenly increased in the last 3½ years. On a general basis it is estimated that the increased cost-of-living average in that period of time has been 16.5 percent. This increase is a general yardstick which comprises all necessities which the public needs in annual purchases. Every American housewife will testify that necessities and the price of food in the supermarkets have gone higher than the average 16.5-percent inflation.

As the years pass the population increases, and naturally the percentage of the elderly people throughout the Nation, on account of medical science, has increased far more than existed 25 to 30 years ago. Approximately 20 million old folks above the age of 65 are fighting a losing battle against the high cost of living in America today. Over one-third of these elderly are in poverty or near the poverty line. It has been testified at congressional hearings that over 5 million elderly over 65 are below the poverty line. The poverty line for single persons is designated at \$1,700 per year and for couples \$2,100 per year. During recent years the spreading inflation has reduced the poverty line at approximately 6 percent each year.

Millions of unemployed and part-time employed, along with the elderly population are facing increased shortage in housing, nursing homes, and hospital facilities, et cetera.

The Congress has been diligent in the past in its effort to relieve the financial burdens which have fallen on the backs of a large segment of our population. I might mention that the tax reform bill of 1969 helped millions in the lower brackets from the tax rolls—the housing and urban act aided the middle and low income older Americans—legislation barring age discrimination in employment—programs for the elderly at Federal and State levels—increased railroad retirement legislation—medicare and medicaid, et cetera, all have been helpful for the lower income brackets. It has been 4 years since an increase in social security by the Congress in spite of the 16.5-percent cost of living. If the 20-percent increase in social security is enacted today it will remove approximately 2 million of our citizens from welfare aid.

Chairman MILLS of the Ways and Means Committee has stated that a 20-percent increase could be financed on a conservative and sound actuarial basis. Chairman Nelson Cruikshank, president of the National Elders Council, testified that citizens over 65 years of age comprise 25 percent of the Nation's population today.

Millions of citizens, including our elderly, have waited 10 months for action on H.R. 1 which passed the House of Representatives last July—1 year ago. This legislation is still awaiting action

in the Senate. During this time Congress voted tax cuts for industry, corporations, and conglomerates to the extent of approximately \$8 billion, we are still dormant on repealing fabulous and in some cases, fraudulent tax loopholes. I do hope before we recess pending the Fourth of July period we can relieve the needy citizens from the high cost of living and the inflationary scourge. Forty-eight Senators have cosponsored this legislation for a 20-percent social security increase and several more who are not cosponsors of the bill have voted for its passage. I do hope the House of Representatives acts favorably on this long-awaited social security increase by a large majority.

Mr. VANIK. Mr. Speaker, today's action of the Congress raising social security benefits by 20 percent, will go a long way in providing our elderly with a chance to catch up to the runaway cost of living.

The cost-of-living increase is particularly burdensome to the elderly who are more dependent on special foods—usually at higher cost. The cruel impact of inflation is most serious to those of low income. A cost-of-living increase has a multiplied effect on the elderly.

The increase in social security is actuarially sound and can be made with very little impact upon payroll taxes.

The new actuarial assumptions will permit financing a 20-percent increase and with tax rates only slightly above the existing OASDIHI rate of 5.2 percent. The highest tax rate under this schedule during this century would be 5.7 percent, and this would occur in 1993.

Compared with the scheduled increases under present law, workers earning up to \$9,245 would pay less in payroll taxes from 1973 through the end of the century. For 1972 the tax rates for all covered workers would be the same under the Church amendment and present law. In fact, from 1980 to 1985, workers earning up to \$9,736 would pay less in social security taxes.

Approximately 94 million workers are now covered under social security. About 72 percent—or 68.1 million—have covered earnings of \$9,000 or below. The net impact is that the vast majority of workers would pay lower payroll taxes than the tax rates scheduled under present law.

The 20-percent increase in social security benefits will serve to reduce the cost of welfare to the elderly by over \$300,000,000.

The Department of Health, Education, and Welfare has just reported that the number of elderly persons on welfare dropped to a 32-year low this year because of improvements in social security. Our action of today may very well eliminate the elderly from welfare or reduce those needing welfare supplements to less than 1 million persons.

The approval by Congress today of a 20-percent increase in social security benefits will have a major impact on Cuyahoga County's retirees. This benefit increase will mean that the average monthly benefits for a single retired per-

son will rise from \$133 a month to \$161 per month. The average monthly payment for a retired couple will rise from \$233 to \$270.

From the latest figures available, the impact on Cuyahoga County will be as follows:

Type of beneficiary	Number as of Dec. 31, 1971	Yearly present monthly benefits	After 20-percent increase
All categories.....	213,774	\$323,496,000	\$388,195,200
Retired workers.....	113,301	197,412,000	236,894,400
Disabled workers.....	11,434	21,552,000	25,862,400
All others (dependents, survivor, special age 72).....	89,039	104,532,000	125,438,400

As these figures indicate, the total increased benefits to the county 218,00 Social Security beneficiaries will amount to nearly \$65 million per year.

In Cuyahoga County, social security now provides an annual impact of almost \$400,000,000 per year. Not only does this distribution provide for our elderly, but it constitutes the largest, single source of economic impact in our area.

Mr. RIEGLE. Mr. Speaker, I want to again express publicly my strong support for a 20-percent increase in social security benefits.

No group in our society is in greater financial difficulty than many of our retirees and senior citizens struggling to get by on their social security income.

We have an obligation to see to it that our older citizens are not trapped in the grinding cycle of poverty—with prices rising and no other means of personal income.

Our senior citizens should come first—ahead of the Vietnam war—and the other massive federal projects that continue to drain away billions of our tax dollars.

The proposed 20-percent increase is needed—is in the interests of the country—and has my full support.

Mr. ROSTENKOWSKI. Mr. Speaker, I am pleased we are now able to consider H.R. 9410 which I have introduced to provide a year's continuation in the funding of over 200 special clinics authorized under title V of the Social Security Act. These projects are serving over half a million children from poverty areas throughout the country giving them comprehensive, personalized medical services they would not otherwise receive. Three of these projects are in Chicago: Woodlawn Child Health Center, Near North Children's Center, and Martin Luther King Neighborhood Health Center.

If Congress fails to pass H.R. 9410, these projects will lose their funding tomorrow and many will have no alternative than to discontinue their services. Once again, a hope of the poor will be extinguished.

Great credit is due our distinguished colleague from New York (Mr. KOCH) for his unstinting efforts in bringing to this Congress attention the success of these projects. He introduced the first bill providing for their extension and I know that during the past year he has

spoken to many of our colleagues marshalling their support for the program's continuation. And in November 1971, he testified before our committee during our consideration of health care legislation.

Mrs. ABZUG. Mr. Speaker, I rise in support of the pending conference report, which contains provision for a 20-percent increase in social security benefits, with subsequent increased based upon changes in the cost of living.

Seventy percent of all single women and 32 percent of all single men over the age of 65 have incomes of less than \$2670 per year. Low income and poverty in old age are problems crying out for immediate national attention and solution.

Almost 90 percent of our senior citizen population receive social security benefits; for most, this is the major or only source of income. Despite some past increases in benefit levels, inflationary trends have made it increasingly difficult for the elderly to make ends meet. Eight out of every \$10 is allocated to housing, food, transportation, and medical care. These items are requisites of survival which cannot be postponed or avoided.

I have introduced legislation, H.R. 13371, which would provide for a 25-percent benefit increase and for a minimum benefit of \$4,500 annually for a couple and \$3,375 annually for a single individual receiving social security benefits. While this conference report does not go as far as my bill, it is a great step forward and I urge its adoption.

Mr. BADILLO. Mr. Speaker, I want to make clear that my vote for this conference report increasing the ceiling on the national debt is for one reason only—the fact that the conference report includes an urgently needed increase in social security benefits. Having recently voted against the legislation to raise the debt limit ceiling, only the social security increase could have warranted my voting for this conference report.

In my judgment, the social security increase is a matter of simple economic justice. Millions of older Americans, living on fixed incomes, have been the innocent victims of our economic chaos. They are the hardest hit by inflation and we have delayed too long in providing increases in their social security benefits. Even the increase approved today will be inadequate if this administration does not get a handle on the economy before much longer and every passing day demonstrates how necessary it is that we tie the entire social security program to increases in the cost of living, so that adjustments can be made automatically, and without the narrow partisan debate that has taken place over the past few days.

As far as the debt limit is concerned, the increase approved by Congress this week merely gives the administration the go-ahead to continue its distorted spending priorities. It just is not enough to say that the ceiling must be increased because the Government has to pay its bills. Many of those bills are not in the national interest and never should have been incurred. The administration's current budget is a blueprint for economic disaster. It is long past time that Con-

gress established a set of national spending priorities that are in line with the real needs of this Nation.

Mr. MILLS of Arkansas. Mr. Speaker, before I move the previous question on the motions, let me say to the membership of the House that I disagree wholeheartedly with the conclusion my friend from Wisconsin reaches that the passage of a 20-percent across-the-board increase jeopardizes the benefits which are in H.R. 1.

They do not jeopardize those benefits, in my opinion, one iota. I said yesterday the Senate had had H.R. 1 since June 23 of either 1970 or 1971—I do not know which—but at the rate they are going we will all be much older before we have a chance to bring any of those provisions back to the House.

If we want those provisions—and I certainly want them as does my friend from Wisconsin—it will be necessary for us to increase the rate which will be paid by the employer and employee. That would have been necessary, anyway.

The fact remains that the statement I have made that this is sound is not only shared by the Secretary of HEW but in his letter to me the Secretary of HEW said that various agencies in the administration, including fiscal experts in the Office of Management and Budget and the Council of Economic Advisers, the actuaries and other staff in the Social Security Administration and the Department of HEW, had carefully studied the recommendations that we are making in the Senate amendment and had concluded that these recommendations are sound.

I want to add that despite the fact that they reached that conclusion they did not endorse the 20-percent increase. They preferred a lesser increase such as the gentleman from Wisconsin is offering.

Mr. HALL. Will the gentleman yield?

Mr. MILLS of Arkansas. I will be glad to yield to the gentleman.

Mr. HALL. In the studies in the committee, realizing this is coming as a surprise to me, has there been any consideration at all given to what this sudden diversion from the trust fund would do, putting it into the hands of senior citizens and others such as disabled people who would benefit—what effect this would have on the wage-price stabilization? What will this do to inflation if we take on this nongermane amendment?

Mr. MILLS of Arkansas. When any amount of money is spent by the Government and when it is spending in total more than it takes in, as it is right now, it is somewhat inflationary. I must admit that. However, I am not going to take out the effort to contain inflation on these people who are hurt so seriously by that very inflation.

The gentleman knows since we increased benefits there has been an increase in the cost of living. Apparently the administration is willing to go 10 percent. That, too, would be inflationary.

Mr. HALL. Yes; but outside of what one group is in favor of, has the gentleman's committee, which is a hard-work-ing committee under ordinary circumstances and which has done much for the country, considered revoking a re-

gressive tax and its effect on the workers? I am beginning to hear from them.

Mr. MILLS of Arkansas. I have, too. We have not considered a different system of financing social security benefits. As the gentleman knows, the Committee on Ways and Means has not had an opportunity to consider this amendment as a committee. I have look into it myself, but the committee has not.

I will agree with the gentleman that any time we spend more money it does have inflationary complications. I agree this would. Any increase anywhere does that. But I do not want to stop this before we stop something else, too.

So, Mr. Speaker, I urge the House to vote down the substitute offered by the gentleman from Wisconsin (Mr. BYRNES) and agree to the Senate amendment.

I move the previous question.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Wisconsin (Mr. BYRNES).

Mr. BYRNES of Wisconsin. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 83, nays 253, answered "present" 1, not voting 95, as follows:

[Roll No. 259]

YEAS—83

Andrews, Ala.	Dickinson	Powell
Archer	Edwards, Ala.	Price, Tex.
Arends	Fisher	Purcell
Ashbrook	Goldwater	Rhodes
Baker	Goodling	Robinson, Va.
Belcher	Griffin	Robison, N.Y.
Betts	Gross	Satterfield
Blackburn	Hall	Scherie
Bow	Hansen, Idaho	Schneebeli
Bray	Hull	Skubitz
Brown, Mich.	Jarman	Smith, Calif.
Brown, Ohio	Jonas	Smith, N.Y.
Burleson, Tex.	Jones, N.C.	Spence
Byrnes, Wis.	Kemp	Springer
Cabell	Kuykendall	Steiger, Wis.
Camp	Kyl	Talcott
Carlson	Landgrebe	Teague, Tex.
Casey, Tex.	McClary	Waggoner
Collins, Tex.	McEwen	Ware
Conable	Mahon	Whalley
Conover	Mallary	Whitten
Crane	Mann	Wiggins
Daniel, Va.	Mathis, Ga.	Williams
Davis, Wis.	Mayne	Wilson, Bob
Dellenback	Montgomery	Winn
Dennis	Nelsen	Wyatt
Derwinski	Pickle	Zion
Devine	Pirnie	

NAYS—253

Abourezk	Broomfield	Delaney
Abzug	Brotzman	Dellums
Addabbo	Buchanan	Denholm
Alexander	Burke, Mass.	Diggs
Anderson, Calif.	Burlison, Mo.	Dingell
Anderson, Ill.	Burton	Donohue
Annunzio	Byrne, Pa.	Dorn
Ashley	Byron	Dow
Aspin	Carney	Downing
Aspinall	Carter	Drinan
Badillo	Cederberg	Duncan
Barrett	Chamberlain	du Pont
Begich	Chappell	Edwards, Calif.
Bennett	Ciancy	Eilberg
Bergland	Cleveland	Esch
Beverly	Collins, Ill.	Eshleman
Blaggi	Conte	Fascell
Blester	Conyers	Fish
Bingham	Corman	Flood
Blanton	Cotter	Flowers
Blatnik	Coughlin	Forsythe
Boland	Culver	Fountain
Brademas	Daniels, N.J.	Fraser
Brasco	Danielson	Frenzel
Brinkley	Davis, Ga.	Frey
Brooks	de la Garza	Fulton
		Galifianakis

Garmatz	McKevitt	Roush
Gaydos	McKinney	Roy
Gettys	McMillan	Roybal
Gialmo	Macdonald,	Runnels
Gibbons	Mass.	Ryan
Gonzalez	Madden	St Germain
Grasso	Mailliard	Sandman
Gray	Matsunaga	Sarbanes
Green, Oreg.	Mazzoli	Saylor
Green, Pa.	Meeds	Scheuer
Gubser	Melcher	Scott
Gude	Mikva	Seiberling
Hagan	Miller, Ohio	Shibley
Halpern	Mills, Ark.	Sisk
Hamilton	Mills, Md.	Slack
Hammer-	Minish	Smith, Iowa
schmidt	Mink	Snyder
Hanley	Minshall	Staggers
Harrington	Mitchell	Stanton,
Harvey	Mizel	J. William
Hathaway	Mollohan	Stanton,
Hechler, W. Va.	Monagan	James V.
Heckler, Mass.	Moorhead	Steed
Heinz	Morgan	Steele
Helostski	Murphy, Ill.	Stokes
Henderson	Murphy, N.Y.	Stratton
Hicks, Mass.	Myers	Stubblefield
Hillis	Natcher	Stuckey
Hogan	Nedzi	Sullivan
Holifield	Nichols	Symington
Horton	Nix	Taylor
Howard	O'Konski	Teague, Calif.
Hungate	O'Neill	Terry
Hunt	O'Neil	Thompson, Ga.
Hutchinson	Passmar	Thompson, N.J.
Ichord	Patman	Thomson, Wis.
Jacobs	Patten	Thone
Johnson, Calif.	Pepper	Tiernan
Johnson, Pa.	Perkins	Ullman
Jones, Ala.	Pettis	Van Deerlin
Jones, Tenn.	Peyster	Vanik
Karh	Podell	Veysey
Kastenneler	Preyer, N.C.	Vigorito
Kazen	Price, Ill.	Waldie
Keating	Puciuski	Wampler
Kee	Quillen	Whalen
King	Rallsback	Whitehurst
Koch	Randall	Widnall
Kyros	Rangel	Wilson,
Latta	Rees	Charles H.
Leggett	Reid	Wolf
Lent	Reuss	Wyman
Long, La.	Rodino	Yates
Long, Md.	Roe	Yatron
McCloskey	Rogers	Young, Fla.
McCollister	Roncalio	Young, Tex.
McCormack	Rooney, N.Y.	Zablocki
McCulloch	Rooney, Pa.	Zwach
McFall	Rosenthal	
McKay	Rostenkowski	

ANSWERED "PRESENT"—1

Foley

NOT VOTING—95

Abbott	Evins, Tenn.	Metcalfe
Abernethy	Findley	Michel
Adams	Flynt	Miller, Calif.
Anderson,	Ford, Gerald R.	Mosher
Tenn.	Ford,	Moss
Andrews,	William D.	O'Hara
N. Dak.	Frelinghuysen	Pelly
Baring	Fuqua	Pike
Bell	Gallagher	Poage
Boggs	Griffiths	Poff
Bolling	Grover	Pryor, Ark.
Broyhill, N.C.	Haley	Qule
Broyhill, Va.	Hanna	Rarick
Burke, Fla.	Hansen, Wash.	Riegle
Caffery	Harsha	Roberts
Carey, N.Y.	Hastings	Rousselot
Celler	Hawkins	Ruppe
Chisholm	Hays	Ruth
Clark	Hébert	Schmitz
Clausen,	Hicks, Wash.	Schwengel
Don H.	Hosmer	Sebelius
Clawson, Del	Keith	Shoup
Clay	Kluczynski	Shriver
Colmer	Landrum	Sikes
Curlin	Lennon	Steiger, Ariz.
Davis, S.C.	Link	Stephens
Dent	Lloyd	Udall
Dowdy	Lujan	Vander Jagt
Dulski	McClure	White
Dwyer	McDade	Wright
Eckhardt	McDonald,	Wylder
Edmondson	Mich.	Wylie
Erlenborn	Martin	
Evans, Colo.	Mathias, Calif.	

So the motion was rejected.  
The Clerk announced the following pairs:  
On this vote:

Mr. Foley for, with Mr. O'Hara against.  
Mr. Schmitz for, with Mr. McDonald of Michigan against.  
Mr. Lujan for, with Mr. Frelinghuysen against.  
Mr. McClure for, with Mr. Broyhill of Virginia against.

Until further notice:

Mr. Hébert with Mr. Vander Jagt.  
Mr. Boggs with Mr. Gerald R. Ford.  
Mr. Hays with Mr. Mosher.  
Mr. Sikes with Mr. Burke of Florida.  
Mr. Celler with Mr. Wylder.  
Mr. Roberts with Mr. Andrews of North Dakota.  
Mr. Fuqua with Mr. Findley.  
Mr. Eckhardt with Mr. Bell.  
Mr. Dent with Mr. McDade.  
Mr. Evins of Tennessee with Mr. Martin.  
Mr. Davis of South Carolina with Mr. Pelly.  
Mr. Carey of New York with Mr. Mathias of California.  
Mr. Clark with Mrs. Dwyer.  
Mr. Wright with Mr. Don H. Clausen.  
Mrs. Hansen of Washington with Mr. Del Clawson.  
Mr. Adams with Mr. Metcalfe.  
Mr. Dulski with Mr. Ruppe.  
Mr. Evans of Colorado with Mr. Lloyd.  
Mr. Flynt with Mr. Ruth.  
Mr. Kluczynski with Mr. Harsha.  
Mr. Stephens with Mr. Poff.  
Mr. Link with Mr. Erlenborn.  
Mr. Moss with Mr. Hosmer.  
Mr. Pike with Mr. Grover.  
Mr. Haley with Mr. Shriver.  
Mr. William D. Ford with Mr. Quie.  
Mr. Clay with Mr. Miller of California.  
Mr. Hawkins with Mr. Gallagher.  
Mr. Baring with Mrs. Chisholm.  
Mr. Anderson of Tennessee with Mr. Wylie.  
Mr. Abbitt with Mr. Broyhill of North Carolina.  
Mr. Udall with Mr. Sebelius.  
Mr. White with Mr. Schwengel.  
Mr. Landrum with Mr. Riegle.  
Mr. Abernethy with Mr. Keith.  
Mrs. Griffiths with Mr. Michel.  
Mr. Hanna with Mr. Rousselot.  
Mr. Hicks of Washington with Mr. Steiger of Arizona.  
Mr. Curlin with Mr. Shoup.  
Mr. Caffery with Mr. Rarick.  
Mr. Colmer with Mr. Fryor of Arkansas.  
Mr. Lennon with Mr. Hastings.

Messrs. COLLIER, RANGEL, and HALPERN changed their votes from "yea" to "nay."

Mr. FOLEY. Mr. Speaker, I have a live pair with the gentleman from Michigan (Mr. O'HARA). If he had been present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas (Mr. MILLS) that the House concur in the Senate amendment No. 2.  
Mr. MILLS of Arkansas. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.  
The question was taken; and there were—yeas 302, nays 35, not voting 95, as follows:

[Roll No. 260]

YEAS—302

Abourezk	Andrews, Ala.	Baker
Abzug	Annunzio	Barrett
Addabbo	Arends	Begich
Alexander	Ashley	Belcher
Anderson,	Aspin	Bennett
Calif.	Aspinall	Bergland
Anderson, Ill.	Badillo	Beverly

Biaggi	Harrington	Preyer, N.C.
Biestler	Harvey	Price, Ill.
Bingham	Hathaway	Price, Tex.
Blanton	Hechler, W. Va.	Pucinski
Blatnik	Heckler, Mass.	Purcell
Boland	Heinz	Quillen
Brademas	Helstoski	Railsback
Brasco	Henderson	Randall
Bray	Hicks, Mass.	Rangel
Brinkley	Hillis	Rees
Brooks	Hogan	Reid
Broomfield	Holifield	Reuss
Brotzman	Horton	Rhodes
Brown, Ohio	Howard	Robison, N.Y.
Buchanan	Hungate	Rodino
Burke, Mass.	Hunt	Roe
Burlison, Mo.	Hutchinson	Rogers
Burton	Ichord	Roncalio
Byrne, Pa.	Jacobs	Rooney, N.Y.
Byron	Jarman	Rooney, Pa.
Cabell	Johnson, Calif.	Rosenthal
Carlson	Johnson, Pa.	Rostenkowski
Carney	Jones, Ala.	Roush
Carter	Jones, N.C.	Roy
Casey, Tex.	Jones, Tenn.	Roybal
Cederberg	Kastenmeier	Runnels
Chamberlain	Kazen	Ryan
Chappell	Keating	St Germain
Clancy	Kee	Sandman
Clark	Kemp	Sarbanes
Cleveland	King	Saylor
Collier	Koch	Scherle
Collins, Ill.	Kyl	Scheuer
Conover	Kyros	Scott
Conte	Latta	Seiberling
Conyers	Leggett	Shipley
Corman	Lent	Sisk
Cotter	Long, La.	Skubitz
Coughlin	Long, Md.	Slack
Culver	McClory	Smith, Iowa
Daniels, N.J.	McCloskey	Smith, N.Y.
Danielson	McCollister	Snyder
Davis, Ga.	McCormack	Spence
de la Garza	McCulloch	Staggers
Delaney	McFall	Stanton,
Dellums	McKay	J. William
Denholm	McKevitt	Stanton,
Derwinski	McKinney	James V.
Devine	McMillan	Steed
Dickinson	Macdonald,	Steele
Diggs	Mass.	Steiger, Wis.
Dingell	Madden	Stokes
Donohue	Mailliard	Stratton
Dorn	Mallary	Stubblefield
Dow	Mann	Stuckey
Downing	Mathis, Ga.	Sullivan
Drinan	Matsunaga	Symington
Duncan	Mayne	Talcott
du Pont	Mazzoli	Taylor
Edwards, Calif.	Meeds	Teague, Calif.
Eilberg	Meicher	Teague, Tex.
Esch	Mikva	Thompson, Ga.
Eshleman	Miller, Ohio	Thompson, N.J.
Fascell	Mills, Ark.	Thomson, Wis.
Fish	Mills, Md.	Thone
Flood	Minish	Tiernan
Flowers	Mink	Ullman
Foley	Minshall	Van Deerin
Forsythe	Mitchell	Vanik
Fountain	Mizell	Veysey
Fraser	Mollohan	Vigorito
Frenzel	Monagan	Waldie
Frey	Montgomery	Wampler
Fulton	Moorhead	Ware
Galifianakis	Morgan	Whalen
Garmatz	Murphy, Ill.	Whalley
Gaydos	Murphy, N.Y.	Whitehurst
Gettys	Myers	Whitten
Gialmo	Natcher	Whidall
Gibbons	Nedzi	Williams
Goldwater	Nelsen	Wilson, Bob
Gonzalez	Nichols	Wilson,
Grasso	Nix	Charles H.
Gray	O'bey	Winn
Green, Oreg.	O'Konski	Wolf
Green, Pa.	O'Neill	Wyatt
Griffin	Passman	Wylder
Gubser	Patman	Wyman
Gude	Patten	Yates
Hagan	Pepper	Yatron
Halpern	Perkins	Young, Fla.
Hamilton	Pettis	Young, Tex.
Hammer-	Peyster	Zablocki
schmidt	Pickle	Zion
Hanley	Pirnie	Zwach
Hansen, Idaho	Podell	

NAYS—35

Archer	Camp	Edwards, Ala.
Ashbrook	Collins, Tex.	Fisher
Beets	Conable	Goodling
Blackburn	Crane	Gross
Bow	Daniel, Va.	Hall
Brown, Mich.	Davis, Wis.	Hull
Burleson, Tex.	Dellenback	Jonas
Byrnes, Wis.	Dennis	Kuykendall

Landgrebe	Robinson, Va.	Terry
McEwen	Satterfield	Waggonner
Mahon	Schneebell	Wiggins
Powell	Smith, Calif.	

NOT VOTING—95

Abbott	Findley	Metcalfe
Abernethy	Flynt	Michel
Bell	Ford, Gerald R.	Miller, Calif.
Adams	Ford,	Mosher
Anderson,	William D.	Moss
Tenn.	Frelinghuysen	O'Hara
Andrews,	N. Dak.	Pelly
Baring	Fuqua	Pike
Boggs	Gallagher	Poage
Bolling	Griffiths	Poff
Broyhill, N.C.	Grover	Fryor, Ark.
Broyhill, Va.	Haley	Quie
Burke, Fla.	Hanna	Rarick
Caffery	Hansen, Wash.	Riegle
Carey, N.Y.	Harsha	Roberts
Celler	Hastings	Rousselot
Chisholm	Hawkins	Ruppe
Clausen,	Hays	Ruth
Don H.	Hébert	Schmitz
Clawson, Del	Hicks, Wash.	Schwengel
Clay	Hosmer	Sebelius
Colmer	Karth	Shoup
Curlin	Keith	Shriver
Davis, S.C.	Kluczynski	Sikes
Dent	Landrum	Springer
Dowdy	Lennon	Steiger, Ariz.
Dulski	Link	Stephens
Dwyer	Lloyd	Udall
Eckhardt	Lujan	Vander Jagt
Edmondson	McClure	White
Erlenborn	McDade	Wright
Evans, Colo.	McDonald,	Wylie
Evins, Tenn.	Mich.	
	Martin	
	Mathias, Calif.	

Mr. Stephens with Mr. Findley.  
Mr. Carey of New York with Mr. Burke of Florida.  
Mr. Caffery with Mr. Colmer.  
Mr. Curlin with Mr. Rarick.  
Mr. Metcalfe with Mr. Miller of California.  
Mr. Abbitt with Mr. Lennon.  
Mr. Abernethy with Mr. Pryor of Arkansas.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amend the title so as to read: "An Act to provide for a 4-month extension of the present temporary level in the public debt limitation, and for other purposes."

MOTION OFFERED BY MR. MILLS OF ARKANSAS  
Mr. MILLS of Arkansas. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MILLS of Arkansas moves to recede and concur in the amendment.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Andrews of North Dakota for, with Mr. Schmitz against.  
Mr. McDade for with Mr. McClure against.  
Mr. McDonald of Michigan for, with Mr. Lujan against.

Until further notice:

Mr. Hébert with Mrs. Dwyer.  
Mr. Boggs with Mr. Gerald R. Ford.  
Mr. Hays with Mr. Mosher.  
Mr. Sikes with Mr. Rousselot.  
Mr. Dent with Mr. Frelinghuysen.  
Mr. Evins of Tennessee with Mr. Broyhill of North Carolina.  
Mr. Roberts with Mr. Bell.  
Mr. O'Hara with Mr. Ruppe.  
Mr. Edmondson with Mr. Ruth.  
Mr. Dulski with Mr. Harsha.  
Mr. Fuqua with Mr. Broyhill of Virginia.  
Mr. Pike with Mr. Grover.  
Mr. Karth with Mr. Pelly.  
Mr. Kluczynski with Mr. Schwengel.  
Mr. Haley with Mr. Martin.  
Mrs. Griffiths with Mr. Sebelius.  
Mr. William D. Ford with Mr. Vander Jagt.  
Mr. Hawkins with Mr. Hosmer.  
Mr. Clay with Mr. White.  
Mr. Celler with Mr. Hastings.  
Mrs. Chisholm with Mr. Gallagher.  
Mr. Davis of South Carolina with Mr. Shriver.  
Mr. Moss with Mr. Mathias of California.  
Mr. Flynt with Mr. Poff.  
Mr. Evans of Colorado with Mr. Michel.  
Mr. Eckhardt with Mr. Quie.  
Mr. Link with Mr. Springer.  
Mr. Wright with Mr. Erlenborn.  
Mr. Hicks of Washington with Mr. Lloyd.  
Mrs. Hansen of Washington with Mr. Del Clawson.

Mr. Anderson of Tennessee with Mr. Shoup.  
Mr. Baring with Mr. Keith.  
Mr. Adams with Mr. Steiger of Arizona.  
Mr. Hanna with Mr. Don H. Clausen.  
Mr. Landrum with Mr. Wylie.  
Mr. Udall with Mr. Riegle.



Public Law 92-336  
92nd Congress, H. R. 15390  
July 1, 1972

An Act

86 STAT. 406

To provide for a four-month extension of the present temporary level in the public debt limitation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 92-250 and section 2(a) of Public Law 92-5 are each amended by striking out "June 30, 1972," and inserting in lieu thereof "October 31, 1972,".

Public debt limit; disaster losses; Social Security Act, amendments. Ante, p. 63; 85 Stat. 5. 76 Stat. 51. 26 USC 165.

SEC. 2. (a) Section 165(h) (1) of the Internal Revenue Code of 1954 (relating to disaster losses) is amended to read as follows:

"(1) attributable to a disaster which occurs during the period after the close of the taxable year and on or before the last day of the 6th calendar month beginning after the close of the taxable year, and".

(b) The amendment made by subsection (a) shall apply to disasters occurring after December 31, 1971, in taxable years ending after such date.

Effective date.

TITLE II—AMENDMENTS TO THE SOCIAL SECURITY PROGRAM

INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS, AND IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 OR OVER

SEC. 201. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

85 Stat. 6. 42 USC 415.

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1971 Act)	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—		
\$16.21	\$16.20	\$70.40		\$76	\$84.50	\$126.80
16.85	16.84	71.50		77	85.50	128.80
17.61	17.60	72.10		79	87.80	131.70
18.41	18.40	74.80		81	89.40	134.20
19.25	20.00	76.80		82	91.00	136.60
20.01	20.64	77.40		84	92.90	139.40
20.65	21.26	78.80		86	94.60	141.90
21.20	21.88	81.70		90	96.20	144.80
21.80	22.26	83.10		91	96.10	147.20
22.20	22.66	84.50		93	99.80	149.70
22.60	23.06	85.80		95	101.40	152.20
23.00	23.44	87.40		97	103.00	154.80
23.45	23.76	88.90		98	104.90	157.40
23.77	24.20	90.60		100	106.80	160.10
24.21	24.60	91.90		102	110.80	163.20
24.61	25.00	93.40		105	112.10	165.80
25.01	25.45	95.10		107	114.30	168.20
25.49	25.92	96.80		108	116.00	171.80
25.93	26.40	98.20		109	117.90	175.90
26.41	26.94	99.70		110	119.70	179.60
26.95	27.46	101.10		113	121.40	182.10
27.47	28.00	102.70		115	123.80	185.00
28.01	28.66	104.20		118	126.10	187.70

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 1971 Act)	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—		
\$28.69	\$29.25	\$105.99	\$128	\$132	\$127.10	\$190.70
29.26	29.68	107.30	133	136	128.80	193.20
29.69	30.36	108.70	137	141	130.50	195.80
30.37	30.92	110.40	142	146	132.50	198.80
30.93	31.36	111.90	147	150	134.50	201.50
31.37	32.00	113.30	151	155	136.00	204.00
32.01	32.60	115.00	156	160	138.00	207.00
32.61	33.20	116.40	161	164	139.70	209.60
33.21	33.88	118.00	165	169	141.60	212.40
33.89	34.50	119.50	170	174	143.40	215.20
34.51	35.00	121.00	175	178	145.20	217.80
35.01	35.80	122.60	179	183	147.20	220.80
35.81	36.40	124.00	184	188	148.80	223.20
36.41	37.08	125.70	189	193	150.90	226.40
37.09	37.60	127.20	194	197	152.70	229.10
37.61	38.20	128.60	198	202	154.40	231.60
38.21	39.12	130.30	203	207	156.40	234.60
39.13	39.68	131.80	208	211	158.20	237.30
39.69	40.33	133.10	212	216	159.80	239.70
40.34	41.12	134.80	217	221	161.80	242.70
41.13	41.76	136.30	222	225	163.80	245.40
41.77	42.44	137.90	226	230	165.50	248.30
42.45	43.20	139.40	231	235	167.30	251.00
43.21	43.76	141.10	236	239	169.40	254.10
43.77	44.44	142.50	240	244	171.00	257.80
44.45	44.88	143.90	245	249	172.70	263.10
44.89	45.60	145.60	250	253	174.80	267.30
	147.10	147.10	254	258	176.60	272.60
	148.40	148.40	259	263	178.10	277.80
	150.10	150.10	264	267	180.20	282.00
	151.60	151.60	268	272	182.60	287.30
	153.20	153.20	273	277	183.90	292.60
	154.70	154.70	278	281	185.70	296.80
	156.20	156.20	282	286	187.50	302.10
	157.90	157.90	287	291	189.50	307.40
	159.20	159.20	292	295	191.10	311.60
	160.90	160.90	296	300	193.10	316.80
	162.40	162.40	301	305	194.90	322.10
	163.80	163.80	306	309	196.60	326.40
	165.50	165.50	310	314	198.60	331.70
	166.90	166.90	315	319	200.30	337.00
	168.30	168.30	320	323	202.00	341.20
	170.00	170.00	324	328	204.00	346.50
	171.50	171.50	329	333	205.80	351.80
	173.20	173.20	334	337	207.90	356.00
	174.50	174.50	338	342	209.40	361.20
	176.00	176.00	343	347	211.20	365.50
	177.70	177.70	348	351	213.30	370.70
	179.10	179.10	352	356	215.00	376.00
	180.80	180.80	357	361	217.00	381.30
	182.20	182.20	362	365	218.70	385.50
	183.60	183.60	366	370	220.40	390.80
	185.30	185.30	371	375	222.40	396.00
	186.80	186.80	376	379	224.20	400.40
	188.50	188.50	380	384	226.20	405.60
	189.80	189.80	385	389	227.80	410.90
	191.30	191.30	390	393	229.60	415.10
	193.00	193.00	394	398	231.60	420.40
	194.40	194.40	399	403	233.30	425.70
	196.10	196.10	404	407	235.40	429.90
	197.40	197.40	408	412	236.90	435.20
	198.80	198.80	413	417	238.60	440.40
	200.20	200.20	418	421	240.30	444.60
	201.80	201.80	422	426	242.20	449.90
	203.10	203.10	427	431	243.80	455.20
	204.50	204.50	432	436	245.40	460.50
	206.10	206.10	437	440	247.40	462.60

"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 1971 Act)	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—		
		\$207.40	\$441	\$445	\$248.90	\$465.30
		208.80	446	450	250.60	467.90
		210.40	451	454	252.50	470.00
		211.70	455	459	254.10	472.60
		213.10	460	464	255.80	475.20
		214.50	465	468	257.40	477.40
		216.10	469	473	259.40	480.00
		217.40	474	478	260.90	482.70
		218.80	479	482	262.60	484.80
		220.40	483	487	264.60	487.50
		221.70	488	492	266.10	490.10
		223.10	493	496	267.80	492.20
		224.70	497	501	269.70	494.80
		226.00	502	506	271.20	497.40
		227.40	507	510	272.90	499.60
		228.80	511	515	274.60	502.20
		230.30	516	520	276.40	504.90
		231.70	521	524	278.10	506.90
		233.10	525	529	279.80	509.60
		234.70	530	534	281.70	512.20
		236.00	535	538	283.20	514.40
		237.40	539	543	284.90	517.00
		239.00	544	548	286.80	519.60
		240.30	549	553	288.40	522.30
		241.70	554	556	290.10	523.80
		242.90	557	560	291.50	526.00
		244.20	561	563	293.10	527.60
		245.50	564	567	294.60	529.70
		246.80	568	570	296.20	531.30
		248.00	571	574	297.60	533.30
		249.30	575	577	299.20	535.00
		250.50	578	581	300.60	537.00
		251.80	582	584	302.20	538.60
		253.00	585	588	303.60	540.80
		251.40	589	591	305.30	542.30
		255.60	592	595	306.80	544.50
		256.90	596	598	308.30	546.00
		258.10	599	602	309.80	548.20
		259.40	603	605	311.30	549.80
		260.60	606	609	312.80	551.80
		262.00	610	612	314.40	553.50
		263.20	613	616	315.90	555.50
		264.50	617	620	317.40	557.70
		265.70	621	623	318.90	559.20
		267.00	624	627	320.40	561.40
		268.20	628	630	321.90	563.30
		269.50	631	634	323.40	566.10
		270.80	635	637	325.00	569.70
		272.10	638	641	326.60	571.50
		273.30	642	644	328.00	574.00
		274.50	645	648	329.60	576.80
		275.80	649	652	331.00	579.30
		276.60	653	656	332.00	581.00
		277.40	657	660	332.90	582.60
		278.40	661	665	334.10	584.70
		279.40	666	670	335.30	586.80
		280.40	671	675	336.50	589.90
		281.40	676	680	337.70	591.00
		282.40	681	685	338.90	593.10
		283.40	686	690	340.10	595.20
		284.40	691	695	341.30	597.30
		285.40	699	700	342.50	599.40

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 1971 Act)	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—		
		\$286.40	\$701	\$705	\$343.70	\$601.50
		287.40	706	710	344.90	603.60
		288.40	711	715	346.10	605.70
		289.40	716	720	347.30	607.80
		290.40	721	725	348.50	609.90
		291.40	726	730	349.70	612.00
		292.40	726	735	350.90	614.10
		293.40	731	740	352.10	616.20
		294.40	736	745	353.30	618.30
		294.40	741	745	354.50	620.40
		295.40	746	750	355.50	622.20
			751	755	355.50	623.90
			756	760	357.50	625.70
			761	765	358.50	627.40
			766	770	359.50	629.20
			771	775	360.50	630.90
			776	780	361.50	632.70
			781	785	362.50	634.40
			786	790	363.50	636.20
			791	795	364.50	637.90
			796	800	365.50	639.70
			801	805	366.50	641.40
			806	810	367.50	643.20
			811	815	368.50	644.90
			816	820	369.50	646.70
			821	825	370.50	648.40
			826	830	371.50	650.20
			831	835	372.50	651.90
			836	840	373.50	653.70
			841	845	374.50	655.40
			846	850	375.50	657.20
			851	855	376.50	658.90
			856	860	377.50	660.70
			861	865	378.50	662.40
			866	870	379.50	664.20
			871	875	380.50	665.90
			876	880	381.50	667.70
			881	885	382.50	669.40
			886	890	383.50	671.20
			891	895	384.50	672.90
			896	900	385.50	674.70
			901	905	386.50	676.40
			906	910	387.50	678.20
			911	915	388.50	679.90
			916	920	389.50	681.70
			921	925	390.50	683.40
			926	930	391.50	685.20
			931	935	392.50	686.90
			936	940	393.50	688.70
			941	945	394.50	690.40
			946	950	395.50	692.20
			951	955	396.50	693.90
			956	960	397.50	695.70
			961	965	398.50	697.40
			966	970	399.50	699.20
			971	975	400.50	700.90
			976	980	401.50	702.70
			981	985	402.50	704.40
			986	990	403.50	706.20
			991	995	404.50	707.90
			996	1,000		

(b) Section 203(a) of such Act is amended by striking out paragraph (2) and inserting in lieu thereof the following:

85 Stat. 8.

42 USC 403.

"(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 August 1972 on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection were applicable in January 1971 or any prior month in determining the total of the benefits for persons entitled for any such month on the basis of such wages and self-employment income, such total of benefits for September 1972 or any subsequent month shall not be reduced to less than the larger of—

42 USC 402,

423.

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title for August 1972 (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), for each person for such month, by 120 percent and raising such increased amount, if it is not a multiple of \$0.10, to the next higher multiple of \$0.10;

42 USC 422.

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), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for September 1972, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for September 1972, or"

72 Stat. 1017.

(c) Section 215(a) of such Act is amended by striking out the matter which precedes the table and inserting in lieu thereof the following:

72 Stat. 1013;

79 Stat. 367.

"(a) The primary insurance amount of an insured individual shall be determined as follows:

42 USC 415.

"(1) Subject to the conditions specified in subsections (b), (c), and (d) of this section and except as provided in paragraph (2) of this subsection, such primary insurance amount shall be whichever of the following amounts is the largest:

Post, pp. 411,

416.

81 Stat. 864.

"(A) the amount in column IV of the following table on the line on which in column III of such table appears his average monthly wage (as determined under subsection (b));

Ante, p. 406.

"(B) the amount in column IV of such table on the line on which in column II appears his primary insurance amount (as determined under subsection (c)); or

"(C) the amount in column IV of such table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)).

"(2) 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, such primary insurance amount shall be the amount in column IV of such table which is equal to the primary insurance amount upon which such disability insurance benefit is based; except that if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table and in the following month became entitled to an old-age insurance benefit, or he died in such follow-

86 STAT. 411

ing month then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. For purposes of this paragraph, the term 'primary insurance amount' with respect to any individual means only a primary insurance amount determined under paragraph (1) (and such individual's benefits shall be deemed to be based upon the primary insurance amount as so determined)."

85 Stat. 9.  
42 USC 415. (d) Section 215(b)(4) of such Act is amended by striking out "December 1970" each time it appears and inserting in lieu thereof "August 1972".

83 Stat. 740. (e) Section 215(c) of such Act is amended to read as follows:

"Primary Insurance Amount Under Act of March 17, 1971

Ante, p. 406. (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 on the basis of the law in effect prior to September 1972.

42 USC 402,  
423. (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 September 1972, or who died before such month."

81 Stat. 865. (f) Section 215(f)(2) of such Act is amended by striking out "(a) (1) and (3)" and inserting in lieu thereof "(a)(1)(A) and (C)".

85 Stat. 10.  
42 USC 427. (g) (1)(A) Section 227(a) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00", and by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(B) Section 227(b) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00".

42 USC 428. (2)(A) Section 228(b)(1) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00".

(B) Section 228(b)(2) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00", and by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(C) Section 228(c)(2) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

(D) Section 228(c)(3)(A) of such Act is amended by striking out "\$48.30" and inserting in lieu thereof "\$58.00".

(E) Section 228(c)(3)(B) of such Act is amended by striking out "\$24.20" and inserting in lieu thereof "\$29.00".

Ante, p. 410. (h) (1) Section 203(a) of the Social Security Act (as amended by subsection (b) of this section) is further amended by striking out "or" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", or ", and by inserting after paragraph (3) the following new paragraph:

"(4) notwithstanding any other provision of law, when—

"(A) two or more persons are entitled to monthly benefits for a particular month on the basis of the wages and self-employment income of an insured individual and (for such particular month) the provisions of this subsection and section 202(q) are applicable to such monthly benefits, and

42 USC 402.

“(B) such individual’s primary insurance amount is increased for the following month under any provision of this title,

then the total of monthly benefits for all persons on the basis of such wages and self-employment income for such particular month, as determined under the provisions of this subsection, shall for purposes of determining the total monthly benefits for all persons on the basis of such wages and self-employment income for months subsequent to such particular month to be considered to have been increased by the smallest amount that would have been required in order to assure that the total of monthly benefits payable on the basis of such wages and self-employment income for any such subsequent month will not be less (after the application of the other provisions of this subsection and section 202(q)) than the total of monthly benefits (after the application of the other provisions of this subsection and section 202(q)) payable on the basis of such wages and self-employment income for such particular month.”

42 USC 402.

(2) In any case in which the provisions of section 1002(b)(2) of the Social Security Amendments of 1969 were applicable with respect to benefits for any month in 1970, the total of monthly benefits as determined under section 203(a) of the Social Security Act shall, for months after 1970, be increased to the amount that would be required in order to assure that the total of such monthly benefits (after the application of section 202(q) of such Act) will not be less than the total of monthly benefits that was applicable (after the application of such sections 203(a) and 202(q)) for the first month for which the provisions of such section 1002(b)(2) applied.

83 Stat. 740.  
42 USC 403 note.  
Ante, pp. 410,  
411.

(i) The amendments made by this section (other than the amendments made by subsections (g) and (h)) shall apply with respect to monthly benefits under title II of the Social Security Act for months after August 1972 and with respect to lump-sum death payments under such title in the case of deaths occurring after such month. The amendments made by subsection (g) shall apply with respect to monthly benefits under title II of such Act for months after August 1972. The amendments made by subsection (h)(1) shall apply with respect to monthly benefits under title II of such Act for months after December 1971.

Effective dates.

42 USC 401.

#### AUTOMATIC ADJUSTMENTS IN BENEFITS AND IN THE CONTRIBUTION AND BENEFIT BASE

##### Adjustments in Benefits

SEC. 202. (a)(1) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:

74 Stat. 35.  
42 USC 415.

##### “Cost-of-Living Increases in Benefits

“(i)(1) For purposes of this subsection—

“(A) the term ‘base quarter’ means (i) the calendar quarter ending on June 30 in each year after 1972, or (ii) any other calendar quarter in which occurs the effective month of a general benefit increase under this title;”

“(B) the term ‘cost-of-living computation quarter’ means a base quarter, as defined in subparagraph (A)(i), in which the Consumer Price Index prepared by the Department of Labor

“Base quarter.”

“Cost-of-living computation quarter.”

86 STAT. 413

exceeds, by not less than 3 per centum, such Index in the later of (i) the last prior cost-of-living computation quarter which was established under this subparagraph, or (ii) the most recent calendar quarter in which occurred the effective month of a general benefit increase under this title; except that there shall be no cost-of-living computation quarter in any calendar year in which a law has been enacted providing a general benefit increase under this title or in which such a benefit increase becomes effective; and

“(C) the Consumer Price Index for a base quarter, a cost-of-living computation quarter, or any other calendar quarter shall be the arithmetical mean of such index for the 3 months in such quarter.

“(2) (A) (i) The Secretary shall determine each year beginning with 1974 (subject to the limitation in paragraph (1) (B) and to subparagraph (E) of this paragraph) whether the base quarter (as defined in paragraph (1) (A) (i)) in such year is a cost-of-living computation quarter.

“(ii) If the Secretary determines that such base quarter is a cost-of-living computation quarter, he shall, effective with the month of January of the next calendar year (subject to subparagraph (E)) as provided in subparagraph (B), increase the benefit amount of each individual who for such month is entitled to benefits under section 227 or 228, and the primary insurance amount of each other individual under this title, by an amount derived by multiplying each such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the nearest one-tenth of 1 percent) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such index for the most recent prior calendar quarter which was a base quarter under paragraph (1) (A) (ii) or, if later, the most recent cost-of-living computation quarter under paragraph (1) (B). Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

“(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply (subject to subparagraph (E)) in the case of monthly benefits under this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, and in the case of lump-sum death payments with respect to deaths occurring after December of such calendar year.

“(C) (i) Whenever the level of the Consumer Price Index as published for any month exceeds by 2.5 percent or more the level of such index for the most recent base quarter (as defined in paragraph (1) (A) (ii)) or, if later, the most recent cost-of-living computation quarter, the Secretary shall (within 5 days after such publication) report the amount of such excess to the House Committee on Ways and Means and the Senate Committee on Finance.

“(ii) Whenever the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance of such determination on or before August 15 of such calendar year, indicating the amount of the benefit increase to be provided, his estimate of the extent to which the cost of such increase would be met by an increase in the contribution and benefit

Ante, p. 411;  
Post, p. 416.

Reports to congressional committees.

base under section 230 and the estimated amount of the increase in such base, the actuarial estimates of the effect of such increase, and the actuarial assumptions and methodology used in preparing such estimates.

“(D) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall publish in the Federal Register on or before November 1 of such calendar year a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be the amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been most recently revised by another law or pursuant to this paragraph); and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

Publication in  
Federal Register.

Ante, p. 411;  
Post, p. 416.  
Ante, p. 406.

“(i) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall reflect the year in which the primary insurance amounts set forth in column IV of the table immediately prior to its revision were effective.

Social Security  
benefits, table  
revision com-  
putation.

“(ii) The amounts on each line of column I and column III, except as otherwise provided by clause (v) of this subparagraph, shall be the same as the amounts appearing in each such column in the table immediately prior to its revision.

“(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

“(iv) The amounts on each line of column IV and column V shall be increased from the amounts shown in the table immediately prior to its revision by increasing each such amount by the percentage specified in subparagraph (A) (ii) of this paragraph. The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

“(v) If the contribution and benefit base (determined under section 230) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV, and V of such table shall be extended. The amounts on each additional line of column III shall be the amounts on the preceding line increased by \$5 until in the last such line of column III the second figure is equal to one-twelfth of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised. The amount on each additional line of column IV shall be the amount on the preceding line increased by \$1.00, until the amount on the last line of such column is equal to the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised (as determined under section 230) over such base for the calendar year in which the table of benefits is revised. The amount in each additional line of column V shall be equal to 1.75 times the amount on the same line of column IV. Any

86 STAT. 415

such increased amount which is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.

“(E) Notwithstanding a determination by the Secretary under subparagraph (A) that a base quarter in any calendar year is a cost-of-living computation quarter (and notwithstanding any notification or publication thereof under subparagraph (C) or (D)), no increase in benefits shall take effect pursuant thereto, and such quarter shall be deemed not to be a cost-of-living computation quarter, if during the calendar year in which such determination is made a law providing a general benefit increase under this title is enacted or becomes effective.

“General benefit increase under this title.”

“(3) As used in this subsection, the term ‘general benefit increase under this title’ means an increase (other than an increase under this subsection) in all primary insurance amounts on which monthly insurance benefits under this title are based.”

Effective dates.  
72 Stat. 1017.  
42 USC 403.

(2) (A) Effective January 1, 1974, section 203(a) of such Act is amended by striking out “the table in section 215(a)” in the matter preceding paragraph (1) and inserting in lieu thereof “the table in or deemed to be in section 215(a)”.

Ante, p. 406.

(B) Effective January 1, 1974, section 203(a) (2) of such Act (as amended by section 201(b) of this Act) is further amended to read as follows:

Ante, p. 410.

“(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 January 1971 or any prior month on the basis of the wages and self-employment income of such insured individual and the provisions of this subsection as in effect for any such month were applicable in determining the benefit amount of any persons on the basis of such wages and self-employment income, the total of benefits for any month after January 1971 shall not be reduced to less than the largest of—

42 USC 402,  
423.

“(A) the amount determined under this subsection without regard to this paragraph,

“(B) the largest amount which has been determined for any month under this subsection for persons entitled to monthly benefits on the basis of such insured individual’s wages and self-employment income, or

42 USC 422,  
402.

“(C) if any persons are entitled to benefits on the basis of such wages and self-employment income for the month before the effective month (after September 1972) of a general benefit increase under this title (as defined in section 215(i) (3)) or a benefit increase under the provisions of section 215(i), an amount equal to the sum of amounts derived by multiplying the benefit amount determined under this title for the month before such effective month including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), for each such person for such month, by a percentage equal to the percentage of the increase provided under such benefit increase (with any such increased amount which is not a multiple of \$0.10 being rounded 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) or (C), and (ii) if section 202(k) (2) (A) was applicable in the case of any such benefits for a month, and ceases to apply for a month after such month, the provisions of sub-

paragraph (B) or (C) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for the last month for which subparagraph (B) or (C) was applicable, or”.

42 USC 402.

(3) (A) Effective January 1, 1975, section 215 (a) of such Act (as amended by section 201(c) of this Act) is further amended—

Effective dates.

(i) by inserting “(or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (i)(2)(D))” after “the following table” in paragraph (1)(A);

Ante, p. 412.

and  
(ii) by inserting “(whether enacted by another law or deemed to be such table under subsection (i)(2)(D))” after “effective month of a new table” in paragraph (2).

(B) Effective January 1, 1975, section 215(b)(4) of such Act (as amended by section 201(d) of this Act) is further amended to read as follows:

81 Stat. 827;  
Ante, p. 411.

“(4) The provisions of this subsection shall be applicable only in the case of an individual—

“(A) who becomes entitled to benefits under section 202(a) or section 223 in or after the month in which a new table that appears in (or is deemed by subsection (i)(2)(D) to appear in) subsection (a) becomes effective; or

42 USC 402,  
423.

“(B) who dies in or after the month in which such table becomes effective 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).”

(C) Effective January 1, 1975, section 215(c) of such Act (as amended by section 201(e) of this Act) is further amended to read as follows:

81 Stat. 865.

#### “Primary Insurance Amount Under Prior Provisions

“(c)(1) For the purposes of column II of the latest table that appears in (or is deemed to appear in) subsection (a) of this section, an individual’s primary insurance amount shall be computed on the basis of the law in effect prior to the month in which the latest such table became effective.

Ante, p. 406.

“(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, or who died, before such effective month.”

(4) Effective January 1, 1975, sections 227 and 228 of such Act (as amended by section 201(g) of this Act) are further amended by striking out “\$58.00” wherever it appears and inserting in lieu thereof “the larger of \$58.00 or the amount most recently established in lieu thereof under section 215(i)”, and by striking out “\$29.00” wherever it appears and inserting in lieu thereof “the larger of \$29.00 or the amount most recently established in lieu thereof under section 215(i)”.

Ante, p. 412.

#### Adjustments in Contribution and Benefit Base

(b)(1) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

53 Stat. 1362.  
42 USC 401.

86 STAT. 417

ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

Ante, p. 412.

Publication in  
Federal Register.

“SEC. 230. (a) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the first month of the calendar year following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs (along with the publication of such benefit increase as required by section 215(i)(2)(D)) the contribution and benefit base determined under subsection (b) which shall be effective (unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E)) with respect to remuneration paid after the calendar year in which such quarter occurs and taxable years beginning after such year.

“(b) The amount of such contribution and benefit base shall be the amount of the contribution and benefit base in effect in the year in which the determination is made or, if larger, the product of—

“(1) the contribution and benefit base which was in effect with respect to remuneration paid in (and taxable years beginning in) the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made, and

“(2) the ratio of (A) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made to the latest or (B) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1973 or the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under subsection (a).

with such product, if not a multiple of \$300, being rounded to the next higher multiple of \$300 where such product is a multiple of \$150 but not of \$300 and to the nearest multiple of \$300 in any other case.

“Contribution and benefit base.”  
Infra; Post, p. 418.  
Ante, pp. 406-416; Supra; Post, pp. 418-420.

“(c) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the ‘contribution and benefit base’ with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1973 and prior to the calendar year with the first month of which the first increase in benefits pursuant to section 215(i) of this Act becomes effective shall be \$12,000 or (if applicable) such other amount as may be specified in a law enacted subsequent to the law which added this section.”

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

85 Stat. 10.  
42 USC 409.

SEC. 203. (a) (1) (A) Section 209(a)(6) of the Social Security Act is amended by inserting “and prior to 1973” after “1971”.

(B) Section 209(a) of such Act is further amended by adding at the end thereof the following new paragraphs:

“(7) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$10,800 with respect to employment has been paid to an individual during any calendar year after 1972 and prior to 1974, is paid to such individual during such calendar year;

“(8) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$12,000 with respect to employment has been paid to an individual during any calendar year after 1973 and prior to 1975, is paid to such individual during such calendar year;

“(9) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to the contribution and benefit base (determined under section 230) with respect to employment has been paid to an individual during any calendar year after 1974 with respect to which such contribution and benefit base is effective, is paid to such individual during such calendar year;”.

Ante, p. 417.

(2) (A) Section 211(b)(1)(F) of such Act is amended by inserting “and prior to 1973” after “1971”, and by striking out “; or” and inserting in lieu thereof “; and”.

85 Stat. 10.  
42 USC 411.

(B) Section 211(b)(1) of such Act is further amended by adding at the end thereof the following new subparagraphs:

“(G) For any taxable year beginning after 1972 and prior to 1974, (i) \$10,800, minus (ii) the amount of the wages paid to such individual during the taxable year; and

“(H) For any taxable year beginning after 1973 and prior to 1975, (i) \$12,000, minus (ii) the amount of the wages paid to such individual during the taxable year; and

“(I) For any taxable year beginning in any calendar year after 1974, (i) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or”.

(3) (A) Section 213(a)(2)(ii) of such Act is amended by striking out “after 1971” and inserting in lieu thereof “after 1971 and before 1973, or \$10,800 in the case of a calendar year after 1972 and before 1974, or \$12,000 in the case of a calendar year after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective”.

42 USC 413.

(B) Section 213(a)(2)(iii) of such Act is amended by striking out “after 1971” and inserting in lieu thereof “after 1971 and before 1973, or \$10,800 in the case of a taxable year beginning after 1972 and before 1974, or \$12,000 in the case of a taxable year beginning after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1974”.

(4) Section 215(e)(1) of such Act is amended by striking out “and the excess over \$9,000 in the case of any calendar year after 1971” and inserting in lieu thereof “the excess over \$9,000 in the case of any calendar year after 1971 and before 1973, the excess over \$10,800 in the case of any calendar year after 1972 and before 1974, the excess over \$12,000 in the case of any calendar year after 1973 and before 1975, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective”.

42 USC 415.

(b)(1)(A) Section 1402(b)(1)(F) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended

85 Stat. 11.  
26 USC 1402.

86 STAT. 419

by inserting "and before 1973" after "1971", and by striking out "; or" and inserting in lieu thereof "; and".

Ante, p. 13.

(B) Section 1402(b)(1) of such Code is further amended by adding at the end thereof the following new subparagraphs:

"(G) for any taxable year beginning after 1972 and before 1974, (i) \$10,800, minus (ii) the amount of the wages paid to such individual during the taxable year;

"(H) for any taxable year beginning after 1973 and before 1975, (i) \$12,000, minus (ii) the amount of the wages paid to such individual during the taxable year; and

Ante, p. 12.

"(I) for any taxable year beginning in any calendar year after 1974, (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

68A Stat. 417;  
85 Stat. 11.  
26 USC 3121.

(2) (A) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "\$9,000" each place it appears and inserting in lieu thereof "\$10,800".

Effective  
dates.  
Supra.

(B) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out "\$10,800" each place it appears and inserting in lieu thereof "\$12,000".

Supra.

(C) Effective with respect to remuneration paid after 1974, section 3121(a)(1) of such Code is amended—

(i) by striking out "\$12,000" each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)", and

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective".

Effective  
dates.  
Supra.

(3) (A) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "\$9,000" and inserting in lieu thereof "\$10,800".

(B) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out "\$10,800" and inserting in lieu thereof "\$12,000".

Supra.

(C) Effective with respect to remuneration paid after 1974, the second sentence of section 3122 of such Code is amended by striking out "the \$12,000 limitation" and inserting in lieu thereof "the contribution and benefit base limitation".

Effective  
dates.  
Supra.

(4) (A) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "\$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "\$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out "\$10,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "\$12,000".

Supra.

(C) Effective with respect to remuneration paid after 1974, section 3125 of such Code is amended by striking out "the \$12,000 limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base limitation".

(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 1973" after "the calendar year 1971";

(B) by inserting after "exceed \$9,000," the following: "or (F) during any calendar year after the calendar year 1972 and prior to the calendar year 1974, the wages received by him during such year exceed \$10,800, or (G) during any calendar year after the calendar year 1973 and prior to the calendar year 1975, the wages received by him during such year exceed \$12,000, or (H) during any calendar year after 1974, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year;" and

Ante, p. 12.

(C) by inserting before the period at the end thereof the following: "and before 1973, or which exceeds the tax with respect to the first \$10,800 of such wages received in such calendar year after 1972 and before 1974, or which exceeds the tax with respect to the first \$12,000 of such wages received in such calendar year after 1973 and before 1975, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1974 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year".

(6) Section 6413(a)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "or \$9,000 for any calendar year after 1971" and inserting in lieu thereof "\$9,000 for the calendar year 1972, \$10,800 for the calendar year 1973, \$12,000 for the calendar year 1974, or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1974 with respect to which such contribution and benefit base is effective".

85 Stat. 11.  
26 USC 6413.

(7)(A) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "\$9,000" and inserting in lieu thereof "\$10,800".

(B) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "\$10,800" and inserting in lieu thereof "\$12,000".

Effective dates.  
Supra.

(C) Effective with respect to taxable years beginning after 1974, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "the excess of \$12,000 over the amount" and inserting in lieu thereof "the excess of (I) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount".

Supra.

(c) The amendments made by subsections (a)(1) and (a)(3)(A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1972. The amendments made by subsections (a)(2), (a)(3)(B), (b)(1), and (b)(7) shall apply only with respect to taxable years beginning after 1972. The amendment made by subsection (a)(4) shall apply only with respect to calendar years after 1972.

#### CHANGES IN TAX SCHEDULES

**Sec. 204.** (a)(1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended—

81 Stat. 835.

(A) by striking out "and before January 1, 1973" in paragraph (3) and inserting in lieu thereof "and before January 1, 1978";

86 STAT. 421

(B) by striking out "and" at the end of paragraph (3); and  
 (C) by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 2011, the tax shall be equal to 6.7 percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 2010, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable year."

81 Stat. 836.  
 26 USC 3101.

(2) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "any of the calendar years 1971 through 1977"; and

85 Stat. 11.

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages received during any of the calendar years 1978 through 2010, the rate shall be 4.5 percent; and

"(5) with respect to wages received after December 31, 2010, the rate shall be 5.35 percent."

(3) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended—

(A) by striking out "the calendar years 1971 and 1972" in paragraph (3) and inserting in lieu thereof "any of the calendar years 1971 through 1977"; and

(B) by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) with respect to wages paid during any of the calendar years 1978 through 2010, the rate shall be 4.5 percent; and

"(5) with respect to wages paid after December 31, 2010, the rate shall be 5.35 percent."

81 Stat. 836.

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 0.9 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1986, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1985, and before January 1, 1993, the tax shall be equal to 1.1 percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1992, the tax shall be equal to 1.2 percent of the amount of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 0.9 percent;

"(3) with respect to wages received during the calendar years 1978, 1979, 1980, 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.0 percent;

"(4) with respect to wages received during the calendar years 1986, 1987, 1988, 1989, 1990, 1991, and 1992, the rate shall be 1.1 percent; and

"(5) with respect to wages received after December 31, 1992, the rate shall be 1.2 percent."

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following: 81 Stat. 837.  
26 USC 3111.

"(2) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 0.9 percent;

"(3) with respect to wages paid during the calendar years 1978, 1979, 1980, 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.0 percent;

"(4) with respect to wages paid during the calendar years 1986, 1987, 1988, 1989, 1990, 1991, and 1992, the rate shall be 1.1 percent; and

"(5) with respect to wages paid after December 31, 1992, the rate shall be 1.2 percent."

(c) The amendments made by subsections (a)(1) and (b)(1) shall apply only with respect to taxable years beginning after December 31, 1972. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1972. Effective dates.

#### ALLOCATION TO DISABILITY INSURANCE TRUST FUND

Sec. 205. (a) Section 201(b)(1) of the Social Security Act is amended— 70 Stat. 819;  
83 Stat. 741.

(1) by striking out "and (D)" and inserting in lieu thereof "and (D)", and 42 USC 401.

(2) by striking out "1969, and so reported," and inserting in lieu thereof "1969, and before January 1, 1973, and so reported, (E) 1.0 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1978, and so reported, (F) 1.1 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 2011, and so reported, and (G) 1.4 per centum of the wages (as so defined) paid after December 31, 2010, and so reported."

(b) Section 201(b)(2) of such Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "and (D)", and

(2) by striking out "beginning after December 31, 1969," and inserting in lieu thereof "beginning after December 31, 1969, and before January 1, 1973, (E) 0.75 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before Janu-

ary 1, 1978, (F) 0.825 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 2011, and (G) 0.915 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010.”

Approved July 1, 1972.

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LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 92-1128 (Comm. on Ways and Means)  
and No. 9215 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 118 (1972):

June 27, considered and passed House.

June 29, 30, considered and passed Senate, amended.

June 30, House receded and concurred in Senate amendments.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 8, No. 27:

July 1, Presidential statement.

July 1, 1972

Office of the White House Press Secretary

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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have today signed H.R. 15390, which extends the temporary ceiling on the national debt, and which, among other measures, provides for an across-the-board increase of 20 percent in social security benefits.

One important feature of this legislation which I greet with special favor is the automatic increase provision which will allow social security benefits to keep pace with the cost of living. This provision is one which I have long urged, and I am pleased that the Congress has at last fulfilled a request which I have been making since the first months of my Administration. This action constitutes a major breakthrough for older Americans, for it says at last that inflation-proof social security benefits are theirs as a matter of right, and not as something which must be temporarily won over and over again from each succeeding Congress.

Another important section of H.R. 15390 provides for accelerated tax refunds for disaster losses. This provision, the passage of which this Administration also urged on the Congress, extends from 3-1/2 months to 6 months the period after the end of the tax year in which a person can claim a deduction for disaster losses. This means, for example, that a person suffering disaster losses between April 15 and June 30 of this year can recompute his or her 1971 taxes and receive a refund check now, while the money is needed most, rather than waiting until next April to claim the same amount. This is particularly timely in the wake of the extensive damage caused by the recent floods.

As I have indicated on other occasions, however, H.R. 15390 includes some serious shortcomings.

It fails the test of fiscal responsibility by failing fully to finance its increase in social security benefits. As a result of this failure, it would add an additional \$3.7 billion to the

more than \$3 billion by which earlier actions and inactions by the Congress have already thrown the full employment budget for fiscal year 1973 into deficit--thus threatening dangerously to escalate the rate of inflation at a time when this Administration's economic policies are succeeding in turning it back.

I am determined that we shall win the battle against inflation--and that fiscally irresponsible policies shall not again penalize all Americans, and especially the older citizens whom these benefit increases are designed to help, by taking away in higher prices what they have gained in higher wages and higher benefits.

Therefore, it will be necessary for the Congress and the Administration to offset the additional \$3.7 billion deficit created by this measure through cuts in other Federal programs.

An additional fault with H.R. 15390 is that it jeopardizes the integrity of the Social Security Trust Fund by substantially reducing the necessary coverage of trust fund reserves to ensure annual benefit payments. I shall request the next Congress to restore this full 100% protection.

My belief that offsetting cuts in other programs can be made--although they may be painful--together with my belief that older Americans need and deserve increased benefits, permits me to sign this measure. However, I note that the Congress has extended the debt ceiling only until October 31, thus setting the stage for what could become a frantic, election-eve scramble to attach a whole collection of seemingly attractive, politically popular but fiscally irresponsible riders to the debt ceiling bill at that time. Debt ceiling bills are a tempting target for such maneuvers, because the Government quickly becomes unable to function if the ceiling falls back below the actual level of Government debt. I place the Congress on notice now that if this occurs--if fiscally irresponsible riders are then attached to that debt ceiling bill, for which it is not possible to find offsetting cuts in other programs--then I will not hesitate to exercise my right and responsibility to veto.

Beyond the shortcomings I have noted in this measure, it should be noted that the added benefits will not come without cost. Even though it is not fully funded, the measure still imposes considerable additional tax burdens on all wage earners. However, the overriding and finally determining factor in my decision to give my approval to this act is my deep concern for the well-being of our older Americans. They both need and deserve a significant increase in social security benefits.

With the signing of H.R. 15390, social security benefits since this Administration took office will have increased by a compound total of 51 percent. It is now our responsibility to see that these needed increases in income for our senior citizens are not eaten up by increases in the cost of living. The Congress has a solemn responsibility to join me in fighting inflation adopting an unbreakable role--that there shall be no future increases in spending, above my budget without providing for tax increases to pay for such spending increases. Our older Americans deserve full and fair consideration at the hands of their Government, and I have made every effort to see that they receive it. It is in consideration of their just requirements, and in spite of the fiscal irresponsibility that the Congress has demonstrated in its deficit funding of this legislation, that I have signed H.R. 15390.

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# *Commissioner's Bulletin*

SOCIAL SECURITY ADMINISTRATION

Number 125

July 7, 1972

## 1972 SOCIAL SECURITY LEGISLATION

To Administrative, Supervisory,  
and Technical Employees

On July 1, President Nixon signed into law H. R. 15390 (Public Law 92-336), a bill which provides for an extension of the present public debt limitation. The Senate added several social security provisions to H. R. 15390, and the House of Representatives agreed to these changes.

The amendments provide for a 20-percent across-the-board benefit increase effective for September 1972. The special monthly payments that are made to certain individuals age 72 and over who are not insured for regular social security cash benefits will also be increased by 20 percent--from \$48.30 to \$58.00 for an individual and from \$72.50 to \$87.00 for a couple. The amendments also provide for automatic increases in benefits as prices rise in the future. The automatic increases, which have been strongly recommended by the President, will assure that the purchasing power of benefits for all beneficiaries will be maintained.

These benefit changes are accompanied by a new contribution rate schedule, a copy of which is enclosed. Under the new schedule, the contribution rates for cash benefits for employers and employees, each, will remain at the present rate of 4.6 percent through 1977 and then will drop to 4.5 percent until 2010. After 2010 the rate will increase to 5.35 percent. The new schedule also corrects the underfinancing of the present

hospital insurance program and puts that program on a financially sound basis. Contribution rates for hospital insurance for employers and employees, each, would gradually increase from 0.9 percent in 1973 to 1.2 percent beginning in 1993.

Under the new law, the contribution and benefit base will increase from \$9,000 in 1972 to \$10,800 in 1973 and to \$12,000 in 1974 and will be increased automatically thereafter as wages rise. Although a worker who earns more than \$9,245 in a year will pay more in social security contributions, he will get considerably more in social security protection than he would have under the previous law.

The social security financing provisions in the amendments are based on the financing principles recommended by the 1971 Advisory Council on Social Security and endorsed by the Administration. The Advisory Council recommended that contribution rates be set at a level which would maintain the trust funds at a reasonable contingency-reserve level--about the level of one year's benefit payments. The Council further recommended that the Boards of Trustees report immediately to the Congress whenever the trust funds are expected to fall below 75 percent of the amount of one year's benefit payments or to rise above 125 percent of that amount. Although the new amendments follow the principles recommended by the Advisory Council, the cash benefit trust funds in any year will not reach 100 percent of the next year's outgo until about 1990; in the early years they will be a little more than 80 percent of the next year's outgo.

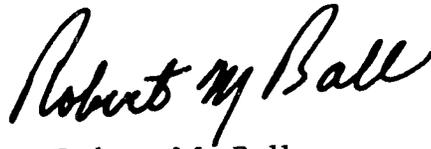
The cost estimates underlying the contribution rates are based on the assumption that, as the law provides, future benefits will increase in accordance with increases in prices and that the contribution and benefit base, as provided by the law, will rise as wages rise. The lower contribution rates for the long run as compared with the financing in H. R. 1 are made possible by these changes in the actuarial assumptions (previously it was assumed that both benefits and earnings would remain level in the future) and by the decision to adopt the Advisory Council's recommendation to limit the size of the trust funds to a reasonable contingency reserve.

Although the trust funds will grow under the provisions of the new law, the additional benefits provided by the new provisions will have a negative effect on the unified budget for fiscal year 1973. (The unified budget measures the total expenditures and total income of all Federal programs, including the social security trust funds.) The President's Budget for fiscal year 1973 included estimates showing that income to the social security cash benefit and hospital insurance trust funds--in terms of impact on the unified budget--would exceed outgo by \$1.6 billion, assuming enactment of H. R. 1 as passed by the House of Representatives. On the other hand, under the new law outgo is expected to exceed income to the trust funds by \$2.1 billion in fiscal year 1973 when computed on a unified budget basis (which does not count intragovernmental transfers, including the interest earnings on the trust funds). The reasons that the estimates in the President's Budget show income exceeding outgo for fiscal year 1973 whereas under the new law outgo will exceed income for fiscal year 1973 are: (1) H. R. 1 as passed by the House of Representatives contained a 5-percent benefit increase as compared to the 20-percent increase which was enacted, and (2) H. R. 1 would have increased the contribution and benefit base to \$10,200 for 1972 and 1973 whereas the base is maintained at \$9,000 in 1972 and increased to \$10,800 in 1973 under the new law (the lower base for 1972 results in a loss of income to the trust funds of \$2.1 billion in fiscal year 1973).

In fiscal year 1974, it is estimated that under the new provisions there will be, on a unified budget basis, an excess of \$1.6 billion of income to the cash benefit and hospital insurance trust funds over outgo from the funds. Thus, in fiscal year 1974 the trust funds will have a positive impact on the unified budget.

Enclosed are tables showing the growth of the cash benefit and hospital insurance trust funds over the next five years. These tables are based on all sources of trust fund income and outgo, including intragovernmental transfers (for example, interest to

the trust funds), and therefore are not on the same basis as the budget figures mentioned above. Also enclosed is a table showing the estimated effect of the 20-percent benefit increase on monthly benefits in current-payment status as of September 30, 1972.

A handwritten signature in black ink, reading "Robert M. Ball". The signature is written in a cursive style with a large, prominent initial "R".

Robert M. Ball  
Commissioner

Enclosures

Contribution Rates for Employees and Employers, Each, and the Self-Employed  
 Present Law 1/ and P.L. 92-336 2/

Employees and Employers, Each

Calendar Year	OASDI		HI		TOTAL	
	Present Law	P.L. 92-336	Present Law	P.L. 92-336	Present Law	P.L. 92-336
1973-75	5.00%	4.60%	0.65%	0.9%	5.65%	5.50%
1976-77	5.15	4.60	0.70	0.9	5.85	5.50
1978-79	5.15	4.50	0.70	1.0	5.85	5.50
1980-85	5.15	4.50	0.80	1.0	5.95	5.50
1986	5.15	4.50	0.80	1.1	5.95	5.60
1987-92	5.15	4.50	0.90	1.1	6.05	5.60
1993-97	5.15	4.50	0.90	1.2	6.05	5.70
1997-2010	5.15	4.50	--- <u>3/</u>	--- <u>3/</u>	---	---
2011-	5.15	5.35	---	---	---	---

Self-Employed

1973-75	7.0%	6.9%	0.65%	0.9%	7.65%	7.8%
1976-77	7.0	6.9	0.70	0.9	7.70	7.8
1978-79	7.0	6.7	0.70	1.0	7.70	7.7
1980-85	7.0	6.7	0.80	1.0	7.80	7.7
1986	7.0	6.7	0.80	1.1	7.80	7.8
1987-92	7.0	6.7	0.90	1.1	7.90	7.8
1993-97	7.0	6.7	0.90	1.2	7.90	7.9
1997-2010	7.0	6.7	--- <u>3/</u>	--- <u>3/</u>	---	---
2011-	7.0	7.0	---	---	---	---

1/ \$9,000 contribution and benefit base.

2/ \$10,800 contribution and benefit base in 1973, \$12,000 in 1974, with automatic adjustment thereafter.

3/ Cost estimates for hospital insurance are made for a 25-year period.

July 6, 1972

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

OASDI System as Modified by  
the 20% Benefit Increase

Progress of the OASI and DI trust funds, combined, under the system  
as modified by the 20% benefit increase effective  
for September 1972, calendar years 1972-77

(in billions)

Calendar year	Income	Outgo	Net increase in funds	Assets at end of year
1972	\$46.2	\$43.2	\$3.0	\$43.4
1973	52.2	51.6	0.6	44.0
1974	58.1	54.2	4.0	48.0
1975	62.8	59.2	3.6	51.6
1976	66.3	62.1	4.2	55.7
1977	71.6	68.2	3.4	59.2

Note: Under the automatic increase provisions, the following changes are assumed to occur on January 1 of the stated effective dates:

<u>Effective date</u>	<u>General benefit increase</u>	<u>Contribution and benefit base</u>
1975	5.1%	\$12,600
1977	5.5	14,100

Office of the Actuary--Baltimore  
July 6, 1972

HOSPITAL INSURANCE

Progress of the HI trust fund under the system  
as modified by the financing provisions of P.L. 92-336,  
calendar years 1972-77

(in billions)

Calendar year	Income	Outgo	Net increase in funds	Assets at end of year
1972	\$ 6.4	\$ 6.8	-\$0.4	\$ 2.6
1973	10.2	7.7	2.5	5.1
1974	11.8	8.7	3.1	8.2
1975	12.8	9.9	2.9	11.1
1976	13.6	11.1	2.5	13.6
1977	14.6	12.4	2.2	15.8

Note: Under the automatic contribution and benefit base increase provision, the following changes are assumed to occur on January 1 of the stated effective dates:

<u>Effective date</u>	<u>Contribution and benefit base</u>
1975	\$12,600
1977	14,100

Office of the Actuary  
July 6, 1972

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

OASDI System as Modified by  
the 20% Benefit Increase

Estimated effect of the 20-percent benefit increase on monthly benefits  
in current-payment status, September 30, 1972

Category	Monthly amount	
	Before benefit increase	After benefit increase
<u>Total monthly benefit rate in current-payment status (in millions)</u>		
Benefits payable to the 28.1 million OASDI beneficiaries in current-payment status on September 30, 1972.....	\$3,170	\$3,830

Selected average monthly amounts

1. Average monthly family benefits:

Retired worker alone (no dependents receiving benefits).....	\$129	\$156
Retired worker and aged wife, both receiving benefits.....	224	271
Disabled worker alone (no dependents receiving benefits).....	144	173
Disabled worker, wife, and 1 or more children.....	295	354
Aged widow alone <sup>1/</sup> .....	115	138
Widowed mother and 2 children.....	322	386

2. Average monthly individual benefits:

All retired workers (with or without dependents also receiving benefits).....	134	162
All disabled workers (with or without dependents also receiving benefits).....	148	178

<sup>1/</sup> Excludes widows entitled to disabled widow's benefits.

Actuarial Cost Estimates for the  
Old-age, Survivors, Disability, and  
Hospital Insurance System as  
Modified by the Social Security  
Provisions of Public Law 92-336

September 1972

## Introduction

This report represents both short- and long-range cost estimates for the old-age, survivors, disability, and hospital insurance system as it was modified by the social security provisions of Public Law 92-336. These amendments did not in anyway affect the benefits or the financing of the Supplementary Medical Insurance Program.

From an actuarial cost standpoint, the major features of the amendments are as follows:

(1) Monthly benefits for all types of insured beneficiaries are increased by 20 percent.

(2) The basic benefits for transitionally insured and noninsured persons (aged 72 and over) are increased from \$48.30 to \$58.00 per month.

(3) The maximum taxable and creditable earnings base will be increased from \$9,000 in 1972 to \$10,800 in 1973 and to \$12,000 in 1974.

(4) Monthly benefits and the maximum taxable and creditable earnings base will be subject to automatic increases after 1974.

(5) The contribution schedule is revised in the manner shown in Table 1 for the old-age, survivors, and disability insurance system. Table 2 shows the distribution of the OASDI contribution rate between OASI and DI.

Table 1.—*Contribution rates for old-age, survivors, and disability insurance under Public Law 92-336, as compared with those under previous law*

Calendar years	(In Percent)			
	Employer and employee rate, each		Self-employed rate	
	Previous law	Public law 92-336	Previous law	Public law 92-336
1972	4.60	4.60	6.9	6.9
1973-1975	5.00	4.60	7.0	6.9
1976-1977	5.15	4.60	7.0	6.9
1978-2010	5.15	4.50	7.0	6.7
2011 and after	5.15	5.35	7.0	7.0

Table 2.—*Contribution rates for old-age, survivors, and disability insurance under Public Law 92-336 subdivided by trust fund*

Calendar years	Employer and employee rate, each			Self-employed rate		
	OASI	DI	Total	OASI	DI	Total
	1972	4.05	.55	4.60	6.075	0.825
1973-1977	4.10	.50	4.60	6.150	.750	6.9
1978-2010	3.95	.55	4.50	5.875	.825	6.7
2011 and after	4.65	.70	5.35	6.085	.915	7.0

(6) The hospital insurance (HI) program is restored to an acceptable actuarial balance, largely by the increases in the contribution rates shown in Table 3.

Table 3.—*Contribution rates for hospital insurance under Public Law 92-336, as compared with those under previous law*

Calendar Year	Employer, employee and self-employed rate, each	
	Previous law	Public Law 92-336
1972	0.60	0.60
1973-75	.65	.90
1976-77	.70	.90
1978-79	.70	1.00
1980-85	.80	1.00
1986	.80	1.10
1987-92	.90	1.10
1993-97	.90	1.20

The effective date for the benefit increase is September 1972. The October 3, 1972, monthly checks will reflect the increased benefits.

## Summary of Actuarial Cost Estimates

### 1. *Old-age, Survivors, and Disability Insurance Program*

The long-range cost estimates for the old-age, survivors, and disability insurance system, as modified by the amendments, as well as for its two portions (OASI and DI) considered individually, show that future income and outgo are in close balance.

Two important changes have been incorporated into the financing of the amendments. One is related to the actuarial methodology used to evaluate the long-range cost of the OASDI system. The second deals with the financing policy to be followed in the future. Both of these changes were recommended by the 1971 Advisory Council on Social Security; and both were endorsed by the Board of Trustees of the Federal Old-Age, Survivors, and Disability Insurance Trust Funds.

The most important change involved in the new actuarial methodology lies in the adoption of dynamic assumptions as to benefits, taxable earnings, and the taxable earnings base in contrast to the static assumptions that were previously employed.

The new methodology is such that if all of the actuarial and economic assumptions should be exactly realized, the financing would provide sufficient income so that in the future the benefit table could be increased as fast as, but not faster than, the Consumers Price Index (CPI), as provided under the automatic provisions in P.L. 92-336. No future benefit increases beyond those provided automatically are envisioned within the financing schedule included in the amendments, and further benefit increases that may be approved by the Congress beyond the provisions of the amendments will necessitate additional financing. This has not always been the case under the static assumptions employed in the past, where expected actuarial surpluses arising from increases in earnings levels were often used to finance increases in benefits.

In recognition of the sensitivity of the estimates to various demographic and economic factors, a margin for contingencies has been introduced into the long-range cost estimate for OASDI, and is included within the tax schedule approved under P.L. 92-336.

The important change in the financing policy is that the concept of "current-cost" financing was used in determining the tax schedule that was adopted. Under this concept the contribution rates are determined so that the OASDI Trust Funds would grow towards the goal of 100 percent of the following year's outgo. However, some latitude would be needed in the size of the funds, since it is not always possible to have a single rate for a period of years that would both build the funds close to the desired

goal, and then maintain them at that relative size. In the financing of the amendments, the Congress adopted a tax rate schedule that is projected, according to the long-range estimates, to keep the ratio of trust fund to the following year's outgo above 80 percent for the first five years and to increase slowly towards 100 percent, reaching that level about the year 1990.

## *2. Hospital Insurance Program*

The long-range cost estimate for the hospital insurance program, as modified by the amendments, show that over the 25-year period used to evaluate the program, future income and outgo are in close balance.

The methodology used to determine actuarial balance closely parallels that used to determine the actuarial balance for the OASDI program. Since dynamic assumptions were previously used to estimate benefits, taxable earnings, and earnings bases under the HI Program, the new actuarial methodology is very similar to that used in previous estimates.

The financing policy to be followed in the future for HI parallels that for the OASDI Program. Current-cost financing, with a goal of a trust fund balance of one year's outgo, is also part of the objective of the financing of the hospital insurance system.

### **A. Basic Actuarial Principles and Considerations**

#### *1. Self-supporting Nature of System*

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system and of the hospital insurance system when amendments to the program have been made. In connection with the 1950 Amendments, the Congress stated the belief that the program should be completely self-supporting from the contributions of covered individuals and employers. Accordingly, that legislation repealed a provision, which was never used, permitting appropriations necessary to finance benefits under the system from general revenues of the Treasury. This policy has been continued in subsequent amendments, except with respect to non-insured individuals and wage credits for military service, and was

made applicable to the hospital insurance system when it became effective. The Congress has very strongly believed that the tax schedule in the law should make these systems self-supporting and actuarially sound as nearly as can be foreseen.

## *2. Actuarial Soundness of the System*

The concept of actuarial soundness as it applies to the old-age, survivors, disability, and hospital insurance system differs considerably from this concept as it applies to private insurance or private pension plans, although there are certain points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it 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 and, moreover, is frequently not the case for well-administered private pension plans, which may not, as of any given time, have enough assets to cover all the liability for prior service benefits.

It can reasonably be presumed that, under Government auspices, such a social insurance system will continue indefinitely into the future. The test of financial soundness then, is not a question of whether there are 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 over the long-range period considered in the actuarial valuation. Thus, the concept of "unfunded accrued liability" does not apply to a social insurance system as it does to 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 during the period considered in the valuation. The additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

The old-age, survivors, disability, and hospital insurance programs are actuarially sound if they are in actuarial balance. This will be the case if the estimated future income from con-

tributions and from interest earnings on the accumulated contingency trust funds will, over the long-range period considered in the valuation, support all the system's expenditures. Obviously, future experience may be expected to vary from any actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (and actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the cost estimates, results in the system being in balance or substantially close thereto.

## *3. Interrelationship with Railroad Retirement System*

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provided for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service and also for all survivor cases.

Financial interchange provisions were established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that, over the long range, the net effect of these provisions will be a small loss to the old-age, survivors, and disability insurance system since the reimbursements from the Railroad Retirement System will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

Similar provisions were established for the hospital insurance program. However, in this case the Railroad Retirement System essentially acts as an intermediary for benefit payments, and in addition, transfers once a year to the HI Trust Fund the appropriate employer-employee contributions.

### **B. Actuarial Balance of the OASDI System**

Table 4 traces through the changes in the actuarial balance of the system from its situation under previous law, according to the latest estimates, to that under the amendments, by type of change involved.

Table 4.—*Changes in Actuarial balance of the old-age, survivors, and disability insurance system, expressed in terms of estimated level-cost as percent of taxable payroll, by type of change long-range dynamic cost estimates, previous law and amendments*  
(In Percent)

Item	OASI	DI	Total
Actuarial balance under previous law (on level-earnings basis)	+0.13	-0.08	+0.05
Effect of dynamic actuarial assumptions <sup>1</sup>	+1.25	+ .03	+1.28
20-percent benefit increase <sup>2</sup>	-1.19	- .18	-1.37
Increase in earnings base <sup>3</sup>	+ .49	+ .07	+ .56
Revised contribution schedule <sup>2</sup>	- .59	+ .14	- .45
Actuarial balance under P.L. 92-336 <sup>2</sup>	+ .09	- .02	+ .07

<sup>1</sup> This item reflects the effect on the long-range actuarial balance of changing the actuarial assumptions and methods from the "level-cost level-earnings" procedures to the "average-cost dynamic earnings" procedures, and of changing the actuarial concept from "level-equivalent rate" to "average-rate." Automatic provisions similar to those in P.L. 92-336 were assumed in the calculation of the effect of this item.

<sup>2</sup> Based on average-cost and average-rate.

<sup>3</sup> Reflects the effect of the increases in the earnings base to \$10,800 in 1973 and to \$12,000 in 1974, based on average-cost and average-rate.

These long-range estimates are based on the assumption that average earnings will increase in the future at an annual rate of 5 percent, and that the CPI will increase at  $2\frac{3}{4}$  percent per year. In addition, a safety margin of  $\frac{3}{8}$  of one percent is added for every year after 1973 and before 2011.

It will be noted that the long-range average-cost of 1.37 percent of taxable payroll involved in the 20 percent benefit increase is mostly offset by the change to dynamic actuarial assumptions which has a long-range effect equivalent to 1.28 percent of taxable payroll. In addition, it should be observed that the bulk of the net additional financing arising from the increases in the taxable earnings base, estimated at about 0.56 percent of taxable payroll, is offset by the decrease in the contribution rate schedule, which is estimated at about 0.45 percent of taxable payroll.

Under the new actuarial assumptions and methods, the changes made by P.L. 92-336 will maintain the sound actuarial position of the old-age, survivors, and disability insurance program. The system is in close actuarial balance. There is a small surplus of +0.07 percent of taxable payroll.

Under the tax schedule adopted by the Congress, the old-age, survivors, and disability insurance trust funds will grow by about \$3-4 billion per year during the next 5 years, but they will remain at about 81-84 percent of the following year's outgo through 1977; thereafter the funds are projected to grow slowly towards 100 percent of the following year's outgo.

### C. Income and Outgo in Near Future for the OASDI System

#### 1. OASI Income and Outgo in Near Future

Table 5 shows the progress of the old-age and survivors insurance trust fund under previous law in the past and under Public Law 92-336 in the future. The trust fund increases in all future years. In 1973, the trust fund increases by about \$500 million, which is much less than the increases that occur in the next few years. The higher increases after 1973 are due to the fact that the taxable earnings base is increased to \$12,000 in 1974 and kept up to date with earnings thereafter.

#### 2. DI Income and Outgo in Near Future

Table 6 shows the progress of the disability insurance trust fund under previous law in the past and under Public Law 92-336 in the future. The trust fund increases slowly in all future years as compared to faster increases in the recent past. This is due to the net effect of the increases in the taxable earnings base, the reduction in the allocated tax rate, and the increase in benefits that are contained in the amendments.

#### 3. Combined OASDI Income and Outgo in Near Future

Table 7 shows the progress of the combined old-age, survivors, and disability insurance trust funds under the previous law in the past and under Public Law 92-336 in the future. The combined trust funds increase substantially after 1973. However, as a proportion of the

Table 5.—Operations of the old-age and survivors insurance trust fund, calendar years 1965–77  
(In millions)

Calendar year	Transactions during period											Fund at end of period
	Income					Disbursement					Net increase in fund	
	Total	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of—		Interest on investments	Total	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses	Transfers to railroad retirement account		
			Noncontributory credits for military service	Payments to noninsured persons aged 72 and over								
1965 -----	\$16,610	\$16,017	—	—	\$593	\$17,501	\$16,737	—	\$328	\$436	\$-890	\$18,235
1966 -----	21,302	20,580	\$78	—	644	18,967	18,267	( <sup>1</sup> )	256	444	2,335	20,570
1967 -----	24,034	23,138	78	—	818	20,382	19,468	( <sup>1</sup> )	406	508	3,652	24,222
1968 -----	25,040	23,719	156	\$226	939	23,557	22,642	\$1	476	438	1,483	25,704
1969 -----	29,554	27,947	78	364	1,165	25,176	24,209	1	474	491	4,378	30,082
1970 -----	32,220	30,256	78	371	1,515	29,848	28,796	2	471	579	2,371	32,454
1971 -----	35,877	33,723	137	351	1,667	34,542	33,413	2	514	613	1,335	33,789
Estimated future experience:												
1972 -----	40,503	38,210	138	337	1,818	38,447	37,100	2	620	725	2,056	35,845
1973 -----	46,332	44,032	139	301	1,860	45,842	44,406	3	628	805	490	36,335
1974 -----	51,605	49,152	140	322	1,991	47,965	46,355	4	655	951	3,640	39,975
1975 -----	55,785	53,111	141	297	2,236	52,411	50,745	4	687	975	3,374	43,349
1976 -----	58,910	55,973	210	261	2,466	54,970	53,272	4	714	980	3,940	47,289
1977 -----	63,694	60,612	211	229	2,642	60,347	58,600	4	747	996	3,347	50,636

<sup>1</sup> Less than \$500,000.

Note: Under the automatic increase provisions, the following changes are assumed to occur on January 1 of the stated year:

Year	General benefit increase	Contribution and benefit base
1975	5.1%	\$12,600
1977	5.5	14,100

Table 6.—Operations of the disability insurance trust fund, calendar years 1965–77

(In millions)

Calendar year	Transactions during period									Fund at end of period	
	Income				Disbursements						Net increase in fund
	Total	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of noncontributory credits for military service	Interest on investments	Total	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses	Transfers to railroad retirement account		
1965 -----	\$1,247	\$1,188	—	\$59	\$1,687	\$1,573	—	\$90	\$24	-\$440	\$1,606
1966 -----	2,079	2,006	\$16	58	1,947	1,781	\$3	137	25	133	1,739
1967 -----	2,379	2,286	16	78	2,089	1,939	11	109	31	290	2,029
1968 -----	3,454	3,316	32	106	2,458	2,294	16	127	20	996	3,025
1969 -----	3,792	3,599	16	177	2,716	2,542	15	138	21	1,075	4,100
1970 -----	4,774	4,481	16	277	3,259	3,067	18	164	10	1,514	5,614
1971 -----	5,031	4,620	50	361	4,000	3,758	24	205	13	1,031	6,645
Estimated future experience:											
1972 -----	5,660	5,189	51	420	4,744	4,470	31	219	24	916	7,561
1973 -----	5,904	5,411	52	441	5,777	5,488	38	227	24	127	7,688
1974 -----	6,506	5,994	52	460	6,185	5,865	44	242	34	321	8,009
1975 -----	7,011	6,477	53	481	6,798	6,459	49	256	34	213	8,222
1976 -----	7,382	6,826	64	492	7,167	6,814	54	269	30	215	8,437
1977 -----	7,946	7,392	65	489	7,853	7,482	58	282	31	93	8,530

Note: Under the automatic increase provisions, the following changes are assumed to occur on January 1 of the stated year:

Year	General benefit increase	Contribution and benefit base
1975	5.1%	\$12,600
1977	5.5	14,100

**Table 7.—Operations of the old-age and survivors insurance and the disability insurance trust funds, combined, calendar years 1965-77**

(In millions)

Calendar year	Transactions during period											Fund at end of period
	Income					Disbursements					Net increase in fund	
	Total	Contributions, less refunds	Reimbursements from general fund of Treasury for costs of—		Interest on investments	Total	Benefit payments	Payments for vocational rehabilitation services	Administrative expenses	Transfers to railroad retirement account		
			Noncontributory credits for military service	Payments to noninsured persons aged 72 and over								
1965 -----	\$17,857	\$17,205	—	—	\$651	\$19,187	\$18,311	—	\$418	\$459	\$-1,331	\$19,841
1966 -----	23,381	22,585	\$94	—	702	20,913	20,048	\$3	393	469	2,467	22,308
1967 -----	26,413	25,424	94	—	896	22,471	21,406	11	515	539	3,942	26,250
1968 -----	28,493	27,034	188	\$226	1,045	26,015	24,936	17	603	458	2,479	28,729
1969 -----	33,346	31,546	94	364	1,342	27,892	26,751	16	612	513	5,453	34,182
1970 -----	36,993	34,737	94	371	1,791	33,108	31,863	20	635	589	3,886	38,068
1971 -----	40,908	38,343	187	351	2,027	38,542	37,171	26	719	626	2,366	40,434
Estimated future experience:												
1972 -----	46,163	43,399	189	337	2,238	43,191	41,570	33	839	749	2,972	43,406
1973 -----	52,236	49,443	191	301	2,301	51,619	49,894	41	855	829	617	44,023
1974 -----	58,111	55,146	192	322	2,451	54,150	52,220	48	897	985	3,961	47,984
1975 -----	62,796	59,588	194	297	2,717	59,209	57,204	53	943	1,009	3,587	51,571
1976 -----	66,292	62,799	274	261	2,958	62,137	60,086	58	983	1,010	4,155	55,726
1977 -----	71,640	68,004	276	229	3,131	68,200	66,082	62	1,029	1,027	3,440	59,166

Note: Under the automatic increase provisions, the following changes are assumed to occur on January 1 of the stated year:

Year	General benefit increase	Contribution and benefit base
1975	5.1%	\$12,600
1977	5.5	14,100

following year's outgo, the combined trust funds will remain relatively stable during this period varying within the range of 81-83 percent.

#### 4. Increases in OASDI Benefit Disbursements in 1973-76

The increases in the total benefit disbursements of the old-age, survivors, and disability insurance system in calendar years 1973-76, as a result of the changes in Public Law 92-336 are shown in Table 8. The major portion of the increase is due to the general benefit increase. However, significantly higher additional benefit disbursements are projected for 1975-76, due to the effect of the automatic provisions, which are assumed to result in a further benefit increase of about 5.1 percent effective for January 1975.

Table 8.—Estimated additional OASDI benefit payments in calendar years 1973-76 under the provisions of Public Law 92-336

(In Millions)

Calendar year	Additional Benefits
1973	\$ 8,550
1974	8,961
1975	11,977
1976	12,828

### D. Long-Range OASDI Cost Projections

#### 1. Long-Range Projection of OASDI "Current-cost"

Table 9 shows the current-cost of the old-age and survivors insurance program and of the disability insurance program under the system as changed by Public Law 92-336, as a percentage of taxable payroll. Table 9 also shows the average-cost of the two programs, including the effect of the 1972 fund ratios being other than 100 percent of the following year's outgo.

The above projection is based on the assumption that no future changes in the system will be enacted. This means that, according to the automatic provisions, the benefit table would be adjusted periodically to reflect increases in the CPI (assumed at 2¾ percent per year) and that the taxable earnings base would be adjusted simultaneously to reflect increases in

Table 9.—Estimated "Current cost"<sup>1</sup> of old-age, survivors, and disability insurance system as percent of taxable payroll,<sup>2</sup> under Public Law 92-336, long-range dynamic cost estimate,<sup>3</sup> for selected years, 1980-2045

(In Percent)

Calendar Year	OASI	DI	Total
1980	7.86	1.05	8.91
1985	7.61	1.07	8.68
1990	7.90	1.08	8.98
1995	7.54	1.09	8.63
2000	7.28	1.15	8.43
2005	7.18	1.29	8.47
2010	7.58	1.39	8.97
2015	8.24	1.41	9.65
2020	9.01	1.41	10.42
2025	9.59	1.37	10.96
2030	9.80	1.37	11.17
2035	9.77	1.41	11.18
2040	9.79	1.42	11.21
2045	9.94	1.42	11.36
Average-Cost <sup>4</sup>	8.51	1.26	9.77

<sup>1</sup> Represents the cost as percent of taxable payroll of all expenditures in the year, including amounts needed to maintain the funds at about the following year's expenditures.

<sup>2</sup> Payroll is adjusted to take into account the lower contribution rate on self-employment income, on tips, and on multiple-employer "excess wages" as compared with the combined employer-employee rate.

<sup>3</sup> Under the dynamic assumptions, the average taxable earnings and the taxable earnings base are assumed to increase at a rate of 5 percent per year, while the benefit table is subject to annual increases of 2¼ percent according to increases in CPI. In addition, a margin of ¾ of one percent is added for every year after 1973 and before the year 2011.

<sup>4</sup> Represents the arithmetic average of the "current-cost" for the 74-year period 1973-2046 adjusted for the effect of the fund ratio at the end of 1972.

earnings (assumed at 5 percent per year). In addition, a margin of ¾ of one percent per year for years after 1973 and before 2011 has been included in these projections.

According to this projection, the "current-cost" of the Old-Age, Survivors, and Disability Insurance Program will be almost flat for about the next four decades. There would be a tendency for the cost to increase after that period. However, it can be seen that with respect to the Disability Insurance Program, the "current-cost" increases slowly up to the year 2010 and remains almost level thereafter.

## 2. Average-costs of Benefit Payments, by Type

The long-range average-cost of the old-age and survivors insurance benefit payments (excluding the cost of the railroad retirement financial interchange, administrative expenses, and the effect of the size of the existing trust fund) under Public Law 92-336 is 8.28 percent of taxable payroll. The corresponding figure for the disability benefits is 1.22 percent.

Table 10 presents the long-range average-cost as percent of taxable payroll for the old-age, survivors, and disability insurance system as it is after enactment of Public Law 92-336 separately for each of the various types of benefits.

Table 10.—*Estimated average-cost by type of benefit payment, administrative expenses, railroad retirement financial interchange, and the effect of the size of the existing trust fund under the old-age, survivors, and disability insurance system under Public Law 92-336, as percentage of taxable payroll, long-range dynamic cost estimate*

(In Percent)		
Item	Old-age and survivors insurance	Disability insurance
Primary benefits	5.74	1.01
Wife's and husband's benefits	.48	.05
Widow's and widower's benefits	1.10	1
Parent's benefits	.01	1
Child's benefits	.75	.16
Mother's benefits	.13	1
Lump-sum death payment	.07	1
<b>Total</b>	<b>8.28</b>	<b>1.22</b>
Administrative expense	.15	.05
Railroad retirement financial interchange	.05	.00
Size of existing trust fund	.03	-.01
<b>Net total average-cost</b>	<b>8.51</b>	<b>1.26</b>

<sup>1</sup> This type of benefit is not payable under this program.

## E. Actuarial Cost Estimates for the Hospital Insurance System

### 1. Summary of Actuarial Cost Estimates for HI

The hospital insurance system, as modified by the amendments in P.L. 92-336, has an actu-

arial balance of +.01 percent of taxable payroll. The small size of this balance indicates that future income and future outgo are in close balance and that the system is actuarially sound according to the assumptions used.

It should be noted that this balance is based on an actuarial methodology slightly different from that employed in the past. The only change is the use of "average-cost" as the criterion for actuarial balance, rather than the interest discounted level-cost calculation, but this change has little effect on the results.

Dynamic assumptions, both as to income and outgo, have always been used for the hospital insurance program. Since 1969, it has also been assumed that the taxable earnings base would be adjusted to reflect the increase in average earnings in employment covered by Social Security. The amendments to the Social Security Act in P.L. 92-336 explicitly provide for such adjustment. Thus, the methodology used to establish the level of income and outgo for the HI Program is the same as used in previous years, but the derivation of the actuarial balance from these calculations is different than that previously used. The results are approximately the same as those that would be obtained using the previous methodology.

The actuarial assumptions employed are identical to those underlying the cost estimates contained in the 1972 Annual Report of the Board of Trustees of the Hospital Insurance Trust Fund. A detailed presentation of these assumptions can be found in Appendix C.

### 2. Long-Range Cost Estimates for HI

The hospital insurance tax rates in P.L. 92-336 were set according to the projected "current-cost" of the program in each of the next 25 years. The "current-cost" of the program in any year is the ratio to the effective taxable payroll in that year of the sum of benefit costs and administrative expenses incurred in that year for insured persons, and an allowance for maintaining the trust fund at the level of 100 percent of the following year's expenditures. The tax rates in the early years were set slightly higher than such current-cost rates in order to allow the trust fund to grow towards the level of 100 percent of the next year's expenditures by the end of calendar year 1977. This method provides sound financing for the hospital insur-

ance program. The percentage of payroll cost before and after the passage of the amendments in P.L. 92-336 are shown in Table 11.

Table 11.—*Estimated “Current cost”<sup>1</sup> of hospital insurance system, as percent of taxable payroll,<sup>2</sup> under the law as it was before and after the amendments in Public Law 92-336, for selected years, 1973-1995*

(In Percent)		
Calendar Year	Current-Cost <sup>1</sup>	
	Before Amendments	After Amendments
1973	1.60	1.54
1974	1.70	1.61
1975	1.80	1.71
1980	2.20	2.01
1985	2.27	2.12
1990	2.46	2.28
1995	2.58	2.37
25 years average-cost <sup>3</sup>	2.25	2.09

<sup>1</sup> The rates shown in this table include (a) the cost incurred in benefits and administrative expenses for insured persons, (b) the amounts required to maintain the fund at 100 percent of the following year's total expenditures, and (c) for the first few years an amount to build the fund to a level of 100 percent of the following year's total expenditures.

<sup>2</sup> Payroll is adjusted to take into account the lower contribution rate on self-employment income, on tips, and on multiple-employer “excess wages” as compared with the combined employer-employee rate.

<sup>3</sup> These are average rates for the 25-year period starting with 1973. The comparable figure shown in the 1972 Report of the Board of Trustees is an average for the 25-year period starting in 1972 and, therefore, differs slightly from those shown.

Since the benefits provided under the Hospital Insurance Program are not changed by the amendments, the differences in the current-cost rates are due entirely to the changes in the earnings base.

The adequacy of the financing of the HI Program is assessed according to the “actuarial

balance” between the average tax rate and the average-cost over the 25-year period. The actuarial balances before and after the amendments are shown in Table 12.

Table 12.—*Actuarial balance of hospital insurance system, as percent of taxable payroll, under the law as it was before and after the amendments in Public Law 92-336*

(In Percent)		
Item	Long-Range Cost	
	Before Amendments	After Amendments
Average tax rate	1.62	2.10
Average-cost	2.25	2.09
Actuarial balance	-0.63	+0.01

The improvement in the actuarial balance of the HI Program is largely due to the increases in the contribution rates, and to a lesser extent due to the change in the taxable earnings base.

The true adequacy of the financing will depend upon whether the assumptions used in preparing the estimates (shown in Appendix C), both as to income and as to outgo, turn out to be close to the actual future experience. The estimates of outgo depend particularly on the assumed rates of increase in the cost of hospital services. A continuation of controls on hospital cost increases and future public influence towards reducing the rate of increase in hospital expenditures are assumed in the cost estimates. The cost estimates will prove to be low should there be a continuation of the rate of inflation in the cost of hospital services that has been experienced in the past.

### *3. Short-Range Estimates of HI Income and Outgo on a Cash Basis*

Estimates of the cash income and outgo of the hospital insurance trust fund and the resulting balances in the trust fund in 1972-77 are shown in Table 13.

Table 13.—*Operations of the Hospital Insurance Trust fund, Calendar Years 1972-77*  
(In Millions)

Item	Calendar Year					
	1972	1973	1974	1975	1976	1977
<b>Income:</b>						
Contributions	\$ 5,576	\$ 9,349	\$10,635	\$11,493	\$12,114	\$13,127
General Revenue for						
Uninsured	504	468	566	572	577	573
Military Wage Credits	48	48	48	48	48	48
Transfer from RRB	65	89	112	119	122	122
Interest	164	226	388	563	721	860
<b>Total Income</b>	<b>\$ 6,357</b>	<b>\$10,180</b>	<b>\$11,749</b>	<b>\$12,795</b>	<b>\$13,582</b>	<b>\$14,730</b>
<b>Disbursements:</b>						
Benefits	\$ 6,614	\$ 7,464	\$ 8,486	\$ 9,611	\$10,830	\$12,119
Administrative Costs	165	187	212	240	271	303
<b>Total Disbursements</b>	<b>\$ 6,779</b>	<b>\$ 7,651</b>	<b>\$ 8,698</b>	<b>\$ 9,851</b>	<b>\$11,101</b>	<b>\$12,422</b>
<b>Fund at End of Year</b>	<b>\$ 2,612</b>	<b>\$ 5,141</b>	<b>\$ 8,192</b>	<b>\$11,136</b>	<b>\$13,617</b>	<b>\$15,925</b>

## Appendix A

### Basic Assumptions for Cost Estimates for Old-Age, Survivors, and Disability Insurance System

#### 1. General Basis for Long-Range Cost Estimates

The long-range estimates for the old-age, survivors, and disability insurance program presented in this report are based on the assumption that average earnings in covered employment will increase in the future at an annual rate of 5 percent. Similarly, the assumption has been made that the CPI will increase at an annual rate of  $2\frac{3}{4}$  percent. These two assumptions yield an implied increase in real earnings of  $2\frac{1}{4}$  percent per year, which is close to the actual average experience of the last 20 years (estimated at about 2.2 percent per year based on annual averages for the period 1951–71), although it must be observed that recent experience would indicate a lower average value (about 1.9 percent in the last 10 years and 1.4 percent in the last 5 years based on annual averages). In order to protect the financing of the system against possible future fluctuations in this factor, as well as in all the other factors used in the cost estimate, a safety margin of  $\frac{3}{8}$  of one percent has been added for every year after 1973 and up to the year 2010. It will be noted that the addition of this margin has approximately the same effect as an assumption that for the period 1974–2010, average real earnings will increase at only  $1\frac{7}{8}$  percent per year.

It should be observed that the assumptions of constant annual increases in earnings and in the CPI were not adopted because it was felt that these increases would remain constant in the future. These assumptions are intended to represent average increases over the long-range future, with the increases being higher in some years and lower in others.

These long-range cost projections are based on assumptions that are intended to represent close to full employment (average unemployment is assumed at 4 percent of the labor force). The aggregate amount of earnings taxable in 1973 under the scheduled base of \$10,800 is estimated at about \$557 billion. Similarly it is estimated that \$618 billion of earnings will be taxable in 1974 under the scheduled \$12,000

earnings base. The latter amount is projected to increase in the future as the covered population grows and as the average taxable earnings increase due to adjustments in the earnings base as well as to increases in average earnings in covered employment.

The long-range cost estimate presented in this report was prepared for a 75-year period. This longer period of valuation is appropriate because of the projected increase in the aged population. The reason for this is that the number of births in the 1930's was very low as compared with both prior and subsequent experience. As a result, there will be a dip in the relative proportion of the aged to earners from 1995 to about 2015, which would tend to result in low benefit costs for the old-age, survivors, and disability insurance system during that period. For this reason, a period extending beyond the year 2015 would be needed to show the effect in the OASDI costs of a changing aged population.

#### 2. Measurement of Costs in Relation to Taxable Payroll

In general, long-range costs in this report are shown as a percentage of taxable payroll. This is the best measure of the long-range cost of the program. Dollar figures taken alone could be misleading. It should be recognized that cost projections based on dynamic assumptions involve the use into the distant future of geometric growth in economic factors, which would tend to make the resulting dollar figures difficult to interpret when viewed from today's economic situation.

#### 3. General Basis for Short-Range Cost Estimates

The short-range cost estimates (shown for the individual years 1972–77) assume that employment and earnings will increase each year. A gradual rise in the earnings level in the future (averaging about 5.4 percent per year) is assumed. This is somewhat below that which has occurred in the past few years (estimated at about 5.9 percent for the last 3 years and about 6.0 percent for the last 5 years based on annual averages). Covered employment is assumed to increase by about 2.4 million workers per year during the period. The CPI is assumed to in-

crease at about 2.8 percent per year. This is somewhat below the level that occurred in the past few years (estimated at about 5.2 percent for the last 3 years and about 4.5 percent for the last 5 years, based on annual averages).

#### *4. Average-cost Concept*

In the past an important measure of long-range cost has been the level-equivalent contribution rate required to support the system for 75 years (including not only meeting the benefit costs, the administrative expenses, and other expenditures, but also the maintenance of a contingency fund which at the end of the period amounts to one year's disbursements), based on discounting at interest. If such a level rate was used to finance the system, relatively large accumulations in the trust funds would result, and in consequence, there would eventually be a sizable income from interest. Even though such a method of financing has not been followed in the past, this concept has been used as a convenient measure of long-range costs.

The concept of level-costs, which has been used for long-range cost estimates based on the level-earnings assumption can also be used with the new dynamic cost estimates. However, such

a concept can be simplified by an approximation in the case of dynamic assumptions. It can be shown that if the discount interest rate employed in the level-cost is not too different from the rate of growth of the taxable payroll, the level-cost concept could be accurately approximated by the simple arithmetic averaging of the annual costs as percent of payroll. It is believed that this simplified average-cost concept is easier to understand and that it does not depart significantly from the level-cost values that have been used in the past. As an example, it is estimated that for the OASDI system, as amended under P.L. 92-336, the average-cost computed over the valuation period is 9.77 percent of taxable payroll, which is comparable to the level-cost of 9.79 percent of taxable payroll. On the same basis the average future tax rate is 9.84 percent of taxable payroll while the level-equivalent tax rate is 9.87 percent of taxable payroll. The actuarial balance would be +0.07 percent of taxable payroll under the average-cost concept as compared to +0.08 percent of taxable payroll under the level-cost concept. This example illustrates the effect of the change from the "level-cost" concept to the "average-cost" concept. All the calculations in the example are based on dynamic assumptions.

## Appendix B

### Actuarial Balance of Old-Age, Survivors, and Disability Insurance Program in Past Years

#### 1. Status after Enactment of 1952 Act

The actuarial balance under the 1952 Act was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 Act was enacted, as shown in Table A. This was the case, because the estimates for the 1952 Act took into consideration the rise in earnings levels in the three years preceding the enactment of that Act. This factor virtually offset the increased cost due to the benefit liberalizations made. New cost estimates made two years after the enactment of the 1952 Act indicated that the level-cost (i.e., the average long-range cost, based on discounting at interest, relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

Table A.—Actuarial Balance of Old-age, Survivors, and Disability Insurance Program as Percent of Taxable Payroll<sup>1</sup> Under Various Acts for Various Estimates, Long-Range Cost Estimates

Legislation	(Percent)			Actuarial Balance <sup>4</sup>
	Date of Estimate	Cost of Program <sup>2</sup>	Financing <sup>3</sup>	
	Old-age, survivors, and disability insurance <sup>5</sup>			
1935 act	1935	5.36	5.36	0.00
1939 act	1939	5.22	5.30	+ .08
1939 act (as amended in the 1940's) <sup>6</sup>	1950	4.45	3.98	— .47
1950 act	1950	6.20	6.10	— .10
1950 act	1952	5.49	5.90	+ .41
1952 act	1952	6.00	5.90	— .10
1952 act	1954	6.62	6.05	— .57
1954 act	1954	7.50	7.12	— .38
1954 act	1956	7.45	7.29	— .16
1956 act	1956	7.85	7.72	— .13
1956 act	1958	8.25	7.83	— .42
1958 act	1958	8.76	8.52	— .24
1958 act	1960	8.73	8.68	— .05
1960 act	1960	8.98	8.68	— .30
1961 act	1961	9.35	9.05	— .30
1961 act	1963	9.33	9.02	— .31

Legislation	(Percent)			Actuarial Balance <sup>4</sup>
	Date of Estimate	Cost of Program <sup>2</sup>	Financing <sup>3</sup>	
	Old-age, survivors insurance <sup>6</sup>			
1956 act	1956	7.43	7.23	—0.20
1956 act	1958	7.90	7.33	— .57
1958 act	1958	8.27	8.02	— .25
1958 act	1960	8.38	8.18	— .20
1960 act	1960	8.42	8.18	— .24
1961 act	1961	8.79	8.55	— .24
1961 act	1963	8.69	8.52	— .17
1961 act (perpetuity basis)	1964	8.72	8.62	— .10
1961 act (75-year basis)	1964	8.46	8.60	+ .14
1965 act	1965	8.82	8.72	— .10
1965 act	1966	7.91	8.80	+ .89
1967 act	1967	8.77	8.78	+ .01
1967 act	1968	8.34	8.90	+ .56
1967 act	1969	7.76	8.93	+1.17
1969 act	1969	8.86	8.78	— .08
1969 act	1970	8.55	8.84	+ .29
1971 act	1971	9.13	9.07	— .06
1971 act (level-earnings)	1972	8.98	9.11	+ .13
1971 act (dynamic) <sup>7</sup>	1972	7.81	9.19	+1.38
P.L. 92-336 (dynamic)	1972	8.51	8.60	+ .09
	Disability insurance <sup>6</sup>			
1956 act	1956	0.42	0.49	+0.07
1956 act	1958	.35	.50	+ .15
1958 act	1958	.49	.50	+ .01
1958 act	1960	.35	.50	+ .15
1960 act	1960	.56	.50	— .06
1961 act	1961	.56	.50	— .06

Table A.—Actuarial Balance of Old-age, Survivors, and Disability Insurance Program as Percent of Taxable Payroll<sup>1</sup> Under Various Acts for Various Estimates, Long-range Cost Estimates Basis.—Continued

Legislation	Date of Estimate	(Percent)		Actuarial Balance <sup>4</sup>
		Cost of Program <sup>2</sup> Disability	Financing <sup>3</sup> insurance <sup>5</sup>	
1961 act	1963	.64	.50	— .14
1961 act (perpetuity basis)	1964	.64	.50	— .14
1961 act (75-year basis)	1964	.63	.50	— .13
1965 act	1965	.67	.70	+ .03
1965 act	1966	.85	.70	— .15
1967 act	1967	.95	.95	.00
1967 act	1968	.98	.95	— .03
1967 act	1969	.96	.95	— .01
1969 act	1969	1.10	1.10	.00
1969 act	1970	1.05	1.10	+ .05
1971 act	1971	1.14	1.10	— .04
1971 act (level-earnings)	1972	1.18	1.10	— .08
1971 act (dynamic) <sup>7</sup>	1972	1.15	1.10	— .05
P.L. 92-336 (dynamic)	1972	1.26	1.24	— .02

<sup>1</sup> Includes adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate. Estimates prepared before 1964 are on a perpetuity basis, while those prepared after 1964 are on a 75-year basis. The estimates prepared in 1964 are on both bases. Estimates prepared before 1972 are based on level-earnings assumptions.

<sup>2</sup> Including adjustments (a) to reflect the effect of the existing trust fund, (b) for administrative expense costs, and (c) for the net cost of the financial interchange with the railroad retirement system. For level-earnings basis it represents the level-cost while for dynamic estimates it represents the average-cost.

<sup>3</sup> For level-earnings basis it represents the level-equivalent tax rate while for the dynamic estimates it represents the average-rate.

<sup>4</sup> A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing according to the particular estimate.

<sup>5</sup> The disability insurance program was inaugurated in the 1956 Act so that all figures for previous legislation are for the old-age and survivors insurance program only.

<sup>6</sup> The major changes being in the revision of the contribution schedule: as of the beginning of 1950, the ultimate combined employer-employee rate scheduled was only 4 percent.

<sup>7</sup> Based on dynamic provisions similar to those in P.L. 92-336 wherein the first automatic adjustment becomes effective in 1975. The earnings, CPI and margin increases are assumed as for P.L. 92-336—that is, 5 percent, 2½ percent and ½ percent, respectively.

## 2. Status After Enactment of 1954 Act

Under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then current estimates had indicated in regard to the financing of the 1952 act.

## 3. Status After Enactment of 1956 Act

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was non-existent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were very considerable numbers of retirements from among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or in other words, that the average retirement age had dropped significantly. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

## 4. Status After Enactment of 1958 Act

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations made. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds”. This was accomplished by introducing an immediate increase (in 1959) in the combined employer-employee contribution rate, amounting to 0.5 percent, and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability insurance program contained certain modified assumptions that recognized the

emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

#### *5. Status After Enactment of 1960 Act*

At the beginning of 1960, the cost estimates for the old-age, survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption had previously been based on the 1956 level, and this was changed to reflect the 1959 level. Also, data first became available on the detailed operations of the disability provisions for 1956, which was the first full year of operation that did not involve picking up "backlog" cases. It was found that the number of persons who met the insured status conditions to be eligible for these benefits had been significantly over estimated. It was also found that the disability incidence experience for eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made in regard to the disability insurance portion of the program. As a result, the changes made by the 1960 amendments could, according to the revised estimates, be made without modifying the financing provisions.

#### *6. Status After Enactment of 1961 Act*

The changes made by the 1961 amendments involved an increased cost that was fully met by the changes in the financing provisions (namely, an increase in the combined employer-employee contribution rate of 0.25 percent, a corresponding change in the rate for the self-employed, and an advance in the year when the ultimate rates would be effective—from 1969 to 1968). As a result, the actuarial balance of the program remained unchanged.

Subsequent to 1961, the cost estimates were further reexamined in the light of developing experience. The earnings assumption was changed to reflect the 1963 level, and the interest-rate assumption used was modified up-

ward to reflect recent experience. At the same time, the retirement rate assumptions were increased somewhat to reflect the experience in respect to this factor. The further developing disability experience indicated that costs for this portion of the program were significantly higher than previously estimated (because benefits were not being terminated by death or recovery as rapidly as had been originally assumed). Accordingly, the actuarial balance of the disability insurance program was shown to be in an unsatisfactory position, and this had been recognized by the Board of Trustees, who recommended that the allocation of this trust fund should be increased (while, at the same time, correspondingly decreasing the allocation to the old-age and survivors insurance trust fund, which under the law in effect at that time was estimated to be in satisfactory actuarial balance even after such a reallocation).

#### *7. Status After Enactment of 1965 Act*

The change made by the 1965 amendments involved an increased cost that was closely met by the changes in their financing provisions (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). The actuarial balance of the program remained virtually unchanged.

In 1966, the cost estimates for the old-age, survivors, and disability insurance system were completely revised, based on the availability of new data since the last complete revision was made in 1963. The new estimates showed significantly lower costs for the old-age and survivors insurance portion of the system, but higher costs for the disability insurance portion. The factors leading to lower costs were as follows: (1) 1966 earnings level, instead of 1963 ones; (2) an interest rate of 3¾ percent for the intermediate-cost estimates, instead of 3½ percent; (3) an assumption of greater future participation of women in the labor force (resulting in reduction in cost of the program because of the "antiduplication of benefits" provision as between women's primary benefits and wife's or widow's benefits); (4) an assumption of less improvement in future mortality than had previously been assumed; and (5) an assumption that, despite a significant decline

in future fertility rates, such decline would not occur as rapidly as had been assumed previously.

The cost of the disability insurance system was estimated to be significantly higher, as a result of increasing the disability prevalence rates. This change was necessary to reflect the substantially larger number of disability beneficiaries coming on the roll with respect to disabilities occurring in 1964 and after, which experience had not been available in 1965 when the cost estimates for the legislation of that year were considered.

For more details on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 63* of the Social Security Administration, Department of Health, Education, and Welfare, January 1967.

#### 8. Status After Enactment of 1967 Act

The changes made by the 1967 amendments involved an increased cost that was fully met by the actuarial surplus then existent and by the changes in the financing provisions that were adopted (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). As a result the system was almost exactly in actuarial balance (namely, a small actuarial surplus of 0.01 percent of taxable payroll).

In 1968, the cost estimates for the old-age, survivors, and disability insurance system were completely revised. The new estimates showed significant lower costs for the old-age and survivors insurance portion of the system, but slightly higher costs for the disability insurance portion. The factors leading to lower cost were as follows: (1) 1968 earnings level, instead of 1966; (2) an interest rate of  $4\frac{1}{4}$  percent for the intermediate-cost estimate, instead of  $3\frac{3}{4}$  percent; and (3) an assumption of greater future participation of women in the labor force.

In 1969, the cost estimates were completely revised. The new estimates indicated that the system was substantially overfinanced. The actuarial surplus was found to be 1.16 percent of taxable payroll. All of this surplus occurred in the old-age and survivors insurance portion, which had a surplus of 1.17 percent of taxable payroll. The disability insurance portion was found to have improved financially to the point

where it was almost in exact actuarial balance (namely, a small deficit of 0.01 percent of taxable payroll). The factors that result in lower estimates were as follows: (1) 1969 earnings level, instead of 1968 level; (2) an interest rate of  $4\frac{3}{4}$  percent for the intermediate-cost estimate, instead of  $4\frac{1}{4}$  percent; and (3) an assumption of higher labor-force participation rates for women.

For more detail on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 69* of the Social Security Administration, Department of Health, Education, and Welfare, September 1969.

#### 9. Status After Enactment of 1969 Act

The 1969 amendments increased benefits by 15 percent and the minimum benefit to \$64 per month. These changes fully exhausted the previous actuarial surplus and the system was then in close actuarial balance. A reallocation of contribution to the disability insurance portion was necessary to place that program in close actuarial balance.

In 1970, the cost estimates for the old-age, survivors, and disability insurance system were completely revised. The new estimates showed significantly lower cost for both the old-age and survivors insurance portion and the disability insurance portion. The lower costs resulted from: (1) 1970 earnings level, instead of 1969 level; (2) an interest rate of  $5\frac{1}{4}$  percent, instead of  $4\frac{3}{4}$  percent; and (3) higher labor-force participation rates for women.

#### 10. Status After Enactment of 1971 Act

The 1971 amendments increased benefits by 10 percent and made the increase applicable to future beneficiaries as well as to the then present beneficiaries. The taxable earnings base was increased to \$9,000 and the ultimate contribution rate was increased to 10.3 percent on a combined employer-employee basis. After these changes the system was in close actuarial balance; there was a small actuarial deficit equivalent to 0.10 percent of taxable payroll.

The old-age, survivors, and disability insurance cost estimates were revised in January 1972. The new estimates indicated that the system was still in close actuarial balance but that

it then had a small actuarial surplus of 0.05 percent of taxable payroll. This was the net result of changing to: (1) 1971 earnings level, instead of 1970 level; (2) higher retirement and disability rate; (3) updated factors in other respects.

## Appendix C

### Assumptions and Methodology for Cost Estimates for Hospital Insurance System

The basic methodology and assumptions used in the estimates for the Hospital Insurance Program are described in this appendix.

#### 1. Methodology

The adequacy of financing for the Hospital Insurance Program for the next 25 years is expressed as an actuarial balance. The actuarial balance is calculated as the difference between the average of the tax rates specified in current law and the average-current cost for the 25-year period. The current-cost for any year is the ratio to the effective taxable payroll for that year of the cost of benefits and administration for insured persons plus the amount required to maintain the trust fund balance at a level equivalent to 100 percent of the following year's total outgo. In projecting the taxable payroll, it is assumed that the taxable wage base is adjusted periodically to keep pace with rising earnings.

The actuarial balance of the HI system was estimated at -0.61 percent of taxable payroll before the amendments in P.L. 92-336, indicating that the program was seriously underfinanced. This deficiency has been completely eliminated by the increases in tax rates and in the taxable earnings base included in Public Law 92-336. The current estimated actuarial balance is +0.01 percent of taxable payroll.

#### 2. Principal Problems in Forecasting Cost for Hospital Insurance System

The principal problems involved in forecasting the future costs of the hospital insurance program are (1) establishing the present cost of the services provided by type of service, to serve as a base for projecting into the future, and (2) forecasting the increase in cost of hospital services (which account for approximately 95 percent of the cost of the program).

To evaluate the adequacy of a tax schedule to support the hospital insurance program, it is necessary to relate the increases in the costs of institutional care to the increases in covered earnings which will support those costs. Hospital insurance increases in cost which are due

to increases in covered population are fairly stable and predictable. The cost of services provided per capita, however, have varied substantially from year to year. The next paragraph discusses in detail the problems involved in forecasting hospital costs.

#### 3. Principal Assumptions Used in Forecasting Future Costs of Hospital Insurance System

a. Trend in hospital costs and the impact of the Economic Stabilization Program.

The increase in the cost per capita of hospital services may be analyzed into the following components:

(1) The number of days of confinement in a hospital per capita: the level of use of inpatient care by the covered population.

(2) Factor prices: the increase in unit costs that would result if every function was performed in precisely the same way by the same people and only the salaries of the people employed or the cost of the equipment and other supplies used changed.

(3) Increases due to changes in the services provided per patient day and the method of their provision consisting of:

(a) Changes in the method of providing services. These include changes that affect unit costs for providing the same services. This component consists of two different types of influences:

(i) Improvements to a given service, normally increasing the unit cost.

(ii) The effects of more efficient techniques or use of labor-saving equipment, which normally decrease the unit cost.

(b) Incorporation of new services not previously provided (normally new, technically advanced services).

(c) Number and composition by relative expense of services furnished per day of care.

It has been possible to isolate some of these elements and identify their role in previous hospital cost increases. The increases due to changes in services provided (per patient day) and the method of their provision, however, must be combined to use available data, and separated into (i) a portion due to hiring more employees per day of care provided and (ii) a residual due to all other causes. A large portion

of historical increases must thus be studied only as a residual element. Table 1 shows the historical values of the principal components of the increases together with the forecasts underlying the increases in hospital costs per capita used in the estimates.

Hospital use, as measured by the number of inpatient days per capita, depends on many factors such as medical practice, administrative policies of health insurers, and chance fluctuations in morbidity.

The past three decades have witnessed a long term increasing trend in the number of days of hospital care per capita. In 1970 and 1971, however, use of hospital facilities decreased for the aged population, due to a shorter average length of stay. By contrast, the admission rate per capita continued to increase. In view of this two year downturn in utilization, the estimates of future increases in utilization have been substantially decreased from those used in previous estimates, assuming an increase of only  $\frac{1}{2}$  percent per year through 1977 and no increase thereafter. An additional increase of  $\frac{1}{2}$  percent is assumed to provide an allowance for the expected value of additional hospital stays due to influenza epidemics, none of which occurred in the base year. Table 1 shows the actual experience under the health insurance program for 1967-1970 and the assumptions used to project hospital costs for subsequent years.

Hospital factor prices can be divided into those for personnel and those for non-personnel expenditures. Approximately 60 percent of hospital costs are for personnel. For several years preceding the beginning of the hospital insurance program, average hospital wages and salaries (as reported by the American Hospital Association) increased at a rate of about one percent per year more than the rate of increase in earnings in OASDI covered employment. Since the beginning of the hospital insurance program, this differential has been about 3 percent per year.

The Pay Board has restricted wage increases to the range 5 percent to 6 percent per year, but has exempted very low paid workers from this standard and has approved many settlements at a higher rate. More important, the Price Board has ruled that the cost established by the Social Security Administration for reimbursement purposes are prices and that such reimburse-

ments can not recognize any increase in wages and salaries higher than  $5\frac{1}{2}$  percent per year (although with unlimited provision for exceptions through rulings). Part of the increase in average wages has been due to a change in composition of the work force so as to include relatively more higher paid personnel; this part of the increase is not restricted by the wage guidelines. The cost estimates assume that the immediate impact of these controls will be to reduce the average increase in hospital wages to  $7\frac{1}{2}$  percent per year during 1972-74, still higher than the  $5\frac{1}{2}$  percent assumed for all workers. Eventually, this difference should disappear entirely as hospital workers' wages become comparable to those for similar workers in other industries and the proportion of highly trained personnel grows very large; this has been assumed to occur by 1983.

Increases in the prices of the goods and services hospitals purchase are treated as a function of increases in the Consumer Price Index for all items. There is some question as to whether this index is appropriate since hospitals purchase a large volume of services. No index of hospital non-personnel factor prices is available, however. The price increases that may be recognized for reimbursement under the Price Commission guidelines are limited to  $2\frac{1}{2}$  percent per year. Part of the increase is due to the mix of goods and services purchased, which is not subject to this limit. Table 2 summarizes the historical data used and the comparable forecasts in estimating the increase in factor prices.

Since the beginning of the hospital insurance program, the number of hospital workers per adjusted 100 census count in non-federal short-term general hospitals has been increasing about 3 percent per year (as reported by the American Hospital Association). Statistics adjusted for changes in outpatient care are not available prior to 1966, but some indicators suggest a level of about 2 percent per year.

A residual item is required to balance the historical increases in hospital costs, which allows for the effect of changes in the services provided and method of provision not accounted for by an increase in the number of personnel (this item is stated so as to apply only to non-personnel costs). Before 1966, this residual averaged about 5 percent per year. After a surge

in the early years of the hospital insurance program, 16½ percent in 1967 and 14 percent in 1968, the residual has declined to a level of around 7 percent in 1969–1970.

Hospital cost increases due to changes in the services provided and method of provision will be partially restricted under the Price Commission guidelines, which specify that “aggregate expenses for new technology such as new equipment and new services directly related to health care, to the extent they are not charged directly to persons benefiting directly from that equipment or those services, which exceed 1.7 percent of total annual expenses” cannot be recognized for reimbursement purposes. This limitation thus applies jointly to items (3)(a) and (3)(b), but not to (3)(c)—assuming hospital managements will charge users for any new services offered, including services that in the absence of controls would have been included in the room and board charge. To use the data base available, a judgment is thus required as to the portion of the total increase due to changes in the services provided and method of provision that is due to new services; the rest of this component is restricted to 1.7 percent per year. There are, however, many items whose attribution in cost accounting is not clearly designated. With constraints on other costs, there is pressure on hospital managements to adopt policies which allocate more of the cost of overhead items to new services than might otherwise have been the case. The historical data related to increases in cost due to changes in the services, analyzed by personnel and non-personnel sub-components, are shown in Table 3, together with the forecast for the future.

It is assumed that the current rate of increase in the number of personnel per adjusted census of around 3 percent per year will continue for a few years and then gradually decrease to a level of about one percent per year, a level lower than obtained before the hospital insurance program. The one percent per year is assumed to persist over the full period for which estimates are prepared.

The restriction on increases due to changes in the services and method of provision is estimated to reduce moderately the non-labor portion of this component of the increase in the immediate future. It is assumed that ultimately this rate will drop to 3 percent per year, a level

substantially lower than that which prevailed during the decade before the hospital insurance program began.

Table 1 shows the increases in hospital costs that have occurred under the hospital insurance program, and those resulting from compounding the forecasts for each of the three principal components into which such increases were analyzed. It can be noted that the long run increases are assumed to be higher than the long run increases in earnings, and hence in income, so that the current cost of the program rises indefinitely. Such increases assume a willingness on the part of the public to spend part of the increases in real income resulting from the differences between earnings and consumer prices on higher quality hospital care, at a rate of one percent per year. As emphasized throughout this report, this rate is below the historical average and far below the rate experienced since the beginning of the hospital insurance program. It, thus, presumes a significant amount of public pressure to reduce the increases in hospital costs as the cost of these services bite deeper into disposable income, either directly through payment of higher charges or indirectly in the form of higher insurance premiums and taxes to support government programs. It is also assumed that the investments of federal programs in quality of hospital management should in the longer run reduce the cost of care.

b. Assumptions as to increases in the cost per capita of extended care facility benefits.

Utilization of extended care facilities dropped very sharply in 1970 and moderately in the first quarter of 1971 as a result of strict enforcement of regulations separating convalescent from custodial care. Adjusted for the trend to increasing use of these facilities, the current level of utilization is a little over half of that which occurred during the early years of the program. However, it is believed that increases in utilization are to be anticipated over the next several years, as providers and patients become more familiar with the level of care covered in these institutions under the new administrative policies.

Increases in the average cost per day in extended care facilities under the program are caused principally by (i) the higher cost of the nurses and other skilled labor required and (ii)

the addition to covered facilities of new, better equipped, and more expensive facilities. Nurses have been in particularly short supply since the beginning of the hospital insurance program, and consequently, their wages have been increasing far more rapidly than earnings in general. This trend may be expected to continue for the foreseeable future due to (i) the continued rapid increase in demand for nursing services and (ii) the opening of a wide variety of occupations to women, forcing employers of nurses to be more competitive in wages and working conditions.

The average cost per day of extended care facility services covered by the program increased by approximately 10 percent in 1970 over 1969. It is assumed that a similar level of cost increases will prevail for a few years and then gradually decrease so as to merge with the annual rate of increase in general wages by 1982. The resulting increases in the cost per capita of extended care facility services are shown in Table 4.

The long run assumption that increases in the cost per day of care in extended care facilities will be equal to the increases in the average earnings after 1981 requires increases in productivity to offset the higher than average increases in earnings anticipated for nurses and any tendency to upgrade the quality of services. As in the case of hospitals, public pressure to contain these costs will be required.

c. Assumptions as to home health service benefits

Data on utilization of home health services are very slow in reaching the Social Security Administration. Early in the program, increases in utilization were very large, running around 30 percent per year; but it now appears that the rate of increase may be substantially lower, perhaps 10 percent per year. The assumptions used in the cost estimates are shown in Table 4.

d. Administrative expenses

Total administrative expenses are assumed to be 2½ percent of benefits through 1977. After that, the projection assumes that the per capita expenses increase at 4 percent each year—that is, one percent less than the projected increase in all wages in covered employment.

e. Interest rate

It has been assumed that trust fund investments will earn an average of 6 percent interest per annum. The actual rate earned on the hospital insurance trust fund during fiscal 1972 was 6.5 percent.

f. Population

The population projections used in this report are based on those in *Actuarial Study Number 62*, Social Security Administration.

Table 1.—Components of Increase Over Previous Year in Cost of Hospital Services Per Capita for the Aged  
(In Percent)

Calendar Year	Component of Increase due to:			
	Patient Days Per Capita <sup>1</sup>	Factor Prices <sup>2</sup>	Change in Services And How Provided <sup>3</sup>	Total Increase <sup>1</sup>
Historical Data				
1956–1965	—	3.5	3.2	—
1966	—	1.5	6.7	—
1967	2.4	6.7	7.6	17.6
1968	7.3	7.6	7.2	23.4
1969	1.5	7.8	5.5	15.4
1970	–2.0	8.4	4.5	10.9
Projection				
1971	–1.5	7.1	4.6	10.3
1972	1.0	5.7	4.5	11.6
1973	.5	5.7	4.4	11.1
1974	.5	5.7	4.3	11.1
1975	.5	5.6	4.2	10.6
1980	0	4.6	2.8	7.5
1983 and later	0	4.1	1.8	6.0

<sup>1</sup> Historical data from health insurance program.

<sup>2</sup> See Table 2.

<sup>3</sup> See Table 3.

Table 2.—*Price Increases Over Previous Year for Factors Used by Hospitals*  
(In Percent)

Calendar Year	Increase over Previous Year			
	Average Earnings in Covered Employment <sup>1</sup>	Average Wages of Hospital Employees <sup>2</sup>	CPI All Items	Average Factor Prices
<b>Historical Data</b>				
1956–1965	3.6	4.7	1.6	3.5
1966	4.4	0.6	2.9	1.5
1967	6.3	9.3	2.9	6.7
1968	7.0	9.9	4.2	7.6
1969	6.0	9.4	5.4	7.8
1970	4.8	10.1	5.9	8.4
<b>Projection</b>				
1971	5.7	9.0	4.3	7.1
1972	5.5	7.5	3.0	5.7
1973	5.5	7.5	3.0	5.7
1974	5.5	7.5	3.0	5.7
1975	5.4	7.4	3.0	5.6
1980	5.0	5.8	2.9	4.6
1983 and later	5.0	5.0	2.8	4.1

<sup>1</sup> Average earnings subject to OASDHI taxes in first quarter.

<sup>2</sup> Historical data from American Hospital Association.

Table 3.—*Increases Over Previous Year in Hospital costs Per Patient Day Due to Changes in Services and Method of Provision*<sup>1</sup>  
(In Percent)

Year Calendar	Increase over Previous Year due to:		
	Employees per Patient Day <sup>2</sup>	Non-employee Increases <sup>3</sup>	Changes in Services and Method of Provision <sup>1</sup>
<b>Historical Data</b>			
1956–1965	2.0	5.0	3.2
1966	5.8	8.2	6.7
1967	1.7	16.5	7.6
1968	2.5	14.0	7.1
1969	4.0	8.0	5.6
1970	3.1	6.6	4.5
<b>Projection</b>			
1971	3.0	7.0	4.6
1972	2.9	6.9	4.5
1973	2.8	6.8	4.4
1974	2.7	6.7	4.3
1975	2.6	6.6	4.2
1980	2.0	4.0	2.8
1983 and later	1.0	3.0	1.8

<sup>1</sup> See text for explanation.

<sup>2</sup> Historical data are from American Hospital Association. These increases apply only to that part of hospital expenses due to personnel, which are approximately 60 percent of hospital costs.

<sup>3</sup> Actually a residual; i.e., the increase in hospital costs not explained by increases in days of inpatient care per capita, factor cost increases, or the number of employees per patient day. Expressed so as to apply to non-personnel costs.

**Table 4.—Increase Over Previous Year in Cost Per Capita by Type of Service Assumed for Projecting Cost of the Hospital Insurance Program**

(In Percent)

Calendar Year	Increase over Previous Year		
	Hospitals	Extended Care Facilities	Home Health Agencies
1971	10.3	0	19.5
1972	11.6	15.0	19.5
1973	11.1	22.0	19.0
1974	11.1	21.0	18.0
1975	10.6	19.0	18.0
1976	10.5	16.0	15.0
1977	9.5	12.0	11.0
1978	8.5	11.0	10.0
1979	8.0	9.0	8.0
1980	7.5	7.0	7.0
1981	7.0	6.0	6.0
1982	6.5	5.0	5.0
1983 & later	6.0	5.0	5.0

Calendar No. 886

92<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 15390

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IN THE SENATE OF THE UNITED STATES

JUNE 28, 1972

Ordered to lie on the table and to be printed

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## AMENDMENTS

Intended to be proposed by Mr. CHURCH to H.R. 15390, an Act to provide for a four-month extension of the present temporary level in the public debt limitation, viz: At the end of the bill add the following new title:

- 1           **TITLE II—AMENDMENTS TO THE SOCIAL**  
2                           **SECURITY PROGRAM**  
3 **INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSUR-**  
4 **ANCE BENEFITS, AND IN BENEFITS FOR CERTAIN**  
5 **INDIVIDUALS AGE 72 OR OVER**  
6           **SEC. 201. (a) Section 215 (a) of the Social Security**  
7 **Act is amended by striking out the table and inserting in lieu**  
8 **thereof the following:**

**Amdt. No. 1307**

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND  
MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1971 Act)	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 pri- mary insur- ance amount (as deter- mined 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 pay- able (as pro- vided 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—		
	\$16.20	\$70.40		\$76	\$84.50	\$120.80
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\$16.21	16.84	71.50	\$77	78	85.80	128.80
16.85	17.60	73.10	79	80	87.80	131.70
17.61	18.40	74.50	81	81	89.40	134.20
18.41	19.24	75.80	82	83	91.00	136.50
19.25	20.00	77.40	84	85	92.90	139.40
20.01	20.64	78.80	86	87	94.60	141.90
20.65	21.28	80.10	88	89	96.20	144.30
21.29	21.88	81.70	90	90	98.10	147.20
21.89	22.28	83.10	91	92	99.80	149.70
22.29	22.68	84.50	93	94	101.40	152.20
22.69	23.08	85.80	95	96	103.00	154.50
23.09	23.44	87.40	97	97	104.90	157.40
23.45	23.76	88.90	98	99	106.70	160.10
23.77	24.20	90.60	100	101	108.80	163.20
24.21	24.60	91.90	102	102	110.30	165.50
24.61	25.00	93.40	103	104	112.10	168.20
25.01	25.48	95.10	105	106	114.20	171.30
25.49	25.92	96.60	107	107	116.00	173.90
25.93	26.40	98.20	108	109	117.90	176.90
26.41	26.94	99.70	110	113	119.70	179.60
26.95	27.46	101.10	114	118	121.40	182.10
27.47	28.00	102.70	119	122	123.30	185.00
28.01	28.68	104.20	123	127	125.10	187.70
28.69	29.25	105.90	128	132	127.10	190.70
29.26	29.68	107.30	133	136	128.80	193.20
29.69	30.36	108.70	137	141	130.50	195.80
30.37	30.92	110.40	142	146	132.50	198.80
30.93	31.36	111.90	147	150	134.30	201.50
31.37	32.00	113.30	151	155	136.00	204.00
32.01	32.60	115.00	156	160	138.00	207.00
32.61	33.20	116.40	161	164	139.70	209.60
33.21	33.88	118.00	165	169	141.60	212.40
33.89	34.50	119.50	170	174	143.40	215.20
34.51	35.00	121.00	175	178	145.20	217.80
35.01	35.80	122.60	179	183	147.20	220.80
35.81	36.40	124.00	184	188	148.80	223.20
36.41	37.08	125.70	189	193	150.90	226.40
37.09	37.60	127.20	194	197	152.70	229.10
37.61	38.20	128.60	198	202	154.40	231.60
38.21	39.12	130.30	203	207	156.40	234.60
39.13	39.68	131.80	208	211	158.20	237.30
39.69	40.33	133.10	212	216	159.80	239.70
40.34	41.12	134.80	217	221	161.80	242.70
41.13	41.76	136.30	222	225	163.60	245.40
41.77	42.44	137.90	226	230	165.50	248.30
42.45	43.20	139.40	231	235	167.30	251.00
43.21	43.76	141.10	236	239	169.40	254.10
43.77	44.44	142.50	240	244	171.00	257.80
44.45	44.88	143.90	245	249	172.70	263.10
44.89	45.60	145.60	250	253	174.80	267.30
		147.10	254	258	176.60	272.60
		148.40	259	263	178.10	277.80
		150.10	264	267	180.20	282.00
		151.60	268	272	182.00	287.30
		153.20	273	277	183.90	292.60
		154.70	278	281	185.70	296.80
		156.20	282	286	187.50	302.10
		157.90	287	291	189.50	307.40
		159.20	292	295	191.10	311.60
		160.90	296	300	193.10	316.80
		162.40	301	305	194.90	322.10
		163.80	306	309	196.60	328.40
		165.50	310	314	198.60	331.70
		166.90	315	319	200.30	337.00
		168.30	320	323	202.00	341.20
		170.00	324	328	204.00	346.50
		171.50	329	333	205.80	351.80
		173.20	334	337	207.90	356.00
		174.50	338	342	209.40	361.20
		176.00	343	347	211.20	366.50
		177.70	348	351	213.30	370.70
		179.10	352	356	215.00	376.00
		180.80	357	361	217.00	381.30
		182.20	362	365	218.10	385.50

"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 1971 Act)	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—		
		\$183. 60	\$366	\$370	\$220. 40	\$390. 80
		185. 30	371	375	222. 40	396. 00
		186. 80	376	379	224. 20	400. 40
		188. 50	380	384	226. 20	405. 60
		189. 80	385	389	227. 80	410. 90
		191. 30	390	393	229. 60	415. 10
		193. 00	394	398	231. 60	420. 40
		194. 40	399	403	233. 30	425. 70
		196. 10	404	407	235. 40	429. 90
		197. 40	408	412	236. 90	435. 20
		198. 80	413	417	238. 60	440. 40
		200. 20	418	421	240. 30	444. 60
		201. 60	422	426	242. 20	449. 90
		203. 10	427	431	243. 80	455. 20
		204. 50	432	436	245. 40	460. 50
		206. 10	437	440	247. 40	462. 60
		207. 40	441	445	248. 90	465. 30
		208. 80	446	450	250. 60	467. 90
		210. 40	451	454	252. 60	470. 00
		211. 70	455	459	254. 10	472. 60
		213. 10	460	464	255. 80	475. 20
		214. 50	465	468	257. 40	477. 40
		216. 10	469	473	259. 40	480. 00
		217. 40	474	478	260. 90	482. 70
		218. 80	479	482	262. 60	484. 80
		220. 40	483	487	264. 50	487. 60
		221. 70	488	492	266. 10	490. 10
		223. 10	493	496	267. 80	492. 20
		224. 70	497	501	269. 70	494. 80
		226. 00	502	506	271. 20	497. 40
		227. 40	507	510	272. 90	499. 60
		228. 80	511	516	274. 60	502. 20
		230. 30	516	520	276. 40	504. 90
		231. 70	521	524	278. 10	506. 80
		233. 10	525	529	279. 80	509. 60
		234. 70	530	534	281. 70	512. 20
		236. 00	535	538	283. 20	514. 40
		237. 40	539	543	284. 90	517. 00
		239. 00	544	548	286. 80	519. 60
		240. 30	549	553	288. 40	522. 30
		241. 70	554	558	290. 10	523. 80
		242. 90	557	560	291. 50	526. 00
		244. 20	561	563	293. 10	527. 60
		245. 50	564	567	294. 60	529. 70
		246. 80	568	570	296. 20	531. 30
		248. 00	571	574	297. 60	533. 30
		249. 30	575	577	299. 20	535. 00
		250. 50	578	581	300. 60	537. 00
		251. 80	582	584	302. 20	538. 60
		253. 00	585	588	303. 60	540. 80
		254. 40	589	591	305. 30	542. 30
		255. 80	592	595	306. 80	544. 50
		256. 90	596	598	308. 30	546. 00
		258. 10	599	602	309. 80	548. 20
		259. 40	603	605	311. 30	549. 80
		260. 80	606	609	312. 80	551. 80
		262. 00	610	612	314. 40	553. 60
		263. 20	613	616	315. 90	555. 60
		264. 50	617	620	317. 40	557. 70
		265. 70	621	623	318. 90	559. 20
		267. 00	624	627	320. 40	561. 40
		268. 20	628	630	321. 90	563. 30
		269. 50	631	634	323. 40	566. 10
		270. 80	635	637	325. 00	568. 70
		272. 10	638	641	326. 60	571. 50
		273. 30	642	644	328. 00	574. 00
		274. 60	645	648	329. 60	576. 80
		275. 80	649	652	331. 00	579. 30
		276. 60	653	656	332. 00	581. 00
		277. 40	657	660	332. 90	582. 60
		278. 40	661	665	334. 10	584. 70
		279. 40	666	670	335. 30	586. 80
		280. 40	671	675	336. 50	588. 90
		281. 40	676	680	337. 70	591. 00
		282. 40	681	685	338. 90	593. 10
		283. 40	686	690	340. 10	595. 20
		284. 40	691	695	341. 30	597. 30
		285. 40	699	700	342. 50	599. 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 1971 Act)	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—		
		\$286.40	\$701	\$705	\$343.70	\$601.50
		287.40	706	710	344.90	603.60
		288.40	711	715	346.10	605.70
		289.40	716	720	347.30	607.80
		290.40	721	725	348.50	609.90
		291.40	726	730	349.70	612.00
		292.40	731	735	350.90	614.10
		293.40	736	740	352.10	616.20
		294.40	741	745	353.30	618.30
		295.40	746	750	354.50	620.40
			751	755	355.50	622.20
			756	760	356.50	623.90
			761	765	357.50	625.70
			766	770	358.50	627.40
			771	775	359.50	629.20
			776	780	360.50	630.90
			781	785	361.50	632.70
			786	790	362.50	634.40
			791	795	363.50	636.20
			796	800	364.50	637.90
			801	805	365.50	639.70
			806	810	366.50	641.40
			811	815	367.50	643.20
			816	820	368.50	644.90
			821	825	369.50	646.70
			826	830	370.50	648.40
			831	835	371.50	650.20
			836	840	372.50	651.90
			841	845	373.50	653.70
			846	850	374.50	655.40
			851	855	375.50	657.20
			856	860	376.50	658.90
			861	865	377.50	660.70
			866	870	378.50	662.40
			871	875	379.50	664.20
			876	880	380.50	665.90
			881	885	381.50	667.70
			886	890	382.50	669.40
			891	895	383.50	671.20
			896	900	384.50	672.90
			901	905	385.50	674.70
			906	910	386.50	676.40
			911	915	387.50	678.20
			916	920	388.50	679.90
			921	925	389.50	681.70
			926	930	390.50	683.40
			931	935	391.50	685.20
			936	940	392.50	686.90
			941	945	393.50	688.70
			946	950	394.50	690.40
			951	955	395.50	692.20
			956	960	396.50	693.90
			961	965	397.50	695.70
			966	970	398.50	697.40
			971	975	399.50	699.20
			976	980	400.50	700.90
			981	985	401.50	702.70
			986	990	402.50	704.40
			991	995	403.50	706.20
			996	1,000	404.50	707.90."

- 1 (b) Section 203 (a) of such Act is amended by striking
- 2 out paragraph (2) and inserting in lieu thereof the fol-
- 3 lowing:
- 4 " (2) when two or more persons were entitled

1 (without the application of section 202 (j) (1) and  
2 section 223 (b) ) to monthly benefits under section 202  
3 or 223 for August 1972 on the basis of the wages and  
4 self-employment income of such insured individual and  
5 the provisions of this subsection were applicable in  
6 January 1971 or any prior month in determining the  
7 total of the benefits for persons entitled for any such  
8 month on the basis of such wages and self-employment  
9 income, such total of benefits for September 1972 or any  
10 subsequent month shall not be reduced to less than the  
11 larger of—

12 “(A) the amount determined under this sub-  
13 section without regard to this paragraph, or

14 “(B) an amount equal to the sum of the  
15 amounts derived by multiplying the benefit amount  
16 determined under this title for August 1972 (in-  
17 cluding this subsection, but without the application  
18 of section 222 (b) ; section 202 (q) , and subsections  
19 (b) , (c) , and (d) of this section) , for each person  
20 for such month, by 120 percent and raising such  
21 increased amount, if it is not a multiple of \$0.10,  
22 to the next higher multiple of \$0.10;

23 but in any such case (i) paragraph (1) of this sub-  
24 section shall not be applied to such total of benefits after  
25 the application of subparagraph (B) , and (ii) if sec-

1       tion 202 (k) (2) (A) was applicable in the case of any  
2       such benefits for September 1972, and ceases to apply  
3       after such month, the provisions of subparagraph (B)  
4       shall be applied, for and after the month in which sec-  
5       tion 202 (k) (2) (A) ceases to apply, as though para-  
6       graph (1) had not been applicable to such total of  
7       benefits for September 1972, or”.

8       (c) Section 215 (a) of such Act is amended by striking  
9       out the matter which precedes the table and inserting in lieu  
10      thereof the following:

11      “(a) The primary insurance amount of an insured  
12      individual shall be determined as follows:

13           “(1) Subject to the conditions specified in sub-  
14      sections (b), (c), and (d) of this section and except  
15      as provided in paragraph (2) of this subsection, such  
16      primary insurance amount shall be whichever of the  
17      following amounts is the largest:

18           “(A) the amount in column IV of the follow-  
19      ing table on the line on which in column III of such  
20      table appears his average monthly wage (as deter-  
21      mined under subsection (b) );

22           “(B) the amount in column IV of such table  
23      on the line on which in column II appears his  
24      primary insurance amount (as determined under  
25      subsection (c) ); or

1           “(C) the amount in column IV of such table  
2           on the line on which in column I appears his pri-  
3           mary insurance benefit (as determined under sub-  
4           section (d)).

5           “(2) In the case of an individual who was entitled  
6           to a disability insurance benefit for the month before  
7           the month in which he died, became entitled to old-age  
8           insurance benefits, or attained age 65, such primary  
9           insurance amount shall be the amount in column IV of  
10          such table which is equal to the primary insurance  
11          amount upon which such disability insurance benefit is  
12          based; except that if such individual was entitled to a  
13          disability insurance benefit under section 223 for the  
14          month before the effective month of a new table and  
15          in the following month became entitled to an old-age  
16          insurance benefit, or he died in such following month  
17          then his primary insurance amount for such following  
18          month shall be the amount in column IV of the new  
19          table on the line on which in column II of such table  
20          appears his primary insurance amount for the month  
21          before the effective month of the table (as determined  
22          under subsection (c)) instead of the amount in column  
23          IV equal to the primary insurance amount on which his  
24          disability insurance benefit is based. For purposes of this  
25          paragraph, the term ‘primary insurance amount’ with

1       respect to any individual means only a primary insur-  
2       ance amount determined under paragraph (1) (and such  
3       individual's benefits shall be deemed to be based upon  
4       the primary insurance amount as so determined)."

5       (d) Section 215 (b) (4) of such Act is amended by  
6       striking out "December 1970" each time it appears and  
7       inserting in lieu thereof "August 1972".

8       (e) Section 215 (c) of such Act is amended to read as  
9       follows:

10      "Primary Insurance Amount Under Act of March 17, 1971

11      "(c) (1) For the purposes of column II of the table  
12      appearing in subsection (a) of this section, an individual's  
13      primary insurance amount shall be computed on the basis  
14      of the law in effect prior to September 1972.

15      "(2) The provisions of this subsection shall be appli-  
16      cable only in the case of an individual who became entitled  
17      to benefits under section 202 (a) or section 223 before Sep-  
18      tember 1972, or who died before such month."

19      (f) Section 215 (f) (2) of such Act is amended by  
20      striking out "(a) (1) and (3)" and inserting in lieu thereof  
21      "(a) (1) (A) and (C)".

22      (g) (1) (A) Section 227 (a) of such Act is amended by  
23      striking out "\$48.30" and inserting in lieu thereof "\$58.00",  
24      and by striking out "\$24.20" and inserting in lieu thereof  
25      "\$29.00".

1 (B) Section 227 (b) of such Act is amended by striking  
2 out “\$48.30” and inserting in lieu thereof “\$58.00”.

3 (2) (A) Section 228 (b) (1) of such Act is amended by  
4 striking out “\$48.30” and inserting in lieu thereof “\$58.00”.

5 (B) Section 228 (b) (2) of such Act is amended by  
6 striking out “\$48.30” and inserting in lieu thereof “\$58.00”,  
7 and by striking out “\$24.20” and inserting in lieu thereof  
8 “\$29.00”.

9 (C) Section 228 (c) (2) of such Act is amended by  
10 striking out “\$24.20” and inserting in lieu thereof “\$29.00”.

11 (D) Section 228 (c) (3) (A) of such Act is amended  
12 by striking out “\$48.30” and inserting in lieu thereof  
13 “\$58.00”.

14 (E) Section 228 (c) (3) (B) of such Act is amended  
15 by striking out “\$24.20” and inserting in lieu thereof  
16 “\$29.00”.

17 (h) (1) Section 203 (a) of the Social Security Act  
18 (as amended by subsection (b) of this section) is further  
19 amended by striking out “or” at the end of paragraph (2),  
20 by striking out the period at the end of paragraph (3) and  
21 inserting in lieu thereof “, or”, and by inserting after para-  
22 graph (3) the following new paragraph:

23 “(4) notwithstanding any other provision of law,  
24 when—

1           “(A) two or more persons are entitled to  
2           monthly benefits for a particular month on the basis  
3           of the wages and self-employment income of an  
4           insured individual and (for such particular month)  
5           the provisions of this subsection and section 202 (q)  
6           are applicable to such monthly benefits, and

7           “(B) such individual’s primary insurance  
8           amount is increased for the following month under  
9           any provision of this title,

10          then the total of monthly benefits for all persons on the  
11          basis of such wages and self-employment income for  
12          such particular month, as determined under the provi-  
13          sions of this subsection, shall for purposes of determin-  
14          ing the total monthly benefits for all persons on the  
15          basis of such wages and self-employment income for  
16          months subsequent to such particular month to be con-  
17          sidered to have been increased by the smallest amount  
18          that would have been required in order to assure that  
19          the total of monthly benefits payable on the basis of such  
20          wages and self-employment income for any such subse-  
21          quent month will not be less (after the application of the  
22          other provisions of this subsection and section 202 (q) )  
23          than the total of monthly benefits (after the application  
24          of the other provisions of this subsection and section 202

1       (q)) payable on the basis of such wages and self-  
2       employment income for such particular month.”

3       (2) In any case in which the provisions of section 1002  
4       (b) (2) of the Social Security Amendments of 1969 were  
5       applicable with respect to benefits for any month in 1970,  
6       the total of monthly benefits as determined under section  
7       203 (a) of the Social Security Act shall, for months after  
8       1970, be increased to the amount that would be required in  
9       order to assure that the total of such monthly benefits (after  
10      the application of section 202 (q) of such Act) will not be  
11      less than the total of monthly benefits that was applicable  
12      (after the application of such sections 203 (a) and 202 (q) )  
13      for the first month for which the provisions of such section  
14      1002 (b) (2) applied.

15      (i) The amendments made by this section (other than  
16      the amendments made by subsections (g) and (h)) shall  
17      apply with respect to monthly benefits under title II of the  
18      Social Security Act for months after August 1972 and with  
19      respect to lump-sum death payments under such title in the  
20      case of deaths occurring after such month. The amendments  
21      made by subsection (g) shall apply with respect to monthly  
22      benefits under title II of such Act for months after August  
23      1972. The amendments made by subsection (h) (1) shall

1 apply with respect to monthly benefits under title II of  
2 such Act for months after December 1971.

3       **AUTOMATIC ADJUSTMENTS IN BENEFITS AND IN THE**  
4                               **CONTRIBUTION AND BENEFIT BASE**

5                                       **Adjustments in Benefits**

6       **SEC. 202.** (a) (1) Section 215 of the Social Security  
7 Act is amended by adding at the end thereof the following  
8 new subsection:

9                               **“Cost-of-Living Increases in Benefits**

10       **“ (i) (1) For purposes of this subsection—**

11               **“ (A) the term ‘base quarter’ means (i) the calen-**  
12               **dar quarter ending on June 30 in each year after 1972,**  
13               **or (ii) any other calendar quarter in which occurs the**  
14               **effective month of a general benefit increase under this**  
15               **title;**

16               **“ (B) the term ‘cost-of-living computation quarter’**  
17               **means a base quarter, as defined in subparagraph (A)**  
18               **(i), in which the Consumer Price Index prepared by**  
19               **the Department of Labor exceeds, by not less than 3**  
20               **per centum, such Index in the later of (i) the last prior**  
21               **cost-of-living computation quarter which was established**  
22               **under this subparagraph, or (ii) the most recent cal-**  
23               **endar quarter in which occurred the effective month of**  
24               **a general benefit increase under this title; except that**  
25               **there shall be no cost-of-living computation quarter in**

1 any calendar year in which a law has been enacted pro-  
2 viding a general benefit increase under this title or in  
3 which such a benefit increase becomes effective; and

4 “(C) the Consumer Price Index for a base quarter,  
5 a cost-of-living computation quarter, or any other calen-  
6 dar quarter shall be the arithmetical mean of such index  
7 for the 3 months in such quarter.

8 “(2) (A) (i) The Secretary shall determine each year  
9 beginning with 1974 (subject to the limitation in paragraph  
10 (1) (B) and to subparagraph (E) of this paragraph)  
11 whether the base quarter (as defined in paragraph (1) (A)  
12 (i) ) in such year is a cost-of-living computation quarter.

13 “(ii) If the Secretary determines that such base quarter  
14 is a cost-of-living computation quarter, he shall, effective  
15 with the month of January of the next calendar year (sub-  
16 ject to subparagraph (E) ) as provided in subparagraph  
17 (B) , increase the benefit amount of each individual who for  
18 such month is entitled to benefits under section 227 or 228,  
19 and the primary insurance amount of each other individual  
20 under this title, by an amount derived by multiplying each  
21 such amount (including each such individual’s primary  
22 insurance amount or benefit amount under section 227  
23 or 228 as previously increased under this subparagraph)  
24 by the same percentage (rounded to the nearest one-tenth  
25 of 1 percent) as the percentage by which the Consumer

1 Price Index for such cost-of-living computation quarter ex-  
2 ceeds such index for the most recent prior calendar quarter  
3 which was a base quarter under paragraph (1) (A) (ii) or,  
4 if later, the most recent cost-of-living computation quarter  
5 under paragraph (1) (B). Any such increased amount  
6 which is not a multiple of \$0.10 shall be increased to the  
7 next higher multiple of \$0.10.

8 “(B) The increase provided by subparagraph (A) with  
9 respect to a particular cost-of-living computation quarter  
10 shall apply (subject to subparagraph (E) ) in the case of  
11 monthly benefits under this title for months after December  
12 of the calendar year in which occurred such cost-of-living  
13 computation quarter, and in the case of lump-sum death  
14 payments with respect to deaths occurring after December  
15 of such calendar year.

16 “(C) (i) Whenever the level of the Consumer Price  
17 Index as published for any month exceeds by 2.5 percent or  
18 more the level of such index for the most recent base quarter  
19 (as defined in paragraph (1) (A) (ii) ) or, if later, the most  
20 recent cost-of-living computation quarter, the Secretary shall  
21 (within 5 days after such publication) report the amount of  
22 such excess to the House Committee on Ways and Means and  
23 the Senate Committee on Finance.

24 “(ii) Whenever the Secretary determines that a base  
25 quarter in a calendar year is also a cost-of-living computation

1 quarter, he shall notify the House Committee on Ways and  
2 Means and the Senate Committee on Finance of such deter-  
3 mination on or before August 15 of such calendar year, indi-  
4 cating the amount of the benefit increase to be provided, his  
5 estimate of the extent to which the cost of such increase would  
6 be met by an increase in the contribution and benefit base  
7 under section 230 and the estimated amount of the increase in  
8 such base, the actuarial estimates of the effect of such in-  
9 crease, and the actuarial assumptions and methodology used  
10 in preparing such estimates.

11 “(D) If the Secretary determines that a base quarter  
12 in a calendar year is also a cost-of-living computation  
13 quarter, he shall publish in the Federal Register on or  
14 before November 1 of such calendar year a determination  
15 that a benefit increase is resultantly required and the per-  
16 centage thereof. He shall also publish in the Federal Regis-  
17 ter at that time (along with the increased benefit amounts  
18 which shall be deemed to be the amounts appearing in  
19 sections 227 and 228) a revision of the table of benefits  
20 contained in subsection (a) of this section (as it may have  
21 been most recently revised by another law or pursuant to  
22 this paragraph); and such revised table shall be deemed to  
23 be the table appearing in such subsection (a). Such revision  
24 shall be determined as follows:

25 “(i) The headings of the table shall be the same

1 as the headings in the table immediately prior to its  
2 revision, except that the parenthetical phrase at the  
3 beginning of column II shall reflect the year in which  
4 the primary insurance amounts set forth in column IV  
5 of the table immediately prior to its revision were  
6 effective.

7 “(ii) The amounts on each line of column I and  
8 column III, except as otherwise provided by clause (v)  
9 of this subparagraph, shall be the same as the amounts  
10 appearing in each such column in the table immediately  
11 prior to its revision.

12 “(iii) The amount on each line of column II shall  
13 be changed to the amount shown on the corresponding  
14 line of column IV of the table immediately prior to its  
15 revision.

16 “(iv) The amounts on each line of column IV and  
17 column V shall be increased from the amounts shown in  
18 the table immediately prior to its revision by increasing  
19 each such amount by the percentage specified in sub-  
20 paragraph (A) (ii) of this paragraph. The amount on  
21 each line of column V shall be increased, if necessary,  
22 so that such amount is at least equal to one and one-half  
23 times the amount shown on the corresponding line in  
24 column IV. Any such increased amount which is not a

1 multiple of \$0.10 shall be increased to the next higher  
2 multiple of \$0.10.

3 “(v) If the contribution and benefit base (deter-  
4 mined under section 230) for the calendar year in  
5 which the table of benefits is revised is lower than such  
6 base for the following calendar year, columns III, IV,  
7 and V of such table shall be extended. The amounts on  
8 each additional line of column III shall be the amounts  
9 on the preceding line increased by \$5 until in the last  
10 such line of column III the second figure is equal to one-  
11 twelfth of the new contribution and benefit base for the  
12 calendar year following the calendar year in which such  
13 table of benefits is revised. The amount on each addi-  
14 tional line of column IV shall be the amount on the pre-  
15 ceding line increased by \$1.00, until the amount on the  
16 last line of such column is equal to the last line of such  
17 column as determined under clause (iv) plus 20 percent  
18 of one-twelfth of the excess of the new contribution and  
19 benefit base for the calendar year following the calendar  
20 year in which such table of benefits is revised (as de-  
21 termined under section 230) over such base for the  
22 calendar year in which the table of benefits is revised.  
23 The amount in each additional line of column V shall  
24 be equal to 1.75 times the amount on the same line of

1 column IV. Any such increased amount which is not  
2 a multiple of \$0.10 shall be increased to the next higher  
3 multiple of \$0.10.

4 “(E) Notwithstanding a determination by the Secre-  
5 tary under subparagraph (A) that a base quarter in any  
6 calendar year is a cost-of-living computation quarter (and  
7 notwithstanding any notification or publication thereof under  
8 subparagraph (C) or (D)), no increase in benefits shall  
9 take effect pursuant thereto, and such quarter shall be  
10 deemed not to be a cost-of-living computation quarter, if  
11 during the calendar year in which such determination is  
12 made a law providing a general benefit increase under this  
13 title is enacted or becomes effective.

14 “(3) As used in this subsection, the term ‘general  
15 benefit increase under this title’ means an increase (other  
16 than an increase under this subsection) in all primary in-  
17 surance amounts on which monthly insurance benefits under  
18 this title are based.”

19 (2) (A) Effective January 1, 1974, section 203 (a)  
20 of such Act is amended by striking out “the table in section  
21 215 (a)” in the matter preceding paragraph (1) and insert-  
22 ing in lieu thereof “the table in or deemed to be in section  
23 215 (a)”.

24 (B) Effective January 1, 1974, section 203 (a) (2) of

1 such Act (as amended by section 201 (b) of this Act) is fur-  
2 ther amended to read as follows:

3 “(2) when two or more persons were entitled  
4 (without the application of section 202 (j) (1) and  
5 section 223 (b) ) to monthly benefits under section 202  
6 or 223 for January 1971 or any prior month on the  
7 basis of the wages and self-employment income of such  
8 insured individual and the provisions of this subsection as  
9 in effect for any such month were applicable in determin-  
10 ing the benefit amount of any persons on the basis of  
11 such wages and self-employment income, the total of  
12 benefits for any month after January 1971 shall not be  
13 reduced to less than the largest of—

14 “(A) the amount determined under this sub-  
15 section without regard to this paragraph,

16 “(B) the largest amount which has been deter-  
17 mined for any month under this subsection for per-  
18 sons entitled to monthly benefits on the basis of such  
19 insured individual’s wages and self-employment in-  
20 come, or

21 “(C) if any persons are entitled to benefits on  
22 the basis of such wages and self-employment income  
23 for the month before the effective month (after  
24 September 1972) of a general benefit increase

1           under this title (as defined in section 215 (i) (3) )  
2           or a benefit increase under the provisions of section  
3           215 (i), an amount equal to the sum of amounts  
4           derived by multiplying the benefit amount deter-  
5           mined under this title for the month before such ef-  
6           fective month including this subsection, but without  
7           the application of section 222 (b), section 202 (q),  
8           and subsections (b), (c), and (d) of this section),  
9           for each such person for such month, by a percent-  
10          age equal to the percentage of the increase provided  
11          under such benefit increase (with any such in-  
12          creased amount which is not a multiple of \$0.10  
13          being rounded to the next higher multiple of \$0.10) ;  
14          but in any such case (i) paragraph (1) of this sub-  
15          section shall not be applied to such total of benefits after  
16          the application of subparagraph (B) or (C), and (ii)  
17          if section 202 (k) (2) (A) was applicable in the case of  
18          any such benefits for a month, and ceases to apply for  
19          a month after such month, the provisions of subpara-  
20          graph (B) or (C) shall be applied, for and after the  
21          month in which section 202 (k) (2) (A) ceases to apply,  
22          as though paragraph (1) had not been applicable to such  
23          total of benefits for the last month for which subpara-  
24          graph (B) or (C) was applicable, or”.

25          (3) (A) Effective January 1, 1975, section 215 (a) of

1 such Act (as amended by section 201 (c) of this Act) is  
2 further amended—

3 (i) by inserting “(or, if larger, the amount in col-  
4 umn IV of the latest table deemed to be such table under  
5 subsection (i) (2) (D) )” after “the following table” in  
6 paragraph (1) (A) ; and

7 (ii) by inserting “(whether enacted by another  
8 law or deemed to be such table under subsection (i) (2)  
9 (D) )” after “effective month of a new table” in para-  
10 graph (2) .

11 (B) Effective January 1, 1975, section 215 (b) (4) of  
12 such Act (as amended by section 201 (d) of this Act) is fur-  
13 ther amended to read as follows:

14 “(4) The provisions of this subsection shall be applicable  
15 only in the case of an individual—

16 “(A) who becomes entitled to benefits under section  
17 202 (a) or section 223 in or after the month in which  
18 a new table that appears in (or is deemed by subsection  
19 (i) (2) (D) to appear in) subsection (a) becomes effec-  
20 tive; or

21 “(B) who dies in or after the month in which such  
22 table becomes effective without being entitled to benefits  
23 under section 202 (a) or section 223; or

24 “(C) whose primary insurance amount is required  
25 to be recomputed under subsection (f) (2) .”

1 (C) Effective January 1, 1975, section 215 (c) of such  
2 Act (as amended by section 201 (e) of this Act) is further  
3 amended to read as follows:

4 "Primary Insurance Amount Under Prior Provisions

5 "(c) (1) For the purposes of column II of the latest  
6 table that appears in (or is deemed to appear in) subsection  
7 (a) of this section, an individual's primary insurance amount  
8 shall be computed on the basis of the law in effect prior to  
9 the month in which the latest such table became effective.

10 "(2) The provisions of this subsection shall be appli-  
11 cable only in the case of an individual who became entitled  
12 to benefits under section 202 (a) or section 223, or who died,  
13 before such effective month."

14 (4) Effective January 1, 1975, sections 227 and 228 of  
15 such Act (as amended by section 201 (g) of this Act) are  
16 further amended by striking out "\$58.00" wherever it ap-  
17 pears and inserting in lieu thereof "the larger of "\$58.00 or  
18 the amount most recently established in lieu thereof under  
19 section 215 (i)", and by striking out "\$29.00" wherever it  
20 appears and inserting in lieu thereof "the larger of \$29.00 or  
21 the amount most recently established in lieu thereof under  
22 section 215 (i)".

23 Adjustments in Contribution and Benefit Base

24 (b) (1) Title II of the Social Security Act is amended  
25 by adding at the end thereof the following new section:

1 “ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

2 “SEC. 230. (a) Whenever the Secretary pursuant to  
3 section 215 (i) increases benefits effective with the first  
4 month of the calendar year following a cost-of-living com-  
5 putation quarter, he shall also determine and publish in the  
6 Federal Register on or before November 1 of the calendar  
7 year in which such quarter occurs (along with the publica-  
8 tion of such benefit increase as required by section 215 (i)  
9 (2) (D)) the contribution and benefit base determined  
10 under subsection (b) which shall be effective (unless  
11 such increase in benefits is prevented from becoming effec-  
12 tive by section 215 (i) (2) (E)) with respect to remunera-  
13 tion paid after the calendar year in which such quarter oc-  
14 curs and taxable years beginning after such year.

15 “(b) The amount of such contribution and benefit base  
16 shall be the amount of the contribution and benefit base in  
17 effect in the year in which the determination is made or, if  
18 larger, the product of—

19 “(1) the contribution and benefit base which was  
20 in effect with respect to remuneration paid in (and tax-  
21 able years beginning in) the calendar year in which the  
22 determination under subsection (a) with respect to such  
23 particular calendar year was made, and

24 “(2) the ratio of (A) the average of the taxable  
25 wages of all employees as reported to the Secretary for

1 the first calendar quarter of the calendar year in which  
2 the determination under subsection (a) with respect to  
3 such particular calendar year was made to the latest or  
4 (B) the average of the taxable wages of all employees  
5 as reported to the Secretary for the first calendar quar-  
6 ter of 1973 or the first calendar quarter of the most re-  
7 cent calendar year in which an increase in the contribu-  
8 tion and benefit base was enacted or a determination  
9 resulting in such an increase was made under subsec-  
10 tion (a),

11 with such product, if not a multiple of \$300, being rounded  
12 to the next higher multiple of \$300 where such product is a  
13 multiple of \$150 but not of \$300 and to the nearest multiple  
14 of \$300 in any other case.

15 “(c) For purposes of this section, and for purposes of  
16 determining wages and self-employment income under sec-  
17 tions 209, 211, 213, and 215 of this Act and sections 1402,  
18 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue  
19 Code of 1954, the ‘contribution and benefit base’ with respect  
20 to remuneration paid in (and taxable years beginning in)  
21 any calendar year after 1973 and prior to the calendar year  
22 with the first month of which the first increase in benefits  
23 pursuant to section 215 (i) of this Act becomes effective  
24 shall be \$12,000 or (if applicable) such other amount as

1 may be specified in a law enacted subsequent to the law  
2 which added this section.”

3 INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX  
4 PURPOSES

5 SEC. 203. (a) (1) (A) Section 209 (a) (6) of the Social  
6 Security Act is amended by inserting “and prior to 1973”  
7 after “1971”.

8 (B) Section 209 (a) of such Act is further amended by  
9 adding at the end thereof the following new paragraphs:

10 “(7) That part of remuneration which, after remunera-  
11 tion (other than remuneration referred to in the succeeding  
12 subsections of this section) equal to \$10,800 with respect to  
13 employment has been paid to an individual during any calen-  
14 dar year after 1972 and prior to 1974, is paid to such indi-  
15 vidual during such calendar year;

16 “(8) That part of remuneration which, after remunera-  
17 tion (other than remuneration referred to in the succeeding  
18 subsections of this section) equal to \$12,000 with respect to  
19 employment has been paid to an individual during any calen-  
20 dar year after 1973 and prior to 1975, is paid to such indi-  
21 vidual during such calendar year;

22 “(9) That part of remuneration which, after remunera-  
23 tion (other than remuneration referred to in the succeeding  
24 subsections of this section) equal to the contribution and

1 benefit base (determined under section 230) with respect to  
2 employment has been paid to an individual during any calen-  
3 dar year after 1974 with respect to which such contribu-  
4 tion and benefit base is effective, is paid to such individual  
5 during such calendar year;”.

6 (2) (A) Section 211 (b) (1) (F) of such Act is  
7 amended by inserting “and prior to 1973” after “1971”, and  
8 by striking out “; or” and inserting in lieu thereof “; and”.

9 (B) Section 211 (b) (1) of such Act is further amended  
10 by adding at the end thereof the following new subpara-  
11 graphs:

12 “(G) For any taxable year beginning after 1972  
13 and prior to 1974, (i) \$10,800, minus (ii) the amount  
14 of the wages paid to such individual during the taxable  
15 year; and

16 “(H) For any taxable year beginning after 1973  
17 and prior to 1975, (i) \$12,000, minue (ii) the amount  
18 of the wages paid to such individual during the taxable  
19 year; and

20 “(I) For any taxable year beginning in any cal-  
21 endar year after 1974, (i) an amount equal to the con-  
22 tribution and benefit base (as determined under section  
23 230) which is effective for such calendar year, minus  
24 (ii) the amount of the wages paid to such individual  
25 during such taxable year; or”.

1           (3) (A) Section 213 (a) (2) (ii) of such Act is  
2 amended by striking out "after 1971" and inserting in lieu  
3 thereof "after 1971 and before 1973, or \$10,800 in the case  
4 of a calendar year after 1972 and before 1974, or \$12,000  
5 in the case of a calendar year after 1973 and before 1975,  
6 or an amount equal to the contribution and benefit base  
7 (as determined under section 230) in the case of any calen-  
8 dar year after 1974 with respect to which such contribution  
9 and benefit base is effective".

10           (B) Section 213 (a) (2) (iii) of such Act is amended  
11 by striking out "after 1971" and inserting in lieu thereof  
12 "after 1971 and before 1973, or \$10,800 in the case of a  
13 taxable year beginning after 1972 and before 1974, or  
14 \$12,000 in the case of a taxable year beginning after 1973  
15 and before 1975, or an amount equal to the contribution and  
16 benefit base (as determined under section 230) which is  
17 effective for the calendar year in the case of any taxable  
18 year beginning in any calendar year after 1974".

19           (4) Section 215 (e) (1) of such Act is amended by  
20 striking out "and the excess over \$9,000 in the case of any  
21 calendar year after 1971" and inserting in lieu thereof "the  
22 excess over \$9,000 in the case of any calendar year after  
23 1971 and before 1973, the excess over \$10,800 in the case  
24 of any calendar year after 1972 and before 1974, the ex-  
25 cess over \$12,000 in the case of any calendar year after

1 1973 and before 1975, and the excess over an amount  
2 equal to the contribution and benefit base (as determined  
3 under section 230) in the case of any calendar year after  
4 1974 with respect to which such contribution and benefit  
5 base is effective”.

6 (b) (1) (A) Section 1402 (b) (1) (F) of the Internal  
7 Revenue Code of 1954 (relating to definition of self-em-  
8 ployment income) is amended by inserting “and before  
9 1973” after “1971”, and by striking out “; or ” and inserting  
10 in lieu thereof “; and”.

11 (B) Section 1402 (b) (1) of such Code is further  
12 amended by adding at the end thereof the following new  
13 subparagraphs:

14 “(G) for any taxable year beginning after 1972  
15 and before 1974, (i) \$10,800, minus (ii) the amount  
16 of the wages paid to such individual during the taxable  
17 year;

18 “(H) for any taxable year beginning after 1973  
19 and before 1975, (i) \$12,000, minus (ii) the amount  
20 of the wages paid to such individual during the taxable  
21 year; and

22 “(I) for any taxable year beginning in any cal-  
23 endar year after 1974, (i) an amount equal to the  
24 contribution and benefit base (as determined under  
25 section 230 of the Social Security Act) which is effec-

1       tive for such calendar year, minus (ii) the amount of  
2       the wages paid to such individual during such taxable  
3       year; or”.

4       (2) (A) Section 3121 (a) (1) of such Code (relating  
5       to definition of wages) is amended by striking out “\$9,000”  
6       each place it appears and inserting in lieu thereof “\$10,800”.

7       (B) Effective with respect to remuneration paid after  
8       1973, section 3121 (a) (1) of such Code is amended by  
9       striking out “\$10,800” each place it appears and inserting  
10      in lieu thereof “\$12,000”.

11      (C) Effective with respect to remuneration paid after  
12      1974, section 3121 (a) (1) of such Code is amended—

13           (i) by striking out “\$12,000” each place it appears  
14           and inserting in lieu thereof “the contribution and bene-  
15           fit base (as determined under section 230 of the Social  
16           Security Act)”, and

17           (ii) by striking out “by an employer during any  
18           calendar year”, and inserting in lieu thereof “by an em-  
19           ployer during the calendar year with respect to which  
20           such contribution and benefit base is effective”.

21      (3) (A) The second sentence of section 3122 of such  
22      Code (relating to Federal service) is amended by striking  
23      out “\$9,000” and inserting in lieu thereof “\$10,800”.

24      (B) Effective with respect to remuneration paid after  
25      1973, the second sentence of section 3122 of such Code is

1 amended by striking out “\$10,800” and inserting in lieu  
2 thereof “\$12,000”.

3 (C) Effective with respect to remuneration paid after  
4 1974, the second sentence of section 3122 of such Code is  
5 amended by striking out “the \$12,000 limitation” and in-  
6 serting in lieu thereof “the contribution and benefit base  
7 limitation”.

8 (4) (A) Section 3125 of such Code (relating to returns  
9 in the case of governmental employees in Guam, American  
10 Samoa, and the District of Columbia) is amended by striking  
11 out “\$9,000” where it appears in subsections (a), (b), and  
12 (c) and inserting in lieu thereof “\$10,800”.

13 (B) Effective with respect to remuneration paid after  
14 1973, section 3125 of such Code is amended by striking out  
15 “\$10,800” where it appears in subsections (a), (b), and  
16 (c) and inserting in lieu thereof “\$12,000”.

17 (C) Effective with respect to remuneration paid after  
18 1974, section 3125 of such Code is amended by striking out  
19 “the \$12,000 limitation” where it appears in subsections  
20 (a), (b), and (c) and inserting in lieu thereof “the con-  
21 tribution and benefit base limitation”.

22 (5) Section 6413 (c) (1) of such Code (relating to  
23 special refunds of employment taxes) is amended—

24 (A) by inserting “and prior to the calendar year  
25 1973” after “the calendar year 1971”;

1           (B) by inserting after "exceed \$9,000," the fol-  
2           lowing: "or (F) during any calendar year after the  
3           calendar year 1972 and prior to the calendar year 1974,  
4           the wages received by him during such year exceed  
5           \$10,800, or (G) during any calendar year after the  
6           calendar year 1973 and prior to the calendar year 1975,  
7           the wages received by him during such year exceed  
8           \$12,000, or (H) during any calendar year after 1974,  
9           the wages received by him during such year exceed the  
10          contribution and benefit base (as determined under sec-  
11          tion 230 of the Social Security Act) which is effective  
12          with respect to such year,"; and

13           (C) by inserting before the period at the end  
14          thereof the following: "and before 1973, or which  
15          exceeds the tax with respect to the first \$10,800 of  
16          such wages received in such calendar year after 1972  
17          and before 1974, or which exceeds the tax with respect  
18          to the first \$12,000 of such wages received in such  
19          calendar year after 1973 and before 1975, or which  
20          exceeds the tax with respect to an amount of such  
21          wages received in such calendar year after 1974 equal  
22          to the contribution and benefit base (as determined  
23          under section 230 of the Social Security Act) which  
24          is effective with respect to such year".

25          (6) Section 6413 (a) (2) (A) of such Code (relating

1 to refunds of employment taxes in the case of Federal em-  
2 ployees) is amended by striking out “or \$9,000 for any  
3 calendar year after 1971” and inserting in lieu thereof  
4 “\$9,000 for the calendar year 1972, \$10,800 for the calen-  
5 dar year 1973, \$12,000 for the calendar year 1974, or an  
6 amount equal to the contribution and benefit base (as deter-  
7 mined under section 230 of the Social Security Act) for any  
8 calendar year after 1974 with respect to which such con-  
9 tribution and benefit base is effective”.

10 (7) (A) Section 6654 (d) (2) (B) (ii) of such Code  
11 (relating to failure by individual to pay estimated income  
12 tax) is amended by striking out “\$9,000” and inserting in  
13 lieu thereof “\$10,800”.

14 (B) Effective with respect to taxable years beginning  
15 after 1973, section 6654 (d) (2) (B) (ii) of such Code is  
16 amended by striking out “\$10,800” and inserting in lieu  
17 thereof “\$12,000”.

18 (C) Effective with respect to taxable years beginning  
19 after 1974, section 6654 (d) (2) (B) (ii) of such Code is  
20 amended by striking out “the excess of \$12,000 over the  
21 amount” and inserting in lieu thereof “the excess of (I)  
22 an amount equal to the contribution and benefit base (as  
23 determined under section 230 of the Social Security Act)  
24 which is effective for the calendar year in which the taxable  
25 year begins, over (II) the amount”.

1 (c) The amendments made by subsections (a) (1) and  
 2 (a) (3) (A), and the amendments made by subsection (b)  
 3 (except paragraphs (1) and (7) thereof), shall apply only  
 4 with respect to remuneration paid after December 1972.  
 5 The amendments made by subsections (a) (2), (a) (3)  
 6 (B), (b) (1), and (b) (7) shall apply only with respect to  
 7 taxable years beginning after 1972. The amendment made  
 8 by subsection (a) (4) shall apply only with respect to calen-  
 9 dar years after 1972.

10 CHANGES IN TAX SCHEDULES

11 SEC. 204. (a) (1) Section 1401 (a) of the Internal  
 12 Revenue Code of 1954 (relating to rate of tax on self-  
 13 employment income for purposes of old-age, survivors, and  
 14 disability insurance) is amended—

15 (A) by striking out “and before January 1, 1973”  
 16 in paragraph (3) and inserting in lieu thereof “and be-  
 17 fore January 1, 1978”;

18 (B) by striking out “and” at the end of paragraph  
 19 (3); and

20 (C) by striking out paragraph (4) and inserting  
 21 in lieu thereof the following:

22 “(4) in the case of any taxable year beginning after  
 23 December 31, 1977, and before January 1, 2011, the  
 24 tax shall be equal to 6.7 percent of the amount of the  
 25 self-employment income for such taxable year; and

1           “(5) in the case of any taxable year beginning after  
2           December 31, 2010, the tax shall be equal to 7.0 percent  
3           of the amount of the self-employment income for such  
4           taxable year.”

5           (2) Section 3101 (a) of such Code (relating to rate of  
6           tax on employees for purposes of old-age, survivors, and  
7           disability insurance) is amended—

8           (A) by striking out “the calendar years 1971  
9           and 1972” in paragraph (3) and inserting in lieu  
10          thereof “any of the calendar years 1971 through 1977”;  
11          and

12          (B) by striking out paragraphs (4) and (5) and  
13          inserting in lieu thereof the following:

14          “(4) with respect to wages received during any  
15          of the calendar years 1978 through 2010, the rate shall  
16          be 4.5 percent; and

17          “(5) with respect to wages received after Decem-  
18          ber 31, 2010, the rate shall be 5.35 percent.”

19          (3) Section 3111 (a) of such Code (relating to rate of  
20          tax on employers for purposes of old-age, survivors, and  
21          disability insurance) is amended—

22          (A) by striking out “the calendar years 1971  
23          and 1972” in paragraph (3) and inserting in lieu thereof  
24          “any of the calendar years 1971 through 1977”; and

1           (B) by striking out paragraphs (4) and (5) and  
2 inserting in lieu thereof the following:

3           “(4) with respect to wages paid during any of  
4 the calendar years 1978 through 2010, the rate shall  
5 be 4.5 percent; and

6           “(5) with respect to wages paid after December  
7 31, 2010, the rate shall be 5.35 percent.”

8           (b) (1) Section 1401 (b) of such Code (relating to  
9 rate of tax on self-employment income for purposes of hos-  
10 pital insurance) is amended by striking out paragraphs (2)  
11 through (5) and inserting in lieu thereof the following:

12           “(2) in the case of any taxable year beginning  
13 after December 31, 1972, and before January 1, 1978,  
14 the tax shall be equal to 0.9 percent of the amount of  
15 the self-employment income for such taxable year;

16           “(3) in the case of any taxable year beginning  
17 after December 31, 1977, and before January 1, 1986,  
18 the tax shall be equal to 1.0 percent of the amount  
19 of the self-employment income for such taxable year;

20           “(4) in the case of any taxable year beginning  
21 after December 31, 1985, and before January 1, 1993,  
22 the tax shall be equal to 1.1 percent of the amount  
23 of the self-employment income for such taxable year; and

24           “(58) in the case of any taxable year beginning

1 after December 31, 1992, the tax shall be equal to 1.2  
2 percent of the amount of the self-employment income  
3 for such taxable year.”

4 (2) Section 3101 (b) of such Code (relating to rate  
5 of tax on employees for purposes of hospital insurance) is  
6 amended by striking out paragraphs (2) through (5) and  
7 inserting in lieu thereof the following:

8 “(2) with respect to wages received during the  
9 calendar years 1973, 1974, 1975, 1976, and 1977, the  
10 rate shall be 0.9 percent;

11 “(3) with respect to wages received during the  
12 calendar years 1978, 1979, 1980, 1981, 1982, 1983,  
13 1984, and 1985, the rate shall be 1.0 percent;

14 “(4) with respect to wages received during the  
15 calendar years 1986, 1987, 1988, 1989, 1990, 1991,  
16 and 1992, the rate shall be 1.1 percent; and

17 “(5) with respect to wages received after Decem-  
18 ber 31, 1992, the rate shall be 1.2 percent.”

19 (3) Section 3111 (b) of such Code (relating to rate of  
20 tax on employers for purposes of hospital insurance) is  
21 amended by striking out paragraphs (2) through (5) and  
22 inserting in lieu thereof the following:

23 “(2) with respect to wages paid during the calen-  
24 dar years 1973, 1974, 1975, 1976, and 1977, the rate  
25 shall be 0.9 percent:

1           “(3) with respect to wages paid during the calendar  
2           years 1978, 1979, 1980, 1981, 1982, 1983, 1984,  
3           and 1985, the rate shall be 1.0 percent;

4           “(4) with respect to wages paid during the calen-  
5           dar years 1986, 1987, 1988, 1989, 1990, 1991, and  
6           1992, the rate shall be 1.1 percent; and

7           “(5) with respect to wages paid after December  
8           31, 1992, the rate shall be 1.2 percent.”

9           (c) The amendments made by subsections (a) (1) and  
10          (b) (1) shall apply only with respect to taxable years be-  
11          ginning after December 31, 1972. The remaining amend-  
12          ments made by this section shall apply only with respect to  
13          remuneration paid after December 31, 1972.

14          **ALLOCATION TO DISABILITY INSURANCE TRUST FUND**

15          **SEC. 205.** (a) Section 201 (b) (1) of the Social Secu-  
16          rity Act is amended—

17                  (1) by striking out “and (D)” and inserting in lieu  
18                  thereof “(D)”, and

19                  (2) by striking out “1969, and so reported,” and  
20                  inserting in lieu thereof “1969, and before January 1,  
21                  1973, and so reported, (E) 1.0 per centum of the wages  
22                  (as so defined) paid after December 31, 1972, and  
23                  before January 1, 1978, and so reported, (F) 1.1 per  
24                  centum of the wages (as so defined) paid after Decem-  
25                  ber 31, 1977, and before January 1, 2011, and so re-

1       ported, and (G) 1.4 per centum of the wages (as so de-  
2       fined) paid after December 31, 2010, and so reported,”.

3       (b) Section 201 (b) (2) of such Act is amended—

4           (1) by striking out “and (D)” and inserting in  
5       lieu thereof “(D)”, and

6           (2) by striking out “beginning after December 31,  
7       1969,” and inserting in lieu thereof “beginning after  
8       December 31, 1969, and before January 1, 1973, (E)  
9       0.75 of 1 per centum of the amount of self-employment  
10      income (as so defined) so reported for any taxable year  
11      beginning after December 31, 1972, and before Janu-  
12      ary 1, 1978, (F) 0.825 per centum of the amount of  
13      self-employment income (as so defined) so reported for  
14      any taxable year beginning after December 31, 1977,  
15      and before January 1, 2011, and (G) 0.915 per centum  
16      of the amount of self-employment income (as so defined)  
17      so reported for any taxable year beginning after Decem-  
18      ber 31, 2010,”.

Amend the title so as to read: “An Act to provide for  
a four-month extension of the present temporary level in the  
public debt limitation, and for other purposes.”

**Amdt. No. 1307**

**Calendar No. 886**

92<sup>d</sup> CONGRESS  
2<sup>d</sup> SESSION

**H. R. 15390**

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## **AMENDMENTS**

Intended to be proposed by Mr. CHURCH to H.R. 15390, an Act to provide for a four-month extension of the present temporary level in the public debt limitation.

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JUNE 28, 1972

Ordered to lie on the table and to be printed

Calendar No. 886

92<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 15390

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IN THE SENATE OF THE UNITED STATES

JUNE 28, 1972

Ordered to lie on the table and to be printed

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## AMENDMENTS

Intended to be proposed by Mr. BENNETT (for himself, Mr. CURTIS, Mr. MILLER, Mr. JORDAN of Idaho, and Mr. HANSEN) to H.R. 15390, an Act to provide for a four-month extension of the present temporary level in the public debt limitation, viz: At the end of the Act, insert the following:

1       TITLE II—AMENDMENTS TO THE SOCIAL

2                               SECURITY ACT

3       INCREASE IN OLD-AGE, SURVIVORS AND DISABILITY

4                               INSURANCE BENEFITS

5       SEC. 201. (a) Section 215 (a) of the Social Security

6 Act is amended by striking out the table and inserting in

7 lieu thereof the following:

**Amdt. No. 1310**

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	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—		
	\$14.48	\$70.40		\$70	\$74.00	\$111.00
\$14.49	15.00	70.40	\$71	72	75.10	112.70
15.01	16.00	70.40	73	74	76.30	114.50
15.61	16.20	70.40	75	76	77.50	116.30
16.21	16.84	71.50	77	78	78.70	118.10
16.85	17.60	73.10	79	80	80.50	120.80
17.61	18.40	74.50	81	81	82.00	123.00
18.41	19.24	75.80	82	83	83.40	125.10
19.25	20.00	77.40	84	85	85.20	127.80
20.01	20.64	78.80	86	87	86.70	130.10
20.65	21.28	80.10	88	89	88.20	132.30
21.29	21.88	81.70	90	90	89.90	134.90
21.89	22.28	83.10	91	92	91.50	137.30
22.29	22.68	84.50	93	94	93.00	139.50
22.69	23.08	85.80	95	96	94.40	141.60
23.09	23.44	87.40	97	97	96.20	144.30
23.45	23.76	88.90	98	99	97.80	146.80
23.77	24.20	90.60	100	101	99.70	149.60
24.21	24.60	91.90	102	102	101.10	151.70
24.61	25.00	93.40	103	104	102.80	154.20
25.01	25.48	95.10	105	106	104.70	157.10
25.49	25.92	96.60	107	107	106.30	159.50
25.93	26.40	98.20	108	109	108.10	162.20
26.41	26.94	99.70	110	113	109.70	164.60
26.95	27.46	101.10	114	118	111.30	167.00
27.47	28.00	102.70	119	122	113.00	169.60
28.01	28.68	104.20	123	127	114.70	172.10
28.69	29.25	105.90	128	132	116.50	174.80
29.26	29.68	107.30	133	136	118.10	177.20
29.69	30.36	108.70	137	141	119.60	179.50
30.37	30.92	110.40	142	146	121.50	182.30
30.93	31.36	111.90	147	150	123.10	184.70
31.37	32.00	113.30	151	155	124.70	187.10
32.01	32.60	115.00	156	160	126.50	189.80
32.61	33.20	116.40	161	164	128.10	192.20
33.21	33.88	118.00	165	169	129.80	194.70
33.89	34.50	119.50	170	174	131.50	197.30
34.51	35.00	121.00	175	178	133.16	199.70
35.01	35.80	122.60	179	183	134.90	202.40
35.81	36.40	124.00	184	188	136.40	204.60
36.41	37.08	125.70	189	193	138.30	207.50
37.09	37.60	127.20	194	197	140.00	210.00
37.61	38.20	128.60	198	202	141.50	212.30
38.21	39.12	130.30	203	207	143.40	215.10
38.13	39.68	131.80	208	211	145.00	217.50
39.13	40.33	133.10	212	216	146.50	219.80
39.69	41.12	134.80	217	221	148.30	222.50
40.34	41.76	136.30	222	225	150.00	225.00
41.13	42.44	137.90	226	230	151.70	227.60
41.77	43.20	139.40	231	235	153.40	230.10
42.45	44.44	141.10	236	239	155.30	233.00
43.21	43.76	142.50	240	244	156.80	236.30
43.77	44.44	144.50	245	249	158.30	241.20
44.45	44.88	145.60	250	253	160.20	245.00
44.89	45.60	147.10	254	258	161.90	249.90
		148.40	259	263	163.30	254.70
		150.10	264	267	165.20	258.50
		151.60	268	272	166.80	263.40
		153.20	273	277	168.60	268.20
		154.70	278	281	170.20	272.10
		156.20	282	286	171.90	276.90
		157.90	287	291	173.70	281.80
		159.20	292	295	175.20	285.60
		160.90	296	300	177.00	290.40
		162.40	301	305	178.70	295.30
		163.80	306	309	180.20	299.20
		165.50	310	314	182.10	304.10
		166.90	315	319	183.60	308.90
		168.30	320	323	185.20	312.80
		170.00	324	328	187.00	317.60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND  
MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	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 pri- mary insur- ance amount (as deter- mined 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 pay- able (as pro- vided 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—		
		171.50	329	333	188.70	322.50
		173.20	334	337	190.60	326.30
		174.50	338	342	192.00	331.10
		176.00	343	347	193.60	336.00
		177.70	348	351	195.50	339.80
		179.10	352	356	197.10	344.70
		180.80	357	361	198.90	349.50
		182.20	362	365	200.50	353.40
		183.60	366	370	202.00	358.20
		185.30	371	375	203.90	363.00
		186.80	376	379	205.50	367.00
		188.50	380	384	207.40	371.80
		189.80	385	389	208.80	376.70
		191.30	390	393	210.50	380.50
		193.00	394	398	212.30	385.40
		194.40	399	403	213.90	390.20
		196.10	404	407	215.80	394.10
		197.40	408	412	217.20	398.90
		198.80	413	417	218.70	403.70
		200.20	418	421	220.30	407.60
		201.80	422	426	222.00	412.40
		203.10	427	431	223.50	417.30
		204.50	432	436	225.00	422.10
		206.10	437	440	226.80	424.10
		207.40	441	445	228.20	428.50
		208.80	446	450	229.70	428.90
		210.40	451	454	231.50	430.80
		211.70	455	459	232.90	433.20
		213.10	460	464	234.50	435.60
		214.50	465	468	236.00	437.60
		216.10	469	473	237.80	440.00
		217.40	474	478	239.20	442.60
		218.80	479	482	240.70	444.40
		220.40	483	487	242.50	446.90
		221.70	488	492	243.90	449.30
		223.10	493	496	245.50	451.20
		224.70	497	501	247.20	453.60
		226.00	502	506	248.60	456.00
		227.40	507	510	250.20	458.00
		228.80	511	515	251.70	460.40
		230.30	516	520	253.40	462.80
		231.70	521	524	254.90	464.70
		233.10	525	529	256.50	467.10
		234.70	530	534	258.20	469.50
		236.00	535	538	259.60	471.50
		237.40	539	543	261.20	473.90
		239.00	544	548	262.90	476.30
		240.30	549	553	264.40	478.80
		241.70	554	556	265.90	480.20
		242.90	557	560	267.20	482.20
		244.20	561	563	268.70	483.60
		245.50	564	567	270.10	485.60
		246.80	568	570	271.50	487.00
		248.00	571	574	272.80	488.90
		249.30	575	577	274.30	490.40
		250.50	578	581	275.60	492.30
		251.80	582	584	277.00	493.70
		253.00	585	588	278.30	495.70
		254.40	589	591	279.90	497.10
		255.60	592	595	281.20	499.10
		256.90	596	598	282.60	500.50
		258.10	599	602	284.00	502.50
		259.40	603	605	285.40	504.00
		260.60	606	609	286.70	505.80
		262.00	610	612	288.20	507.40
		263.20	613	616	289.60	509.20
		264.50	617	620	291.00	511.20
		265.70	621	623	292.30	512.60
		267.00	624	627	293.70	514.60
		268.20	628	630	295.10	516.40
		269.50	631	634	296.50	518.90
		270.80	635	637	297.90	521.30
		272.10	638	641	299.40	523.90
		273.30	642	644	300.70	526.20
		274.60	645	648	302.10	528.70
		275.80	649	652	303.40	531.00
		276.60	653	656	304.30	532.80

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND  
MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	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 insur- ance amount (as deter- mined 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 pay- able (as pro- vided 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—		
		277. 40	657	660	305. 20	534. 10
		278. 40	661	665	306. 30	536. 00
		279. 40	666	670	307. 40	537. 90
		280. 40	671	675	308. 50	539. 80
		281. 40	676	680	309. 60	541. 80
		282. 40	681	685	310. 70	543. 70
		283. 40	686	690	311. 80	545. 60
		284. 40	691	695	312. 90	547. 50
		285. 40	696	700	314. 00	549. 50
		286. 40	701	705	315. 10	551. 40
		287. 40	706	710	316. 20	553. 30
		288. 40	711	715	317. 30	555. 20
		289. 40	716	720	318. 40	557. 20
		290. 40	721	725	319. 50	559. 10
		291. 40	726	730	320. 60	561. 00
		292. 40	731	735	321. 70	562. 90
		293. 40	736	740	322. 80	564. 90
		294. 40	741	745	323. 90	566. 80
		295. 40	746	750	325. 00	568. 70
			751	755	326. 00	570. 50
			756	760	327. 00	572. 30
			761	765	328. 00	574. 00
			766	770	329. 00	575. 80
			771	775	330. 00	577. 50
			776	780	331. 00	579. 30
			781	785	332. 00	581. 00
			786	790	333. 00	582. 80
			791	795	334. 00	584. 50
			796	800	335. 00	586. 30
			801	805	336. 00	588. 00
			806	810	337. 00	589. 80
			811	815	338. 00	591. 50
			816	820	339. 00	593. 30
			821	825	340. 00	595. 00
			826	830	341. 00	596. 80
			831	835	342. 00	598. 50
			836	840	343. 00	600. 30
			841	845	344. 00	602. 00
			846	850	345. 00	603. 80"

1 (b) Section 203 (a) of such Act is amended by strik-  
2 ing out paragraph (2) and inserting in lieu thereof the  
3 following:

4 " (2) when two or more persons were entitled  
5 (without the application of section 202 (j) (1) and  
6 section 223 (b) ) to monthly benefits under section 202  
7 or 223 for August 1972 on the basis of the wages and  
8 self-employment income of such insured individual and

1 the provisions of this subsection were applicable in  
2 January 1971 or any prior month in determining the  
3 total of the benefits for persons entitled for any such  
4 month on the basis of such wages and self-employment  
5 income, such total of benefits for September 1972 or  
6 any subsequent month shall not be reduced to less than  
7 the larger of—

8 “(A) the amount determined under this sub-  
9 section without regard to this paragraph, or

10 “(B) an amount derived by multiplying the  
11 sum of the benefit amounts determined under this  
12 title for August 1972 (including this subsection, but  
13 without the application of section 222 (b), section  
14 202 (q), and subsections (b), (c), and (d) of this  
15 section), by 110 percent and raising such in-  
16 creased amount, if it is not a multiple of \$0.10, to  
17 the next higher multiple of \$0.10;

18 but in any such case (i) paragraph (1) of this sub-  
19 section shall not be applied to such total of benefits after  
20 the application of subparagraph (B), and (ii) if sec-  
21 tion 202 (k) (2) (A) was applicable in the case of any  
22 such benefits for September 1972, and ceases to apply  
23 after such month, the provisions of subparagraph (B)  
24 shall be applied, for and after the month in which sec-  
25 tion 202 (k) (2) (A) ceases to apply, as though para-

1 graph (1) had not been applicable to such total of  
2 benefits for June 1972, or”.

3 (c) Section 215 (a) of such Act is amended by striking  
4 out the matter which precedes the table and inserting in lieu  
5 thereof the following:

6 “(a) The primary insurance amount of an insured  
7 individual shall be determined as follows:

8 “(1) Subject to the conditions specified in sub-  
9 sections (b), (c), and (d) of this section and except  
10 as provided in paragraph (2) of this subsection, such  
11 primary insurance amount shall be whichever of the  
12 following amounts is the largest:

13 “(A) the amount in column IV of the follow-  
14 ing table on the line on which in column III of such  
15 table appears his average monthly wage (as deter-  
16 mined under subsection (b) );

17 “(B) the amount in column IV of such table  
18 on the line on which in column II appears his  
19 primary insurance amount (as determined under  
20 subsection (c) ); or

21 “(C) the amount in column IV of such table  
22 on the line on which in column I appears his pri-  
23 mary insurance benefit (as determined under sub-  
24 section (d) ).

25 “(2) In the case of an individual who was entitled

1 to a disability insurance benefit for the month before  
2 the month in which he died, became entitled to old-age  
3 insurance benefits, or attained age 65, such primary  
4 insurance amount shall be the amount in column IV of  
5 such table which is equal to the primary insurance  
6 amount upon which such disability insurance benefit is  
7 based; except that if such individual was entitled to a  
8 disability insurance benefit under section 223 for the  
9 month before the effective month of a new table and  
10 in the following month became entitled to an old-age  
11 insurance benefit, or he died in such following month,  
12 then his primary insurance amount for such following  
13 month shall be the amount in column IV of the new  
14 table on the line on which in column II of such table  
15 appears his primary insurance amount for the month  
16 before the effective month of the table (as determined  
17 under subsection (c) ) instead of the amount in column  
18 IV equal to the primary insurance amount on which his  
19 disability insurance benefit is based. For purposes of this  
20 paragraph, the term 'primary insurance amount' with  
21 respect to any individual means only a primary insur-  
22 ance amount determined under paragraph (1) (and  
23 such individual's benefits shall be deemed to be based  
24 upon the primary insurance amount as so determined).”  
25 (d) Section 215(b)(4) of such Act is amended by

1 striking out "December 1970" each time it appears and  
2 inserting in lieu thereof "August 1972".

3 (e) Section 215 (c) of such Act is amended to read as  
4 follows:

5 "Primary Insurance Amount Under Act of March 17, 1971

6 "(c) (1) For the purposes of column II of the table  
7 appearing in subsection (a) of this section, an individual's  
8 primary insurance amount shall be computed on the basis  
9 of the law in effect prior to June 1972.

10 "(2) The provisions of this subsection shall be appli-  
11 cable only in the case of an individual who became entitled  
12 to benefits under section 202 (a) or section 223 before Sep-  
13 tember 1972, or who died before such month."

14 (f) Section 215 (f) (2) of such Act is amended by  
15 striking out "(a) (1) and (3)" and inserting in lieu thereof  
16 "(a) (1) (A) and (C)".

17 (g) (1) Section 203 (a) of the Social Security Act  
18 (as amended by subsection (b) of this section) is further  
19 amended by striking out "or" at the end of paragraph (2),  
20 by striking out the period at the end of paragraph (3) and  
21 inserting in lieu thereof ". or", and by inserting after para-  
22 graph (3) the following new paragraph:

23 "(4) notwithstanding any other provision of law,  
24 when—

25 "(A) two or more persons are entitled to

1           monthly benefits for a particular month on the basis  
2           of the wages and self-employment income of an  
3           insured individual and (for such particular month)  
4           the provisions of this subsection and section 202 (q)  
5           are applicable to such monthly benefits, and

6           “ (B) such individual’s primary insurance  
7           amount is increased for the following month under  
8           any provision of this title,

9           then the total of monthly benefits for all persons on the  
10          basis of such wages and self-employment income for  
11          such particular month, as determined under the provi-  
12          sions of this subsection, shall for purposes of determin-  
13          ing the total of monthly benefits for all persons on the  
14          basis of such wages and self-employment income for  
15          months subsequent to such particular month be con-  
16          sidered to have been increased by the smallest amount  
17          that would have been required in order to assure that  
18          the total of monthly benefits payable on the basis of such  
19          wages and self-employment income for any such subse-  
20          quent month will not be less (after the application of  
21          the other provisions of this subsection and section 202  
22          (q) ) than the total of monthly benefits (after the ap-  
23          plication of the other provisions of this subsection and  
24          section 202 (q) ) payable on the basis of such wages and  
25          self-employment income for such particular month.”

1           (2) In any case in which the provisions of section 1002  
2   (b) (2) of the Social Security Amendments of 1969 were  
3   applicable with respect to benefits for any month in 1970,  
4   the total of monthly benefits as determined under section  
5   203 (a) of the Social Security Act shall, for months after  
6   1970, be increased to the amount that would be required in  
7   order to assure that the total of such monthly benefits (after  
8   the application of section 202 (q) of such Act) will not be  
9   less than the total of monthly benefits that was applicable  
10   (after the application of such sections 203 (a) and 202 (q) )  
11   for the first month for which the provisions of such section  
12   1002 (b) (2) applied.

13           (h) (1) (A) Section 227 (a) of such Act is amended  
14   by striking out "\$48.30" and inserting in lieu thereof  
15   "\$53.20", and by striking out "\$24.20" and inserting in  
16   lieu thereof "\$26.70".

17           (B) Section 227 (b) of such Act is amended by strik-  
18   ing out "\$48.30" and inserting in lieu thereof "\$53.20".

19           (2) (A) Section 228 (b) (1) of such Act is amended  
20   by striking out "\$48.30" and inserting in lieu thereof  
21   "\$53.20".

22           (B) Section 228 (b) (2) of such Act is amended by  
23   striking out "\$48.30" and inserting in lieu thereof  
24   "\$53.20", and by striking out "\$24.20" and inserting in  
25   lieu thereof "\$26.70".

1 (C) Section 228 (c) (2) of such Act is amended by  
2 striking out “\$24.20” and inserting in lieu thereof “\$26.70”.

3 (D) Section 228 (c) (3) (A) of such Act is amended  
4 by striking out “\$48.30” and inserting in lieu thereof  
5 “\$53.20”.

6 (E) Section 228 (c) (3) (B) of such Act is amended  
7 by striking out “\$24.20” and inserting in lieu thereof  
8 “\$26.70”.

9 (i) The amendments made by this section (other than  
10 the amendments made by subsection (g) and (h)) shall  
11 apply with respect to monthly benefits under title II of the  
12 Social Security Act for months after May 1972 and with  
13 respect to lump-sum death payments under such title in the  
14 case of deaths occurring after such month. The amendments  
15 made by subsection (g) shall apply with respect to monthly  
16 benefits under title II of such Act for months after May  
17 1972.

18 **AUTOMATIC ADJUSTMENTS IN BENEFITS AND THE CON-**  
19 **TRIBUTION AND BENEFIT BASE**

20 **Adjustments in Benefits**

21 **SEC. 202. (a) (1)** Section 215 of the Social Security  
22 Act is amended by adding at the end thereof the following  
23 new subsection:

24 **“Cost-of-Living Increases in Benefits**

25 **“ (i) (1) For purposes of this subsection—**

1           “(A) the term ‘base quarter’ means (i) the calen-  
2           dar quarter ending on June 30 in each year after  
3           1972, or (ii) any other calendar quarter in which occurs  
4           the effective month of a general benefit increase under  
5           this title;

6           “(B) the term ‘cost-of-living computation quarter’  
7           means a base quarter, as defined in subparagraph (A)  
8           (i), in which the Consumer Price Index prepared by  
9           the Department of Labor exceeds, by not less than 3  
10          per centum, such Index in the later of (i) the last prior  
11          cost-of-living computation quarter which was established  
12          under this subparagraph, or (ii) the most recent calen-  
13          dar quarter in which occurred the effective month of  
14          a general benefit increase under this title; except that  
15          there shall be no cost-of-living computation quarter in  
16          any calendar year in which a law has been enacted pro-  
17          viding a general benefit increase under this title or in  
18          which such a benefit increase becomes effective; and

19          “(C) the Consumer Price Index for a base quarter,  
20          a cost-of-living computation quarter, or any other calen-  
21          dar quarter shall be the arithmetical mean of such index  
22          for the 3 months in such quarter.

23          “(2) (A) (i) The Secretary shall determine each year  
24          beginning with 1974 (subject to the limitation in paragraph  
25          (1) (B) and to subparagraph (E) of this paragraph)

1 whether the base quarter (as defined in paragraph (1) (A)  
2 (i)) in such year is a cost-of-living computation quarter.

3 “(ii) If the Secretary determines that such base quarter  
4 is a cost-of-living computation quarter, he shall, effective  
5 with the month of January of the next calendar year (sub-  
6 ject to subparagraph (E)) as provided in subparagraph  
7 (B), increase the benefit amount of each individual who  
8 for such month is entitled to benefits under section 227 or  
9 228, and the primary insurance amount of each other in-  
10 dividual under this title (but not including a primary insur-  
11 ance amount determined under subsection (a) (3) of this  
12 section), by an amount derived by multiplying each such  
13 amount (including each such individual’s primary insurance  
14 amount or benefit amount under section 227 or 228 as pre-  
15 viously increased under this subparagraph) by the same  
16 percentage (rounded to the nearest one-tenth of 1 percent)  
17 as the percentage by which the Consumer Price Index for  
18 such cost-of-living computation quarter exceeds such index  
19 for the most recent prior calendar quarter which was a base  
20 quarter under paragraph (1) (A) (ii) or, if later, the most  
21 recent cost-of-living computation quarter under paragraph  
22 (1) (B). Any such increased amount which is not a multi-  
23 ple of \$0.10 shall be increased to the next higher multiple  
24 of \$0.10.

25 “(B) The increase provided by subparagraph (A)

1 with respect to a particular cost-of-living computation quar-  
2 ter shall apply (subject to subparagraph (E)) in the case  
3 of monthly benefits under this title for months after Decem-  
4 ber of the calendar year in which occurred such cost-of-living  
5 computation quarter, and in the case of lump-sum death  
6 payments with respect to deaths occurring after December  
7 of such calendar year.

8 “(C) (i) Whenever the level of the Consumer Price  
9 Index as published for any month exceeds by 2.5 percent or  
10 more the level of such index for the most recent base quarter  
11 (as defined in paragraph (1) (A) (ii)) or, if later, the most  
12 recent cost-of-living computation quarter, the Secretary shall  
13 (within 5 days after such publication) report the amount of  
14 such excess to the House Committee on Ways and Means  
15 and the Senate Committee on Finance.

16 “(ii) Whenever the Secretary determines that a base  
17 quarter in a calendar year is also a cost-of-living computation  
18 quarter, he shall notify the House Committee on Ways and  
19 Means and the Senate Committee on Finance of such deter-  
20 mination on or before August 15 of such calendar year, indi-  
21 cating the amount of the benefit increase to be provided, his  
22 estimate of the extent to which the cost of such increase  
23 would be met by an increase in the contribution and benefit  
24 base under section 230 and the estimated amount of the  
25 increase in such base, the actuarial estimates of the effect

1 of such increase, and the actuarial assumptions and method-  
2 ology used in preparing such estimates.

3 “(D) If the Secretary determines that a base quarter  
4 in a calendar year is also a cost-of-living computation quar-  
5 ter, he shall publish in the Federal Register on or before  
6 November 1 of such calendar year a determination that a  
7 benefit increase is resultantly required and the percentage  
8 thereof. He shall also publish in the Federal Register at  
9 that time (along with the increased benefit amounts which  
10 shall be deemed to be the amounts appearing in sections  
11 227 and 228) a revision of the table of benefits contained  
12 in subsection (a) of this section (as it may have been most  
13 recently revised by another law or pursuant to this para-  
14 graph) ; and such revised table shall be deemed to be the  
15 table appearing in such subsection (a). Such revision shall  
16 be determined as follows:

17 “(i) The headings of the table shall be the same  
18 as the headings in the table immediately prior to its  
19 revision, except that the parenthetical phrase at the  
20 beginning of column II shall reflect the year in which  
21 the primary insurance amounts set forth in column IV  
22 of the table immediately prior to its revision were  
23 effective.

24 “(ii) The amounts on each line of column I and  
25 column III, except as otherwise provided by clause

1 (v) of this subparagraph, shall be the same as the  
2 amounts appearing in each such column in the table  
3 immediately prior to its revision.

4 “(iii) The amount on each line of column II shall  
5 be changed to the amount shown on the corresponding  
6 line of column IV of the table immediately prior to its  
7 revision.

8 “(iv) The amounts on each line of column IV and  
9 column V shall be increased from the amounts shown in  
10 the table immediately prior to its revision by increasing  
11 each such amount by the percentage specified in sub-  
12 paragraph (A) of paragraph (2). The amount on each  
13 line of column V shall be increased, if necessary, so that  
14 such amount is at least equal to one and one-half times  
15 the amount shown on the corresponding line in column  
16 IV. Any such increased amount which is not a multiple  
17 of \$0.10 shall be increased to the next higher multiple  
18 of \$0.10.

19 “(v) If the contribution and benefit base (deter-  
20 mined under section 230) for the calendar year in  
21 which the table of benefits is revised is lower than such  
22 base for the following calendar year, columns III, IV,  
23 and V of such table shall be extended. The amounts on  
24 each additional line of column III shall be the amounts  
25 on the preceding line increased by \$5 until in the last

1 such line of column III the second figure is equal to one-  
2 twelfth of the new contribution and benefit base for the  
3 calendar year following the calendar year in which such  
4 table of benefits is revised. The amount on each addi-  
5 tional line of column IV shall be the amount on the pre-  
6 ceding line increased by \$1.00, until the amount on the  
7 last line of such column is equal to the last line of such  
8 column as determined under clause (iv) plus 20 percent  
9 of one-twelfth of the excess of the new contribution and  
10 benefit base for the calendar year following the calendar  
11 year in which such table of benefits is revised (as de-  
12 termined under section 230) over such base for the  
13 calendar year in which the table of benefits is revised.  
14 The amount on each additional line of column V shall  
15 be equal to 1.75 times the amount on the same line of  
16 column IV. Any such increased amount which is not  
17 a multiple of \$0.10 shall be increased to the next higher  
18 multiple of \$0.10.

19 “(E) Notwithstanding a determination by the Secre-  
20 tary under subparagraph (A) that a base quarter in any  
21 calendar year is a cost-of-living computation quarter (and  
22 notwithstanding any notification or publication thereof under  
23 subparagraph (C) or (D)), no increase in benefits shall  
24 take effect pursuant thereto, and such quarter shall be

1 deemed not to be a cost-of-living computation quarter, if  
2 during the calendar year in which such determination is  
3 made a law providing a general benefit increase under this  
4 title is enacted or becomes effective.

5 “(3) As used in this subsection, the term ‘general  
6 benefit increase under this title’ means an increase (other  
7 than an increase under this subsection) in all primary in-  
8 surance amounts (but not including those determined under  
9 subsection (a) (3) of this section) on which monthly in-  
10 surance benefits under this title are based.”

11 (2) (A) Effective January 1, 1974, section 203 (a)  
12 of such Act is amended by striking out “the table in sec-  
13 tion 215 (a)” in the matter preceding paragraph (1) and  
14 inserting in lieu thereof “the table in (or deemed to be in)  
15 section 215 (a)”.

16 (B) Effective January 1, 1974, section 203 (a) (2)  
17 of such Act (as amended by section 201 (b) of this Act)  
18 is further amended to read as follows:

19 “(2) when two or more persons were entitled  
20 (without the application of section 202 (j) (1) and  
21 section 223 (b) ) to monthly benefits under section 202  
22 or 223 for January 1972 or any prior month on the  
23 basis of the wages and self-employment income of such  
24 insured individual and the provisions of this subsection as  
25 in effect for any such month were applicable in deter-

1 mining the benefit amount of any persons on the basis of  
2 such wages and self-employment income, the total of  
3 benefits for any month after January 1972 shall not  
4 be reduced to less than the largest of—

5 “(A) the amount determined under this sub-  
6 section without regard to this paragraph,

7 “(B) the largest amount which has been deter-  
8 mined for any month under this subsection for per-  
9 sons entitled to monthly benefits on the basis of such  
10 insured individual’s wages and self-employment in-  
11 come, or

12 “(C) if any persons are entitled to benefits on  
13 the basis of such wages and self-employment income  
14 for the month before the effective month (after  
15 September 1972) of a general benefit increase un-  
16 der this title (as defined in section 215 (i) (3)) or  
17 a benefit increase under the provisions of section  
18 215 (i), an amount equal to the sum of the amounts  
19 derived by multiplying the benefit amount deter-  
20 mined under this title for the month before such  
21 effective month (including this subsection, but with-  
22 out the application of section 222 (b), section 202  
23 (q), and subsections (b), (c), and (d) of this  
24 section), for each such person for such month  
25 by a percentage equal to the percentage of the

1           increase provided under such benefit increase (with  
2           any such increased amount which is not a multiple  
3           of \$0.10 being rounded to the next higher multiple  
4           of \$0.10) ;

5           but in any such case (i) paragraph (1) of this sub-  
6           section shall not be applied to such total of benefits after  
7           the application of subparagraph (B) or (C), and (ii)  
8           if section 202 (k) (2) (A) was applicable in the case of  
9           any such benefits for a month, and ceases to apply for  
10          a month after such month, the provisions of subpara-  
11          graph (B) or (C) shall be applied, for and after the  
12          month in which section 202 (k) (2) (A) ceases to apply,  
13          as though paragraph (1) had not been applicable to such  
14          total of benefits for the last month for which subpara-  
15          graph (B) or (C) was applicable, or”.

16          (3) (A) Effective January 1, 1975, section 215 (a)  
17          of such Act (as amended by section 201 (c) of this Act)  
18          is further amended—

19                 (i) by inserting “(or, if larger, the amount in col-  
20                 umn IV of the latest table deemed to be such table under  
21                 subsection (i) (2) (D) )” after “the following table” in  
22                 paragraph (1) (A) ; and

23                 (ii) by inserting “(whether enacted by another  
24                 law or deemed to be such table under subsection (i) (2)

1 (D) )” after “effective month of a new table” in para-  
2 graph (2).

3 (B) Effective January 1, 1975, section 215 (b) (4) of  
4 such Act (as amended by section 201 (d) of this Act) is  
5 further amended to read as follows:

6 “(4) The provisions of this subsection shall be applicable  
7 only in the case of an individual—

8 “(A) who becomes entitled to benefits under section  
9 202 (a) or section 223 in or after the month in which  
10 a new table that appears in (or is deemed by subsection  
11 (i) (2) (D) to appear in) subsection (a) becomes effec-  
12 tive; or

13 “(B) who dies in or after the month in which such  
14 table becomes effective without being entitled to benefits  
15 under section 202 (a) or section 223; or

16 “(C) whose primary insurance amount is required  
17 to be recomputed under subsection (f) (2).”

18 (C) Effective January 1, 1975, section 215 (c) of  
19 such Act (as amended by section 201 (e) of this Act) is  
20 further amended to read as follows:

21 “Primary Insurance Amount Under Prior Provisions

22 “(c) (1) For the purposes of column II of the latest  
23 table that appears in (or is deemed to appear in) subsection  
24 (a) of this section, an individual’s primary insurance amount

1 shall be computed on the basis of the law in effect prior to  
2 the month in which the latest such table became effective.

3       “(2) The provisions of this subsection shall be appli-  
4 cable only in the case of an individual who became entitled  
5 to benefits under section 202 (a) or section 223, or who  
6 died, before such effective month.”

7       (4) Effective January 1, 1975, sections 227 and 228 of  
8 such Act (as amended by section 201 (g) of this Act) are  
9 further amended by striking out “\$53.20” wherever it  
10 appears and inserting in lieu thereof “the larger of \$53.20  
11 or the amount most recently established in lieu thereof under  
12 section 215 (i)”, and by striking out “\$26.70” wherever it  
13 appears and inserting in lieu thereof “the larger of \$26.70  
14 or the amount most recently established in lieu thereof under  
15 section 215 (i)”.

16           **ADJUSTMENT OF THE TAX AND BENEFIT BASE**

17       (b) (1) Title II of the Social Security Act is amended  
18 by adding at the end thereof the following new section:

19           **“ADJUSTMENT OF THE TAX AND BENEFIT BASE**

20       **“SEC. 230. (a) If the Secretary determines pursuant to**  
21 **subsection (i) of section 215 that an increase in benefits**  
22 **provided by subparagraph (A) of paragraph (2) of such**  
23 **subsection applies in the case of monthly benefits under sec-**  
24 **tions 202 and 223 for months of a calendar year immediately**  
25 **following a cost-of-living computation quarter he shall also**

1 estimate the long-range additional level-cost (without regard  
2 to any estimated actuarial surplus which may exist at such  
3 time) of such benefits. He shall also determine the increase  
4 that is necessary in (1) the amount of earnings and self-  
5 employment income that may be taxed under the Internal  
6 Revenue Code of 1954 for old-age, survivors, and dis-  
7 ability insurance and (2) the rate of tax specified in  
8 sections 1401 (a), 3101 (a), and 3111 (a) of the Internal  
9 Revenue Code of 1954, to meet the total of such level cost  
10 and the cost (not previously taken into account under this  
11 subsection) of increasing the exempt amount pursuant to  
12 section 203 (f) (8) for years prior to the year in which  
13 such increase in benefits becomes effective so that one-half  
14 (or approximately one-half) of such total is to be met by the  
15 increase specified in clause (1) and the remainder is to be  
16 met by the increase specified in clause (2).

17 “(b) The tax and benefit base for the calendar year  
18 referred to in subsection (a) and all succeeding calendar  
19 years, prior to the first calendar year thereafter in which an  
20 increase in benefits authorized by subsection (i) of section  
21 215 becomes effective, shall be the sum of the amount of  
22 earnings of individuals that may be counted for benefits  
23 under this title and that may be taxed under the Internal  
24 Revenue Code of 1954 for old-age, survivors, and disability  
25 insurance with respect to the calendar year immediately

1 preceding the calendar year referred to in subsection (a) and  
2 the increase referred to in subsection (a), with such sum, if  
3 not a multiple of \$150, being rounded to the nearest multiple  
4 of \$150; except that—

5 “(1) if prior to such first calendar year a law is  
6 enacted which provides that for any calendar year a  
7 different amount of earnings may be so counted and may  
8 be so taxed, such different amount shall be the contribu-  
9 tion and benefit base for the calendar years specified in  
10 such law but only until the first calendar year thereafter  
11 for which an increase in benefits is authorized by sub-  
12 section (i) of section 215; and

13 “(2) the contribution and benefit base for any year  
14 after 1973 and prior to the first calendar year in which  
15 the first increase in benefits pursuant to section 215 (i)  
16 becomes effective shall be \$10,200 or (if applicable)  
17 such other amount as may be specified in a law enacted  
18 subsequent to the date this Act is enacted.

19 “(c) The Secretary shall allocate the increase in tax  
20 rates specified in clause (2) of subsection (a) of this section  
21 among the rates of tax specified in sections 1401 (a), 3101  
22 (a), and 3111 (a) of the Internal Revenue Code of 1954 so  
23 that—

24 “(A) the rate of tax under section 3101 (a) of  
25 such Code with respect to wages (as defined in section

1       3121 (a) of such Code) received during a calendar year  
2       is equal to the rate of tax under section 3111 (a) of such  
3       Code with respect to wages (as defined in section 3121  
4       (a) of such Code) paid during such calendar year;

5       “(B) the rate of tax under section 1401 (a) of  
6       such Code with respect to self-employment income (as  
7       defined in section 1402 (b) of such Code) for any tax-  
8       able year beginning during a period specified in such  
9       section 1401 (a) shall be equal to 150 percent of the rate  
10      of tax under section 3101 (a) of such Code with respect  
11      to wages (as defined in section 3121 (a) of such Code)  
12      received during any calendar year occurring in such  
13      period.

14     After such allocation, the Secretary shall round any such  
15     tax rate, increased by reason of such allocation, to the near-  
16     est one-tenth of 1 percent.

17     “(d) At the time the Secretary publishes in the Federal  
18     Register the table required by section 215 (i) (2) (D), he  
19     shall also publish in such Register—

20         “(1) the actuarial assumptions and methodology  
21         used in estimating the additional long-range level-cost  
22         referred to subsection (a), and

23         “(2) the tax and benefit base resulting pursuant to  
24         subsection (b), and

25         “(3) the amount of the increase in tax rates required

1       pursuant to such subsection (a) and the allocation of  
 2       such increase determined under subsection (b) (includ-  
 3       ing any rounding authorized by such subsection).”

4       “(e) For purposes of this section, and for purposes of  
 5       determining wages and self-employment income under sec-  
 6       tions 209, 211, 213, and 215 of this Act and sections 1402,  
 7       3121, 3122, 3125, 6413, and 6654 of the Internal Revenue  
 8       Code of 1954, the ‘tax and benefit base’ with respect to  
 9       remuneration paid in (and taxable years beginning in) any  
 10      calendar year after 1972 and prior to the calendar year  
 11      with the first month of which the first increase in benefits  
 12      pursuant to section 215 (i) of this Act becomes effective shall  
 13      be \$10,200 or (if applicable) such other amount as may be  
 14      specified in a law enacted subsequent to the Social Security  
 15      Amendments of 1972.”

16           SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT

17      SEC. 203. (a) Section 215(a) of the Social Security  
 18      Act (as amended by section 201(c) of this Act) is further  
 19      amended—

20           (1) by striking out “paragraph (2)” in the mat-  
 21      ter preceding subparagraph (A) of paragraph (1) and  
 22      inserting in lieu thereof “paragraphs (2) and (3)”;  
 23      and

24           (2) by inserting after paragraph (2) the following:

25           “(3) Such primary insurance amount shall be an

1 amount equal to \$10 multiplied by the individual's  
2 years of coverage in excess of 10 in any case in which  
3 such amount is higher than the individual's primary in-  
4 surance amount as determined under paragraph (1)  
5 or (2).

6 For purposes of paragraph (3), an individual's 'years of  
7 coverage' is the number (not exceeding 30) equal to the  
8 sum of (i) the number (not exceeding 14 and disregarding  
9 any fraction) determined by dividing the total of the wages  
10 credited to him for years after 1936 and before 1951 by  
11 \$900, plus (ii) the number equal to the number of years  
12 after 1950 each of which is a computation base year (within  
13 the meaning of subsection (b) (2) (C) ) and in each of  
14 which he is credited with wages and self-employment income  
15 of not less than 25 percent of the maximum amount which,  
16 pursuant to subsection (e), may be counted for such year."

17 (b) Section 203 (a) of such Act (as amended by  
18 sections 201 (b) and 202 (a) (2) of this Act) is further  
19 amended by striking out "or" at the end of paragraph (2),  
20 by striking out the period at the end of paragraph (3) and  
21 inserting in lieu thereof ", or", and by inserting after para-  
22 graph (3) the following new paragraph:

23 " (4) whenever the monthly benefits of such indi-  
24 viduals are based on an insured individual's primary  
25 insurance amount which is determined under section

1       215 (a) (3) and such primary insurance amount does  
2       not appear in column IV of the table in (or deemed to  
3       be in) section 215 (a), the applicable maximum amount  
4       in column V of such table shall be the amount in such  
5       column that appears on the line on which the next higher  
6       primary insurance amount appears in column IV, or, if  
7       larger, the largest amount determined for such persons  
8       under this subsection for any month prior to February  
9       1971.”

10       (c) Section 215 (a) (2) of such Act (as amended by  
11       section 201 (c) of this Act) is further amended by striking  
12       out “such primary insurance amount shall be” and all that  
13       follows and inserting in lieu thereof the following:

14       “such primary insurance amount shall be—

15               “(A) the amount in column IV of such table  
16               which is equal to the primary insurance amount  
17               upon which such disability insurance benefit is  
18               based; except that if such individual was entitled to  
19               a disability insurance benefit under section 223 for  
20               the month before the effective month of a new table  
21               (whether enacted by another law or deemed to be  
22               such table under subsections (i) (2) (D)) and in  
23               the following month became entitled to an old-age  
24               insurance benefit, or he died in such following month,  
25               then his primary insurance amount for such follow-

1           ing month shall be the amount in column IV of the  
2           new table on the line on which in column II of such  
3           table appears his primary insurance amount for the  
4           month before the effective month of the table (as de-  
5           termined under subsection (c) ) instead of the amount  
6           in column IV equal to the primary insurance amount  
7           on which his disability insurance benefit is based.  
8           For purposes of this paragraph, the term 'pri-  
9           mary insurance amount' with respect to any indi-  
10          vidual means only a primary insurance amount  
11          determined under paragraph (1) (and such individ-  
12          ual's benefits shall be deemed to be based upon the  
13          primary insurance amount as so determined) ; or

14                 “(B) an amount equal to the primary insurance  
15          amount upon which such disability insurance benefit  
16          is based if such primary insurance amount was de-  
17          termined under paragraph (3).”

18          (d) Section 215 (f) (2) of such Act (as amended by  
19          section 201 (f) of this Act) is further amended by striking  
20          out “subsection (a) (1) (A) and (C)” and inserting in  
21          lieu thereof “subsections (a) (1) (A) and (C) and  
22          (a) (3)”.

23          (e) Whenever an insured individual is entitled to bene-  
24          fits for a month which are based on a primary insurance  
25          amount under paragraph (1) or paragraph (3) of section

1 215 (a) of the Social Security Act and for the following  
2 month such primary insurance amount is increased or such  
3 individual becomes entitled to benefits on a higher primary  
4 insurance amount under a different paragraph of such section  
5 215 (a), such individual's old-age or disability insurance  
6 benefit (beginning with the effective month of the increased  
7 primary insurance amount, shall be increased by an amount  
8 equal to the difference between the higher primary increase  
9 amount and the primary insurance amount on which such  
10 benefit was based for the month prior to such effective month,  
11 after the application of section 202 (q) of such Act where  
12 applicable to such difference.

13 (f) The amendments made by this section shall apply  
14 with respect to monthly insurance benefits under title II of  
15 the Social Security Act for months after December 1971  
16 (without regard to when the insured individual became en-  
17 titled to such benefits or when he died) and with respect to  
18 lump-sum death payments under such title in the case of  
19 deaths occurring after such month.

20 AUTOMATIC INCREASE OF EARNINGS COUNTED FOR  
21 BENEFIT AND TAX PURPOSES

22 SEC. 204. (a) (1) Section 209 (a) of the Social Se-  
23 curity Act is amended by adding at the end thereof the  
24 following new paragraph:

25 " (7) That part of remuneration which, after remunera-

1 tion (other than remuneration referred to in the succeeding  
2 subsections of this section) equal to the contribution and  
3 benefit base (determined under section 230) with respect  
4 to employment has been paid to an individual during any  
5 calendar year after 1973 with respect to which such contribu-  
6 tion and benefit base is effective, is paid to such individual  
7 during such calendar year;”.

8 (2) Section 211(b)(1) of such Act is amended by  
9 adding at the end thereof the following new subparagraph:

10 “(G) For any taxable year beginning in any  
11 calendar year after 1973, (i) an amount equal to  
12 the contribution and benefit base (as determined  
13 under section 230) which is effective for such calen-  
14 dar year, minus (ii) the amount of the wages paid  
15 to such individual during such taxable year; or”.

16 (3) (A) Section 213(a)(2)(ii) of such Act is  
17 amended by inserting immediately after “calendar year  
18 after 1971” the following: “and before 1974, or an amount  
19 equal to the contribution and benefit base (as determined  
20 under section 230) in the case of any calendar year after  
21 1973 with respect to which such contribution and benefit  
22 base is effective”.

23 (B) Section 213(a)(2)(iii) of such Act is amended  
24 by inserting immediately after “calendar year after 1971”  
25 the following: “and before 1974, or an amount equal to the

1 contribution and benefit base (as determined under section  
2 230) which is effective for the calendar year in the case of  
3 any taxable year beginning in any calendar year after 1973”.

4 (4) Section 215(e)(1) of such Act is amended by  
5 inserting immediately after “calendar year after 1971” the  
6 following: “and before 1974, and the excess over an amount  
7 equal to the contribution and benefit base (as determined  
8 under section 230) in the case of any calendar year after  
9 1973 with respect to which such contribution and benefit base  
10 is effective”.

11 (b) (1) Section 1402(b)(1) of such Code is further  
12 amended by adding at the end thereof the following new  
13 subparagraph:

14 “(G) for any taxable year beginning in any  
15 calendar year after 1973, (i) an amount equal to  
16 the contribution and benefit base (as determined  
17 under section 230 of the Social Security Act) which  
18 is effective for such calendar year, minus (ii) the  
19 amount of the wages paid to such individual during  
20 such taxable year; or”.

21 (2) Effective with respect to remuneration paid after  
22 1973, section 3121(a)(1) of such Code is amended—

23 (i) by striking out “\$9,000” each place it appears  
24 and inserting in lieu thereof “the contribution and bene-

1 fit base (as determined under section 230 of the Social  
2 Security Act)”, and

3 (ii) by striking out “by an employer during any  
4 calendar year”, and inserting in lieu thereof “by an em-  
5 ployer during the calendar year with respect to which  
6 such contribution and benefit base is effective”.

7 (B) Effective with respect to remuneration paid after  
8 1973, the second sentence of section 3122 of such Code is  
9 amended by striking out “the \$9,000 limitation” and in-  
10 serting in lieu thereof “the contribution and benefit base  
11 limitation”.

12 (4) Effective with respect to remuneration paid after  
13 1973, section 3125 of such Code is amended by striking  
14 out “the “\$9,000 limitation” where it appears in sub-  
15 sections (a), (b), and (c) and inserting in lieu thereof “the  
16 contribution and benefit base limitation”.

17 (5) Section 6413(c)(1) of such Code (relating to  
18 special funds of employment taxes) is amended—

19 (A) by inserting “and before 1973” after “after  
20 the calendar year 1971”;

21 (B) by inserting after “exceed \$9,000,” the follow-  
22 ing:

23 “or (F) during any calendar year after the calendar  
24 year 1973, the wages received by him during such year

1 exceed the contribution and benefit base (as determined  
2 under section 230 of the Social Security Act) which is  
3 effective with respect to such year,"; and

4 (C) by inserting immediately before the period  
5 at the end thereof "and before 1974, or which exceeds  
6 the tax with respect to an amount of such wages received  
7 and such calendar year after 1973 equal to the contribu-  
8 tion and benefit base (as determined under section 230  
9 of the Social Security Act) which is effective with re-  
10 spect to such year".

11 (6) Section 6413 (c) (2) (A) of such Code (relating  
12 to refunds of employment taxes in the case of Federal em-  
13 ployees) is amended by inserting after "or \$9,000 for any  
14 calendar year after 1971" the following: "or an amount equal  
15 to the contribution and benefit base (as determined under  
16 section 230 of the Social Security Act) for any calendar year  
17 after 1973 with respect to which such contribution and bene-  
18 fit base is effective".

19 (7) Effective with respect to taxable years beginning  
20 after 1973, section 6654 (d) (2) (B) (ii) of such Code is  
21 amended by striking out "the excess of \$9,000 over the  
22 amount" and inserting in lieu thereof "the excess of (I) an  
23 amount equal to the contribution and benefit base (as deter-  
24 mined under section 230 of the Social Security Act) which

1 is effective for the calendar year in which the taxable year  
2 begins, over (II) the amount”.

3 (c) The amendments made by subsections (a) (1) and  
4 (a) (3) (A), and the amendments made by subsection (b)  
5 (except paragraphs (1) and (7) thereof), shall apply  
6 only with respect to remuneration paid after December 1972.  
7 The amendments made by subsections (a) (2), (a) (3)  
8 (B), (b) (1), and (b) (7) shall apply only with respect  
9 to taxable years beginning after 1972. The amendment made  
10 by subsection (a) (4) shall apply only with respect to  
11 calendar years after 1972.

12 CHANGES IN TAX SCHEDULES

13 SEC. 205. (a) (1) Section 1401 (a) of the Internal  
14 Revenue Code of 1954 (relating to rate of tax on self-em-  
15 ployment income for purposes of old-age, survivors, and dis-  
16 ability insurance) is amended—

17 (A) by striking out “and” at the end of paragraph  
18 (3) ; and

19 (B) by striking out paragraph (4) and inserting  
20 in lieu thereof the following:

21 “(4) in the case of any taxable year beginning after  
22 December 31, 1972, and before January 1, 1978, the  
23 tax shall be equal to 6.7 percent of the amount of the  
24 self-employment income for such taxable year;

25 “(5) in the case of any taxable year beginning

1 after December 31, 1977, and before January 1, 2011,  
2 the tax shall be equal to 6.6 percent of the amount of  
3 the self-employment income for such taxable year; and

4 “(6) in the case of any taxable year beginning  
5 after December 31, 2010, the tax shall be equal to 7.0  
6 percent of the amount of the self-employment income  
7 for such taxable year.

8 Such tax with respect to self-employment income for any  
9 taxable year shall be increased in accordance with the allo-  
10 cation made by the Secretary of Health, Education, and  
11 Welfare under section 230 (c) of the Social Security Act.”

12 (2) Section 3101 (a) of such Code (relating to rate of  
13 tax on employees for purposes of old-age, survivors, and dis-  
14 ability insurance is amended by striking out paragraphs  
15 (4) and (5) and inserting in lieu thereof the following:

16 “(4) with respect to wages received during the  
17 calendar years 1973 through 1977 the rate shall be  
18 4.45 percent;

19 “(5) with respect to wages received during the  
20 calendar years 1978 through 2010, the rate shall be  
21 4.4 percent; and

22 “(6) with respect to wages received after Decem-  
23 ber 31, 2010, the rate shall be 5.3 percent.

24 Such tax with respect to wages received during any calendar  
25 year shall be increased in accordance with the allocation made

1 by the Secretary of Health, Education, and Welfare under  
2 section 230 (c) of the Social Security Act.”

3 (3) Section 3111 (a) of the such Code (relating to rate  
4 of tax on employers for purposes of old-age, survivors, and  
5 disability insurance) is amended by striking out paragraphs  
6 (4) and (5) and inserting in lieu thereof the following:

7 “(4) with respect to wages paid during the calen-  
8 dar years 1973 through 1977 the rate shall be 4.45  
9 percent;

10 “(5) with respect to wages paid during the calen-  
11 dar years 1978 through 2010, the rate shall be 4.4  
12 percent; and

13 “(6) with respect to wages paid after December 31,  
14 2010, the rate shall be 5.3 percent.

15 Such tax with respect to wages received during any calendar  
16 year shall be increased in accordance with the allocation  
17 made by the Secretary of Health, Education, and Welfare  
18 under section 230 (c) of the Social Security Act.”

19 (b) (1) Section 1401 (b) of such Code (relating to rate  
20 of tax on self-employment income for purposes of hospital  
21 insurance) is amended by striking out paragraphs (2)  
22 through (5) and inserting in lieu thereof the following:

23 “(2) in the case of any taxable year beginning after  
24 December 31, 1972, and before January 1, 1978, the

1 tax shall be equal to 0.9 percent of the amount of the  
2 self-employment income for such taxable year;

3 “(3) in the case of any taxable year beginning after  
4 December 31, 1977, and before January 1, 1982, the  
5 tax shall be equal to 1.1 percent of the amount of the  
6 self-employment income for such taxable year;

7 “(4) in the case of any taxable year beginning after  
8 December 31, 1981, and before January 1, 1991, the  
9 tax shall be equal to 1.2 percent of the amount of the  
10 self-employment income for such taxable year;

11 “(5) in the case of any taxable year beginning after  
12 December 31, 1990, the tax shall be equal to 1.3 percent  
13 of the amount of the self-employment income for such  
14 taxable year.”

15 (2) Section 3101 (b) of such Code (relating to rate of  
16 tax on employees for purposes of hospital insurance) is  
17 amended by striking out paragraphs (2) through (5) and  
18 inserting in lieu thereof the following:

19 “(2) with respect to wages received during the  
20 calendar years 1973 through 1977, the rate shall be  
21 0.9 percent;

22 “(3) with respect to wages received during the  
23 calendar years 1978 through 1981, the rate shall be  
24 1.1 percent;

25 “(4) with respect to wages received during the

1       calendar years 1982 through 1990 the rate shall be 1.2  
2       percent;

3             “(5) with respect to wages received after Decem-  
4       ber 31, 1990, the rate shall be 1.3 percent.”

5       (3) Section 3111 (b) of such Code (relating to rate  
6 of tax on employers for purposes of hospital insurance) is  
7 amended by striking out paragraphs (2) through (5) and  
8 inserting in lieu thereof the following:

9             “(2) with respect to wages paid during the calen-  
10       dar years 1973 through 1977, the rate shall be 0.9  
11       percent;

12            “(3) with respect to wages paid during the calen-  
13       dar years 1978 through 1981 the rate shall be 1.1  
14       percent;

15            “(4) with respect to wages paid during the  
16       calendar years 1982 through 1990, the rate shall be  
17       1.2 percent;

18            “(5) with respect to wages paid after Decem-  
19       ber 31, 1990, the rate shall be 1.3 percent.”

20       (b) The amendments made by subsection (a) (1)  
21 shall apply only with respect to taxable years beginning after  
22 December 31, 1972. The remaining amendments made by  
23 this section shall apply only with respect to remuneration  
24 paid after December 31, 1972.

## 1 ALLOCATION TO DISABILITY INSURANCE TRUST FUND

2 SEC. 206. (a) Section 201 (b) (1) of the Social Se-  
3 curity Act is amended—

4 (1) by striking out “and (D)” and inserting in  
5 lieu thereof “(D)”, and

6 (2) by striking out “1969, and so reported” and  
7 inserting in lieu thereof “1969, and before January 1,  
8 1973, and so reported, (E) 0.95 of 1 per centum of the  
9 wages (as so defined) paid after December 31, 1971,  
10 and before January 1, 1978, and so reported, (F) 1.10  
11 per centum of the wages (as so defined) paid after De-  
12 cember 31, 1977, and before January 1, 2011, and so  
13 reported, and (G) 1.5 per centum of the wages (as  
14 so defined) paid after December 31, 2010, and so  
15 reported,”.

16 (b) Section 201 (b) (2) of such Act is amended—

17 (1) by striking out “and (D)” and inserting in lieu  
18 thereof “(D)”, and

19 (2) by striking out “beginning after December 31,  
20 1969,” and inserting in lieu thereof “beginning after De-  
21 cember 31, 1969, and before January 1, 1973, (E)  
22 0.715 of 1 per centum of the amount of self-employment  
23 income (as so defined) so reported for any taxable year  
24 beginning after December 31, 1972, and before Janu-  
25 ary 1, 1977, and (F) 0.825 of 1 per centum of the

1 amount of self-employment income (as so defined) so  
2 reported for any taxable year beginning after Decem-  
3 ber 31, 1977, and before January 1, 2011, and (G)  
4 0.990 of 1 per centum of the amount of self-employ-  
5 ment income (as so defined) so reported for any tax-  
6 able year beginning after December 31, 2010.”.

Amend the title so as to read: “An Act to provide for a four-month extension of the present temporary level in the public debt limitation, and for other purposes.”.



**Amdt. No. 1310**

**Calendar No. 886**

92<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 15390**

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## **AMENDMENTS**

Intended to be proposed by Mr. BENNETT  
(for himself, Mr. CURTIS, Mr. MILLER, Mr.  
JORDAN of Idaho, and Mr. HANSEN) to H.R.  
15390, an Act to provide for a four-month  
extension of the present temporary level in  
the public debt limitation.

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JUNE 28, 1972

Ordered to lie on the table and to be printed