Social Security Act of 1960 Volume 1

TABLE OF CONTENTS

Social Security Act of 1960 Volume 2

TABLE OF CONTENTS

THE SOCIAL SECURITY AMENDMENTS OF 1960

Mr. KERR. Mr. President, I rise to discuss the provisions of House bill 12580, being the Social Security Amendments of 1960, passed earlier this year by the House, and acted on by the Senate Finance Committee on Saturday of last week. I do so, Mr. President, for a number of reasons.

First, there has been an absence of accurate information made available to the public as to the provisions of the bill as ordered reported by the Senate Finance Committee.

Second, I do so because it has been said by sincere and honorable men that the language and provisions of the bill, as reported by the Senate Finance Committee, violate the expressed purposes of the Democratic platform adopted by our convention at Los Angeles in July.

I wish to read a few words from that platform:

MEDICAL CARE FOR OLDER PERSONS

Fifty million Americans—more than a fourth of our people—have no insurance protection against the high cost of illness. For the rest, private health insurance pays, on the average, only about one-third of the cost of medical care.

The problem is particularly acute among the 16 million Americans over 65 years old, and among disabled workers, widows, and orphans.

Most of these have low incomes and the elderly among them suffer two to three times as much illness as the rest of the population.

Mr. President, if I correctly understand the language of that platform, it sets forth one of the pertinent facts confronting the American people today, and that is that medical care and its cost are particularly acute, by reason of their need, among the 16 million Americans over 65 years old and among disabled workers, widows, and orphans.

Mr. President, in my judgment the bill, as agreed upon by the Finance Committee on Saturday, and as it will be before the Senate in a few days, when the committee has completed its work on formulating its report and bringing the bill to the Senate, will go a very long way in providing a sound opportunity for medical care for the 16 million Americans over 65 years of age and for disabled workers, widows, and orphans. In fact, Mr. President, if I correctly understand the provisions of this bill—and I think I do, because I was one of the authors of the amendment that was adopted—it will provide a program, in every State of the Union in which the individual State has or wants a medical-care program for its aged, whereby every aged person in each individual State can, under the provisions of a medical-care program approved by each State, have an adequate medical-care program.

It does not, Mr. President, adopt the method of paying for the program as specifically suggested by the language of the platform. But if I correctly understand the language of that platform, Mr. President, it only suggested what the drafters thought was the most available means of paying for such a program. I did not then, and I do not now, understand the language of that platform to put the premium on the method of paying for such a program. As I understand both the language and the principle of that platform, it placed the premium upon providing the program.

Therefore, Mr. President, it was with a great deal of pleasure and, I thought,

in a manner that would meet the approval of my colleagues in the Senate that, together with my distinguished colleague the Senator from Delaware [Mr. FREAR], I offered the amendment I did offer to the Senate Finance Committee.

I wish to say that one of the things about the proposal that gave me the greatest amount of pleasure was the fact that, after examination of the proposal by the members of the committee, a number of them indicated a desire to jointly sponsor the amendment with the Senator from Delaware [Mr. FREAR] and myself, and that was done. A number of the members of the committee on both sides of the table—both Republican members and Democratic members—joined the Senator from Delaware [Mr. FREAR] and myself in the sponsorship of this amendment. Mr. President, I think that is wholesome and salutary. I believe that every Member of this body—whether a Democrat or a Republican—is interested in the inauguration of a medical-care program for the aged in our country who are unable to provide for themselves, on a basis that will meet the needs of our people. And, Mr. President, I believe that it can be as attractive to a Republican Member of this body as to a Democratic Member of this body; and I submit this explanation of what the committee did, Mr. President, in the hope that it may have so great a degree of bipartisan support that it will be made a reality for the American people in this, the year 1960.

Mr. President, a number of amendments were offered to the committee, as substitutes for the plan the committee adopted. I am not taking the position that they are without merit. I took the action that I did take in the committee as to my position and my vote, on the basis that the proposal submitted and approved had great merit. A part of that merit, Mr. President, is indicated in the following facts:

No. 1, it is a proposal that can be made effective October 1, 1960.

Every other proposal made or offered as a substitute for this one had as a provision language which would have pushed forward the effective date until sometime in 1961, and a number of them very late in 1961.

Then, the proposal adopted by the committee, Mr. President, has this merit: It will take care of every aged person in any State that implements this program, whether that person is on old-age assistance, or on social security, or on neither, if he has a need for medical care.

Mr. President, this proposal has the added advantage of a very great incentive to a number of States with an acute problem of needed medical care for the aged. While those States having less than the national average per capita income have had difficulty in inaugurating and implementing medical care programs for their aged, this proposal will make it possible for a low-income State to inaugurate a medical care program for its people on the basis of the program being paid for 80 percent by the Federal Government and 20 percent by the State government.

It has the advantage, Mr. President, of becoming a part of the present medical program provided for under title I of the existing social security legislation. That means a State which has passed enabling legislation heretofore permitting it to participate in the present medical care program by the Federal and State governments for the aged can move immediately, without further legislation by the State, into the promulgation of these additional provisions needed for the present medical care program.

The committee made three basic changes in the existing old-age assistance provisions—title I—of the Social Security Act to encourage the States to improve and extend medical service to the aged:

First. It increased Federal funds to States for medical services for 2,400,000 aged persons on old-age assistance.

Second. It provided Federal grants to the States for payment of part or all of the medical services of the aged persons with low incomes, though not on the assistance roles, though not on the social security roles, or on the social security roles, as the case may be.

Third. The Secretary of Health, Education, and Welfare is instructed to develop guides or recommended standards for the use of the States in evaluating and improving their programs of medical services for the aged.

With reference to those receiving medical care benefits, those on old-age assistance, the existing provisions of title I provide Federal funds to the States for medical services to aged individuals who are determined to be needy individuals by the States.

That is another provision of an amendment to the social security law in 1956, adopted by the Senate Finance Committee, of which the Senator from Oklahoma was one of the sponsors, which was passed by the Senate, accepted by the House, and approved by the President.

At the present time the States provide needy aged persons with money payments for medical services, and also provide vendor payments to the suppliers of medical care, including hospitals, doctors, and nurses.

These provisions vary greatly. Some States have relatively adequate provisions for the care of aged needy persons. Others have little or no provisions. The increased Federal financial provisions in the bill are designed to encourage the States to extend comprehensive medical services to all needy persons, including those receiving monthly assistance payments, including those receiving social security payments, and including all of those who need the services, though not within either of the mentioned categories.

Participation in the Federal-State program is completely optional with the States, with each State determining the extent and character of its own program, including the standards of eligibility and scope of benefits.

At the present time the Federal Government makes available to States funds for medical services to needy aged persons, but that financial participation is limited to a stated statutory proportion of the average assistance expenditure up to $65 per person per month.

In explanation of that, let me add that under existing law the Federal Government participates in the old age assistance program within the States, both for subsistence and medical care, under the provisions of a variable grant formula which gives the States from 50 to 65 percent of the amount of their payments up to a total of $65, whether the $65 or the part which they pay is for subsistence or medical care program or both.

I know Senators are aware of the fact that under the matching formula the Federal Government pays 80 percent of the first $30. Then it provides between 50 and 65 percent of the next $35, but it does not participate in payments beyond the total of $65. In many of the States a part of the $65 is used for subsistence and a part of it for medical care. However, in many other States the payment to the aged within the States exceeds the $65 per month.

In some States the excess is for medical care programs. In some States the excess is for subsistence. In some States it is in part or wholly both.

Under the provisions of the bill as it will be before the Senate, Federal financial participation in medical services will go up $12 per month per recipient of old age assistance, to be added to the existing $65. In other words, in effect the bill will provide a new amount for assistance to the aged in the form of medical care separate and apart from and in addition to the $65 limit in which the Federal Government can now participate.

There is a special provision in the bill for the States where the average payments either for subsistence or for medical care, or for both, total less than $65 per month. If a State has a program for both purposes of less than $65 per month, the bill would permit up to $12 per month per recipient of old age assistance in the State on the basis of $1 by the State and $4 by the Federal Government—80 percent by the Federal Government and 20 percent by the State.

If a State has a program already of $65 subsistence, which is paid partly by the Federal Government and partly by the State, and a medical care program and/or subsistence payments in addition to the $65, then the bill would give the State the percentage to which, under the formula, it would be entitled, between 50 and 80 percent of the $12 per month per recipient, to come to the State from the Federal Government.

This simply means that if a State is paying $12 a month for medical care, paid 100 percent by the State, the State can get a percentage of the $12 which is allowable to the State under the formula in the bill, which would be between 50 and 80 percent, to replace that part of the $12 a month now made available for the medical care for the aged, which is now being provided 100 percent by the State.

Under the other provisions in the bill the State could take an additional part of the $12 per month, which it is now

paying 100 percent, and with it could match another amount to be provided by the Federal Government on the basis of 50 to 80 percent Federal and 20 to 50 percent State, to set up a medical care program authorized under the bill for all other needy aged in the State not now receiving the benefit of the medical care program under the present law.

The bill would amend the existing title I to make it clear that States may extend their existing programs to cover the medically needy. The bill would give States the incentive to establish such programs where they do not exist, or to extend such programs where they are not adequate in coverage or sufficiently comprehensive in the scope of benefits. The State standard for determining need for medical assistance does not have to be the same standard as that for determining need for money payments.

In other words, under the bill the standards in a State which are fixed by the State for eligibility for old-age assistance are not automatically made the standards for eligibility for medical care for the aged in the State, other than those who are on the old-age assistance rolls.

Mr. LONG of Louisiana. Mr. President, will the Senator yield at that point?

Mr. KERR. I yield.

Mr. LONG of Louisiana. If I correctly understand what the Senator is saying, the States can set up a new plan, in most cases, although some presently have a plan which the Federal Government will accept and match. In the majority of the States the State can provide, in the case of a person 65 years of age or older, that if the person is able to pay a hospital bill before he becomes ill, but becomes unable to do so while he is in the hospital, as the hospital bills run up and become substantial, the department can cover such a person.

Mr. KERR. The State department can make that an eligible case for use of these funds.

Mr. LONG of Louisiana. In the case of a majority of the States the Federal Government would be paying 80 percent of the cost of taking care of such a person's medical bill.

Mr. KERR. From 50 percent to 80 percent, depending upon the per capita income of the State in relation to the national per capita income.

Mr. LONG of Louisiana. In the case of the majority of the States, would not the figure be 80 percent?

Mr. KERR. I do not believe that would be true in a majority of cases. It would be true with respect to many States. The majority would be nearer 80 than 50 percent.

Mr. LONG of Louisiana. I thank the Senator.

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

Mr. KERR. I yield.

Mr. SMATHERS. In our State of Florida we have a definition of medically indigent which differentiates between those who are indigent by reason of the fact that they cannot buy food for sustenance and things of that character and people who cannot afford certain other things, such as medical care. We say that people who may even have a sum of money but who cannot, for example, go into a hospital, have an operation performed which would cost, we will say, $200, and pay the bill, are people who are to be classified as medically indigent, because they do not have a sufficient amount of money to take care of a big hospital bill.

Under the bill as agreed on by the Senate Committee on Finance, the definition given by the State of Florida to the medically indigent would be applicable to the provisions of the particular bill approved by the Committee on Finance, would it not?

Mr. KERR. The Senator is correct in principle, but I should like to make one correction. The term "medically indigent" is not in the bill. The language in the bill applies to those who need medical attention and who are unable, on account of their economic conditions, to provide it.

We can understand how the standard for medical assistance, under the second part of the bill, would be different from the standard whereby subsistence assistance is now made available to the aged, for the reason that if the standards were the same the second group would already be under the old-age assistance program.

There is the provision in the bill that a State can determine the standards which it believes should be in effect to fix the eligibility of those who need medical services and cannot afford them. Those are entirely different from the standards which are in effect with reference to determining eligibility of a citizen for the present old-age assistance program.

Mr. SMATHERS. I thank the Senator. In other words, what the bill provides is that a great number of citizens, for example, in the State of Florida, would be eligible to receive this medical assistance although they, because of their income, of course, would not qualify for old-age subsistence.

Mr. KERR. The Senator is entirely correct. That is illustrated by the dramatic fact that there are about 2.4 million people in our country now on old-age assistance rolls with reference to whom the first part of the amendment, which I have explained, would apply, in that a medical care fund of $12 each, or up to that amount, could be set up by the State from Federal and State funds. At the same time, there are about 10 million other people in this country who are over 65 years of age who need medical care and who, to one degree or another, are unable to provide it for themselves. Any person of that group whose financial or economic condition is included in the State-fixed standards of eligibility could participate in and be the beneficiary of the other part of the bill.

So in reality this bill makes it possible for a State to set up its program on the basis of eligibility for its citizens to receive the medical care benefits of this bill, so that in every State every person over 65 years of age who is unable to secure medical services could obtain such services on the basis of the standards of need determined by the State of which he or she is a resident.

Mr. FREAR. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield.

Mr. FREAR. I thought I understood the Senator from Oklahoma, in response to the Senator from Florida, to say that there are 10 million people now needing care. Is that the fact, or is it the fact that there are 10 million who, in case they need care, will be eligible?

Mr. KERR. The statement of the Senator from Delaware is another way of expressing what I tried to state. I understand there are 16 million people in the country over 65. On the old-age assistance rolls are 2,400,000 who under that part of the bill would be immediately eligible for this program. That leaves 13,600,000. The Finance Committee estimated that about 10 million of those might be in the position of needing medical care which they could not provide. This bill sets up a program to provide medical care for those of that group who need it.

Mr. ERVIN. Mr. President——

Mr. ANDERSON. Mr. President——

Mr. KERR. I yield to the Senator from North Carolina first, and then I shall yield to the Senator from New Mexico.

Mr. ERVIN. If I correctly understand the proposed plan, insofar as Federal participation is concerned, the cost of the program would be financed out of the general revenues of the Federal Government; is that correct?

Mr. KERR. The Senator is correct.

Mr. ERVIN. The cost to the State would be financed in a similar manner, that is, out of the general revenues of the State?

Mr. KERR. It would be financed in whatever way the State chose to finance it. Ordinarly it would be financed out of the general revenue fund.

Mr. ERVIN. I should like to ask the Senator if I am correct in my recollection that under the present law governing social security the cost of the employment tax used to pay social security is scheduled to rise to 9 percent of the payroll by 1967, even of Congress does not increase benefits or alter the present benefits in any way.

Mr. KERR. I believe the date in which the employer-employee contribution becomes 9 percent, half to be paid by the employer and half by the employee, is 1963.

Mr. ERVIN. In any event, 9 percent of a payroll for an employment tax is quite a considerable amount to be taken out of the payroll, is it not?

Mr. KERR. It is. At this time the deduction is 3 percent from the employer and 3 percent from the employee. I would doubt that the present rate would be changed by Congress in the light of the purpose to keep that fund solvent. The rate under existing law, unless changed by the Congress, will gradually increase until 1969, at which time the employee will pay 4½ percent and the employer 4½ percent.

Mr. ERVIN. Does not the Senator think that that is of great significance in arriving at a method of financing in plans for medical care to the aged?

Mr. KERR. I agree with the Senator from North Carolina.

I think that is a factor that should be considered. I think it is especially significant when we think about the situation that now confronts us. Many Senators, who are among the finest men I know, and for whom I have the greatest affection and respect, feel that we should now increase the payroll tax on employees and employers to secure a fund out of which to pay for medical care for some 13 million people who will make no contribution to the fund. I for one do not agree. If we were to decide that instead of 10 million people who need medical care and cannot provide it for themselves, there are 13,500,000 whose span of life would be determined by the availability of medical and hospital care, and who could not provide it for themselves, and therefore, in a great enlightened Christian country are entitled to have that country consider it as a national obligation to provide that service for them, I think that service should be provided for out of the general revenue funds secured from taxation of all the people rather than to have it come from a payroll tax on the workers and the employers of today. If employers were required to pay for that medical care, they would thereby be required to provide not only the money for their own medical care in their elder years, but also, as a limited group of citizens, to provide the necessary money with which to give medical care to a worthy and honored group of aged people. If such people are entitled to be considered—and I am one who feels they are—they are entitled to have their needs met by all of the people and not merely by a limited few of the people.

Mr. ERVIN. As a basis for the next question I wish to ask the Senator, I would like to state a premise. I have talked with a great many elderly people about this problem, and I find that a very substantial number of those people are those who, by reason of possession of a small amount of property or by reason of the possession of a small amount of income, are not eligible for old-age assistance under the present law, and likewise are not covered by the Social Security Act. They do not draw social security. This bill would permit the States to adopt standards which would take care of people who are not protected by social security and who are not eligible for old-age assistance, and prevent them from suffering financial devastation by reason of protracted illnesses.

Mr. KERR. The Senator is eminently correct. If we are going to make provision for medical care for our aged, one of the basic principles contained in this bill is that which calls upon the Government to provide assistance for all of our aged and not merely for a limited group of our aged whose care will be paid for by another limited group. In other words, we do not want a situation whereby we would have an inadequate program providing for less than all who need it, by an inadequate number of people, less than all of our taxpayers.

Mr. ERVIN. I thank the Senator from Oklahoma for yielding to me and for his very lucid explanation of the provisions of this plan.

Mr. KERR. I thank the Senator from North Carolina. I now yield to the Senator from New Mexico [Mr. ANDERSON], and then I shall yield to the Senator from Vermont [Mr. AIKEN].

Mr. ANDERSON. The Senator was asked the question whether the 10-million group consisted of 10 million who needed medical care and who could not provide it for themselves. Does not the Senator believe, as he answered the Senator from Delaware [Mr. FREAR], that this is a group from which prospects might be drawn, but as the estimate was given to us, there might be 500,000 up to 1 million?

Mr. KERR. The Senator is entirely correct.

It is not presumed, whether we provide for 12 million under the social security tax route, or for all of the needy people under a program paid for by direct appropriation, that all members of the group will get sick and will have to go to the hospital. Either program is provided for a group with reference to which the benefits will be made available to those within the group, who by reason of illness, find themselves in need of the benefits of the program; and the applicability, as I understand, would be identical whether we set up a program for one group within a social security tax or a plan for everybody under a program of Federal and State appropriations.

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

Mr. KERR. I yield to the Senator from Vermont.

Mr. AIKEN. I am seeking information. Can the Senator from Oklahoma advise the Senate what part of the national income is represented by those having incomes of $4,800 or less? In other words, if we adopt the social security approach in connection with proposed legislation, in this field what part of the national income will escape paying the cost of the old age health insurance program? I believe we ought to have that information.

Mr. KERR. I am advised by the representative of the Department of Health, Education, and Welfare, who has access to the information and statistics which are needed to answer the question, that about 40 percent of the national income would make no contribution to the fund it it were secured from a social security tax.

Mr. AIKEN. About 40 percent. That would be, for the most part, the well-to-do people of the country, who would escape paying a part of the cost of the program. Is that correct?

Mr. KERR. It would mean that that part of the national income would not make any contribution to the fund.

Mr. AIKEN. The entire cost of the program would fall on those whose income was $4,800 or less?

Mr. KERR. It would fall on a percentage of those whose earnings are not in excess of $4,800.

Mr. AIKEN. I thank the Senator.

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

Mr. KERR. I yield to the Senator from Florida.

Mr. HOLLAND. Does the Senator have available figures which he can place in the RECORD at this time to indicate the added percentage of tax which would have to be imposed on those who are under the social security system if the other program, the one based upon the social security system alone, were followed, rather than the program the Senator from Oklahoma is explaining?

Mr. KERR. I am advised that an additional 1 percent tax on payrolls subject to the social security tax would amount to $2 billion a year.

Mr. HOLLAND. I thank the Senator. I have received a number of letters, complaining letters, from young people in industries covered by the social security program, under which both employers and employees pay the social security tax, and they state that in their judgment any program which is based upon an increase in the social security tax would be unfair to the younger workers in the country. I wonder if the Senator has any observation to make on that point.

Mr. KERR. As I said a while ago, I believe a program for a group of people, including all of our citizens within a certain category, if Congress decides it is needed and should be provided, should be provided out of revenues secured from taxes on an equal basis and levied on all the people, not secured by an additional tax on the workers in our country.

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

Mr. KERR. I yield.

Mr. HOLLAND. Is not this the gist of the point that the Senator makes, namely, that if the system is based upon social security alone, and based upon a tax levied upon that group, obviously the complaint of the young people under social security, whom I have mentioned, is well founded?

Mr. KERR. It is indeed.

Mr. HOLLAND. I thank the Senator.

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

Mr. KERR. I yield.

Mr. TALMADGE. I congratulate the Senator on his excellent speech. Perhaps the Senator will come to this point in a later portion of his speech, but I believe it would be wise to put in the RECORD at this point a statement of the benefits these people can get from the proposed legislation which the Senate Committee on Finance has agreed on. Is it not true that if a State adopts this program, they will be able to pay the hospital bills of needy people who cannot otherwise pay them?

Mr. KERR. The Senator is correct.

Mr. TALMADGE. Is it not also true that they will be able to pay surgical fees which they cannot otherwise afford to pay?

Mr. KERR. The Senator is correct.

Mr. TALMADGE. Is it not also true that they will be able to pay dental bills which they otherwise cannot afford to pay?

Mr. KERR. I will be glad to read the services, noninstitutional and institutional, available at this time, if the Senator would like to have me do so.

Mr. TALMADGE. I would appreciate it if the Senator would do that.

Mr. KERR. Inpatient hospital services, skilled nursing home services, physician services, outpatient hospital services, home health care services, private duty nursing services, physical therapy and related services, dental services, laboratory and X-ray services, prescribed drugs, eyeglasses, dentures, and sundry diagnostic screening and preventive services.

Mr. TALMADGE. Is it not also true that under the State program that could be without limit?

Mr. KERR. That is correct.

Mr. TALMADGE. Both as to dollars——

Mr. KERR. Both as to those who are on the old-age assistance rolls, and all other aged under the new provision.

Mr. TALMADGE. He is not limited to that amount, in other words.

Mr. KERR. He is not limited by the per capita amount that has been put in there for him. He or she has the benefit of the total amount put in there for the whole group. That is also true under the bill with reference to those not on old-age assistance.

Mr. TALMADGE. The Senator is touching on a very vital point now, which I wished to cover. Some press reports I have seen indicate that the ceiling would be $12 per capita for those individuals who need aid. As I understand the point the Senator is making, that would merely be the appropriation to cover the individual, but the amount available would be without limit. Is that correct?

Mr. KERR. If the State's program so provided.

Mr. TALMADGE. I thank the able Senator for making that point exceptionally clear. In other words, if the committee's amendment is adopted, it will enable every citizen of the United States——

Mr. KERR. Over 65.

Mr. TALMADGE. Who is 65 years of age or older, with social security or without social security, to obtain medical, dental, and hospital help that they cannot now obtain.

Mr. KERR. The Senator is correct. On the basis set up and participated in by his or her State.

Mr. TALMADGE. That amount will be paid for by 180 million Americans, not by 70 million who are on social security.

Mr. KERR. The Senator is correct.

Mr. TALMADGE. I thank the Senator. I congratulate him. He has worked out a very satisfactory plan which should solve the needs in one very critical area for the people of our country.

Mr. KERR. I thank the Senator from Georgia.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. BYRD of West Virginia. I congratulate the Senator from Oklahoma for the very cogent explanation of the bill he has made. It may be his intention to refer to the subject a little later in his presentation, but I should like to ask him if he would explain to the Senate the action taken by his committee on Saturday with regard to the Byrd amendment, which was offered by myself and 21 other sponsors.

Mr. KERR. I shall be glad to do so. The measure before the committee was also sponsored by the distinguished Senator from Indiana [Mr. HARTKE]. It provides that any man on social security may have the same privilege of retiring at age 62, instead of at age 65. So that under the provisions of the amendment sponsored by the Senator from West Virginia and others, if adopted, every man in the country would be given equal rights with the women of the country with reference to being permitted to retire at age 62 instead of age 65, by accepting an amount reduced to the degree necessary to receive the same benefits, and thereby not be paid benefits in an excessive amount. I think the term is used "on the basis of what is actuarially sound." I think it is 80 percent of what he would get if he waited until age 65.

Mr. BYRD of West Virginia. Then, if a man accepted actuarially reduced benefits at 62, or between age 62 and age 65, would that entail any additional cost to the employer or to the employee?

Mr. KERR. It would not; nor would it entail any additional cost to the fund.

Mr. BYRD of West Virginia. Would not retirment be voluntarily and not mandatory?

Mr. KERR. It would.

Mr. BYRD of West Virginia. I thank the Senator from Oklahoma.

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

Mr. KERR. I yield.

Mr. CARLSON. I commend the distinguished Senator from Oklahoma for the very splendid analysis he has made this afternoon of the amendment as agreed on by the Committee on Finance. I think he has covered very well the people who will be included and taken care of under this proposal, which means every citizen over 65, whether he or she is under social security or not.

Second. He has discussed the bill of the Committee on Finance and, I believe, has made a very good point in stating that if the proposal is not adopted, it will place the people under social security, and young people, who are raising families and trying to provide for their families, will be carrying a burden which they should not be asked to carry.

But a point I should like to mention, which I do not believe the Senator from Oklahoma has mentioned, is that if Congress approves the amendment and the President signs the bill, the act can go into effect on October 1 in a large number of the States of the Nation—in fact, most of the States of the Nation—because they have either a good medical program or at least some kind of medical program.

Mr. KERR. The Senator from Kansas has mentioned what I believe is one of the very important elements of the bill. This proposal can become law on October 1 of this year if the Senate accepts the bill and it is signed by the President. I believe it can and will be accepted by the House. I believe it can and will be accepted by the President. In that event, we would have a great program for the aged needy of our country, and have it this year.

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

Mr. KERR. I yield.

Mr. SMATHERS. I was about to question the Senator from Oklahoma on that very point. Is it not true that some of the factors which the committee considered in its determination to follow this course in providing medical attention for the aged needy were that the other body has indicated that it will follow only this particular course; that the President of the United States has indicated that there might be a veto if we followed the social security course; and that while that might lend itself to a great political issue, nevertheless it was the view of the committee that it was more important to take care of the needs of the aged in the field of medical attention? Was not that more important than to have a medical issue?

Mr. KERR. That was the position of the Senator from Oklahoma. I was happy to find that it was the position of the Senator from Florida and a number of other members of the committee.

Mr. SMATHERS. I thank the Senator from Oklahoma.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. WILLIAMS of Delaware. I join with my colleagues in paying my respects to the Senator from Oklahoma for a very clear analysis of the action of the Committee on Finance, and to join him in support of our committee's action.

The Senator has already pointed out in his statement that under the proposal of the Committee on Finance, all of the taxpayers of America would be paying for benefits for the aged who need assistance, rather than putting the burden only on the workers of America.

Is it not also true that under the social security approach, if that were adopted, we would be extending medical benefits even to those who did not need them? A person may have more than adequate income from investments and on retirement may be drawing social security. Why should we extend medical benefits to those who are well able to take care of themselves, as would be done under the program if it is made a part of the social security system?

Mr. KERR. The Senator is correct. That is as to the social security program.

Mr. WILLIAMS of Delaware. That is correct.

Mr. KERR. What it would do would be to provide a program of benefits for millions of people over 65 years of age who did not need them, and deny benefits to millions of workers who are over 65 years of age and who need them.

Mr. WILLIAMS of Delaware. That is correct. Under the existing law, the limitation of earnings is only on earned income, and not on investment income. It is conceivable that a man under social security can be retired and may have an income of $150,000 or $200,000 a year from investments, yet if we tie these

benefits to the social security he would be furnished free medical services. This would be true even though he had no need at all for such assistance.

Mr. KERR. He might have no need for them.

Mr. WILLIAMS of Delaware. Yet those medical services would be charged to the workers of America.

Mr. KERR. That is correct.

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

Mr. KERR. I yield to the Senator from Florida.

Mr. HOLLAND. I think I understand the matter clearly, and I congratulate the Senator from Oklahoma upon his presentation. However, there is one point I should like the debate to show clearly, if I understand it correctly.

Reference has been made to a retirement age of 62 for women under the Social Security Act, and reference has been made by the distinguished Senator from West Virginia [Mr. BYRD] to an amendment offered by him and the distinguished Senator from Oklahoma to the effect that such amendment, or the substance of it, is now in the bill, to allow the retirement of men on a less attractive financial basis at age 62.

From that, we should not understand, should we, that the present bill, as to its medical care features, applies to anyone except past age 65?

Mr. KERR. Beyond the age of 65; the Senator is correct. That amendment had to do with the social security provisions in the bill, and not with reference to the medical care provisions in the bill.

Mr. HOLLAND. I was reasonably sure that that was the case. I wanted the debate to show that affirmatively. I think that that has now been done.

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

Mr. KERR. I yield.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I had yielded to the Senator from Georgia.

Mr. TALMADGE. I shall defer to the distinguished majority leader.

Mr. JOHNSON of Texas. I simply wish to make it clear that, as I understand, the amendment offered by the able Senator from West Virginia [Mr. BYRD] would reduce the age limit at which a man could receive an annuity under the social security program from age 65 to age 62; but the annuity would also be reduced proportionately, as was done in the case of women several years ago.

Mr. KERR. That is correct.

Mr. JOHNSON of Texas. I think that is a very fine proposal. I congratulate the Senator from West Virginia and the committee for adopting it.

Mr. TALMADGE. Mr. President, I desire to pursue the point made by the Senator from Delaware [Mr. WILLIAMS]. If we use the social security approach, would it not be true that Congress would compel every self-employed individual in America and every worker who is on social security to take out compulsory insurance under the social security fund?

Mr. KERR. The Senator from Georgia is correct.

Mr. TALMADGE. That would be true, and the plan would be compulsory, whether those individuals wanted such insurance or not, would it not?

Mr. KERR. Every covered citizen, whether self-employed or an employee of an employer, would compulsorily be covered under the so-called social security tax approach.

Mr. TALMADGE. Even the richest man in America?

Mr. KERR. Yes.

Mr. TALMADGE. Even if he had a son who was an able doctor?

Mr. KERR. Yes.

Mr. TALMADGE. Or if he had a brother who was a dentist?

Mr. KERR. Yes.

Mr. TALMADGE. Even if he had another relative, who was a hospital administrator?

Mr. KERR. That is correct.

Mr. TALMADGE. His health insurance would be compulsory, whether he liked it or not, and would be handled by the Government of the United States?

Mr. KERR. To this extent, yes.

Mr. TALMADGE. Does the Senator think Congress ought to compel the people of the Nation to go into the insurance business with the Government?

Mr. KERR. The Senator from Oklahoma does not.

Mr. TALMADGE. The Senator from Georgia agrees with the Senator from Oklahoma.

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

Mr. KERR. I yield.

Mr. BUSH. I am personally grateful to the Senator from Oklahoma for his remarkably clear exposition of the bill. He has made a difficult subject come to life. I compliment him.

I have been particularly interested in the effect such legislation might have on private insurance companies or private health plans, such as the Blue Cross-Blue Shield. Possibly the Senator will deal with that later in his remarks; or possibly he had already done so, before I caught up with him. Nevertheless, I should like to hear what the Senator has to say on that subject, concerning the effect the committee bill would have on private insurance companies, and what would be the attitude of private insurance companies, who have been trying to move ahead with health insurance plans. What would be the attitude of the Blue Cross-Blue Shield organization with respect to the committee bill?

Mr. KERR. I should think the committee bill would have no adverse effect upon that program. I am sure the Senator from Connecticut would agree with me that certainly few on the old age assistance roles have such personal insurance.

With reference to those who are not on the old age assistance rolls but who have private health insurance plans, they certainly, in my judgment, would not be eligible under any of the standards fixed by the States, whereby the specifications of those who are medically in need——

Mr. JOHNSON of Texas. Mr. President, we over here cannot hear the Senator. Will he speak louder?

Mr. KERR. The benefits of those in our country who are over 65 years of age but are not on the old-age assistance rolls would be in accordance with or determined by the standards of needs as fixed by their States.

If they had a private plan of health insurance—Blue Cross or Blue Shield—in my judgment they would thereby not come within the specifications the States would fix for what they would define as those in need of medical care.

Mr. MONRONEY. I thank my colleague for his explanation of this very complicated and difficult subject, and also for the great industry and study he has devoted to it.

I should like to ask about the correctness or lack of correctness of the reports, which I have heard, to the effect that the bill also raises the outside earning limits in the case of those who retire on social security, so as to permit those who retire to increase the amount with which they can supplement their social security benefits by their earnings, by permitting them to earn up to $1,800 a year without having deductions made from their social security benefits?

Mr. KERR. The Senator from Kansas [Mr. CARLSON] called up, in the committee, the amendment, which had been sponsored by his colleague [Mr. SCHOEPPEL], and by other Senators on the committee and by Senators not on the committee, raising from $1,200 a year to $1,800 a year the amount which could be earned by a recipient of old-age and survivors insurance without affecting the amount of his social security payments.

Mr. MONRONEY. I thank the Senator.

Mr. BUSH. Mr. President, on this point will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. BUSH. Was that action taken by the committee?

Mr. KERR. Yes; by the committee.

Mr. BUSH. It was?

Mr. KERR. Yes.

Mr. BUSH. And that provision is in this bill; is it?

Mr. KERR. Yes; it is in this bill.

Mr. ERVIN. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. ERVIN. I was interested in the question about the situation of those who might have some hospitalization or medical care insurance. The Senator from Oklahoma has expressed the opinion that in all probability the States would adopt standards which might exclude such persons from the provisions of this plan. I should like to ask the Senator whether the plan contains any provision which would deny a State the power to adopt a standard under which persons who have limited health insurance could take advantage of this plan after they had exhausted their limited health insurance.

Mr. KERR. I do not see how a State could fix standards which would keep this program from being available to those with private health programs after the provisions of their programs had been exhausted.

Mr. ERVIN. I thank the Senator.

Mr. LONG of Louisiana. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. LONG of Louisiana. Will the Senator state the effective date of his proposal?

Mr. KERR. October 1 of this year. That is the action of the committee.

Mr. LONG of Louisiana. If this program goes into effect, even assuming that alternative plans were proposed and considered, this one would go into effect, at a minimum, a full 3 months before any of the other plans for health insurance under the social security program would go into effect, would it not?

Mr. KERR. I did not hear discussed in committee any other plan which had an effective date prior to October 1 of this year. So the provisions of this bill, as it will be before the Senate, and as it was approved by the committee, will be effective at least 9 months ahead of the effective date of any amendment I heard offered to the committee.

Mr. LONG of Louisiana. Will the Senator from Oklahoma state the cost of the proposal offered by him—and let me say I believe he included me as a cosponsor of it.

Mr. KERR. I did, and I was happy when the Senator from Louisiana joined the Senator from Delaware [Mr. FREAR] and myself and some Senators on the other side of the committee table, as one of the sponsors of the amendment.

Mr. LONG of Louisiana. Will the Senator from Oklahoma state the estimated cost to the Federal Government and the State governments in the first year of operation of this proposal?

Mr. KERR. The estimated cost of the participation by the Federal Government in the $12 payment for medical care for the aged now on the assistance rolls, for the first year of operation, is $125 million. The cost to the individual States would range from nothing up to 50 percent of the amount of the $12 sums set up by the administration within the State for their participants in the old-age assistance program.

Mr. LONG of Louisiana. Will the Senator from Oklahoma state how much in dollars it is estimated the States' cost will be in the first year?

Mr. KERR. I would say that, in the judgment of the representative of the Department of Health, Education, and Welfare, it would be between $10 and $15 million.

Mr. LONG of Louisiana. Is it not true that most of the Federal end of the matching to which the Senator from Oklahoma is referring is actually a matter of having the Federal Government match the funds the State is already advancing for purposes of this sort?

Mr KERR. That is correct. In many of the States they are now providing a medical care program for their old-age assistance clients on the basis of 100 percent by the State. So the provisions of this bill would result in having the Federal Government provide a matching fund for many of the States which now are paying all or substantially all of the medical care program for that group.

With reference to those who would be added, I say to the Senate that in order that we may have in our minds language that will enable us to distinguish between the two groups provided for under this bill, I point out that those not on the old-age and assistance rolls would be brought in under what we call title XVI of House bill 12580, as amended. It is the part of the House bill which sets up the program for those who need medical care, but are not on the old-age and assistance rolls. The estimate for the Federal cost for the first year of the operation of that program would be about $60 million to the Federal Government; but after the first year it would be about $160 million, with a proportionate amount coming from the States, on the basis of either from 20 percent to 50 percent of the total amount made available. Only after that program gets underway, would both the Federal and the State parts or shares of the cost of the medical care program for the aged not on the assistance rolls go beyond that amount.

Mr. LONG of Louisiana. Yes.

Mr. KERR. But that is the estimate, which I believe is reasonable, for the first and second years of the program.

Mr. LONG of Louisiana. I should like to ask the Senator from Oklahoma about the situation of a State which is regarded as one of the low per capita income States: Is not it true that for States which meet that description and which presently are providing, at their own cost, medical care for the aged, in effect the Federal Government is placing itself in a position which would make it possible to increase by as much as 400 percent the amount that States are able to pay toward the medical care for the aged in those States?

Mr. KERR. That is correct.

Mr. LONG of Louisiana. Without any increase in a State's appropriations, so long as its present appropriations were applied to matching the Federal program?

Mr. KERR. That is correct.

Mr. LONG of Louisiana. Does not the Senator from Oklahoma recognize that the cost of this program is going to increase very substantially, because States are going to modify their laws and are going to appropriate more money, which will require more Federal matching, as this program becomes fully effective?

Mr. KERR. That is correct; and in my judgment that is one of the most valuable parts of this bill.

First, it recognizes the need for a medical care program for our aged.

Second, it provides an incentive to States with existing programs to increase them; and it provides an incentive to States which are without programs to inaugurate and implement them.

Third, it provides means whereby, as time passes, and as our States and the people within them recognize the equity of these programs, they will develop them to a basis to meet the needs of the people of their States, with resulting participation by the Federal Government on the basis I have outlined.

Mr. LONG of Louisiana. Is this not also true? If we vote for this plan, we can depend upon a very substantial increase in every State that is interested in providing aid for the aged—and I believe they all do—very substantial and improved assistance in medical care for the aged. Is it not true that the President would probably sign the bill and the plan would become law on October 1——

Mr. KERR. This year.

Mr. LONG of Louisiana. This year. By contrast, if we vote for the proposal to increase the social security tax and to use that money to provide additional health insurance, with the administration opposed to it, the probabilities are that even if the Congress passed it, it would be vetoed, it would not become effective, and there would not be the votes to override the veto. So, in one instance, we would have provided major assistance to those who need help in paying medical expenses; whereas, on the other hand, we would have a good political issue, but it would have provided nothing at all between now and the time Congress next convened. Is that correct?

Mr. KERR. That is the opinion of the Senator from Oklahoma.

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

Mr. KERR. I yield.

Mr. RANDOLPH. Earlier I indicated that I would listen with intense interest to the remarks on the subject matter by my friend from Oklahoma. I have done so, and I have been helped by the remarks he has made on the action within the Senate Committee on Finance with reference to this matter.

I wish to make an observation, and I hope that it is in the interest of perhaps a partial understanding on the part of those who would like to go further and have it embrace the social security framework. For that reason I make this comment. I believe the report the Senator from Oklahoma has given relates primarily to the expansion of our old-age public assistance plan to include medical care. Is that not correct?

Mr. KERR. Not exactly. It expands the program now available to 2,400,000 persons on the assistance program. It makes possible the implementation of the program for the benefit of 10 million persons in this country for whom there is a need but who are not on the assistance program.

Mr. RANDOLPH. I thank the Senator. I agree with much that he said this afternoon, insofar as it goes; but the plan he espouses does not provide an insurance plan into which people can pay in their working years and then possess a paid-up policy on retirement. I think this is a matter of right. It does not relate merely to an income test.

Will the Senator comment on that statement?

Mr. KERR. The Senator from Oklahoma has been impressed by what many able men have said with reference to the need of millions of our aged citizens for a medical care and hospital program which they cannot pro ide for themselves. In the judgment of the Senator from Oklahoma, this bill provides such a program. In the judgment

of the Senator from Oklahoma, if implemented by the several States, it will provide for every aged citizen in those States who needs aid.

The program is not compulsory on the States. It does not compel them to provide a program for which they themselves have paid. But it does provide the opportunity, at State and Federal expense. The social security tax is a program that is paid for by taxation. This program is paid for by taxation, but this program will be paid for by the taxation of all the people, and will be available to all the aged who need it. In the judgment of the Senator from Oklahoma, it meets a need which has been so ably and eloquently described with reference to the fact that there are 16 million people in our country over 65 years of age, most of whom need medical and hospital care, but are unable to provide it for themselves.

Mr. RANDOLPH. One further comment: I am appreciative of the thoughtful manner in which the Senator from Oklahoma has discussed this problem, which is a paramount one, I am sure, in the hearts and minds of all Members of the Senate. I become weary at the suggestion expressed by some Members of the Senate that we must draft legislation which has the approval of the President before it is sent to Capitol Hill from the White House. I think the President arrogates to himself a responsibility which is not given to him by the Constitution. The members of the legislative body pass upon these matters and send to the President that which, in their judgment, they believe to be legislative enactments in the public interest.

Mr. DIRKSEN. Mr. President, will the Senator yield at that point?

Mr. KERR. I would like to have an opportunity to reply to that statement. Then I will yield to the Senator from Illinois.

Mr. RANDOLPH. I shall be delighted to have the Senator reply; but over and over again we are faced, it seems to me, with the report of word having come from the White House that we must draft legislation in a certain manner, and that, if enacted in another manner, it will be vetoed. I do not believe that is the best way to proceed under our system of checks and balances.

Mr. DIRKSEN. Mr. President, will the Senator from Oklahoma let me answer that?

Mr. KERR. Yes.

Mr. DIRKSEN. The Constitution very definitely makes the President of the United States a part of the whole legislative process.

Mr. RANDOLPH. I realize that.

Mr. DIRKSEN. Bills must first be approved by both Houses before they go to the executive branch. The President is constitutionality clothed with the power to approve or disapprove, and if he disapproves he is mandated under the Constitution to send the bill back here——

Mr. RANDOLPH. I agree.

Mr. DIRKSEN. For such action as the legislative branch wants to take; and if the veto is not overridden, obviously it does not become a part of the law of the land. So it cannot be said that the Founding Fathers did not make the President a part of the legislative process. That is one of the happy checks and balances in our whole system of government.

Mr. RANDOLPH. Mr. President, I did not say that. What I object to is the predisapproval of the President of the United States on matters which are yet to be passed on in the Congress.

Mr. DIRKSEN. The President of the United States does not arrogate to himself, as my distinguished friend from West Virginia puts it, powers which are not his; nor are they arbitrarily exercised. He is elected, not by the constituents of a State or of a congressional district but by all the people of the United States, popularly expressed in the form of an electoral vote; and he has a national responsibility to all the people. That does not amount to arrogance. That is nothing more than a judicial exercise of the powers the Constitution imposes on him.

Mr. RANDOLPH. I am appreciative of what the Senator has said. I pursue the inquiry for this purpose: If the minority leader in the Senate or the minority leader in the House stands up and tells the Members generally that if the legislation is passed in this form or that, the President is going to veto it, it gives the President a voice here in the Capitol which goes beyond the power, or, very frankly, the prerogative of the President of the United States.

Over and over again I hear that said by the leaders of the party.

Mr. DIRKSEN. Mr. President, will the Senator yield once more?

Mr. RANDOLPH. I yield.

Mr. DIRKSEN. I have no recollection that the minority leader of the Senate or of the House has ever made a statement to the effect that the President would veto a measure passed by the Congress. I have said, on occasion on this floor, "It is my personal judgment, without putting words in the mouth of the President and without knowing, as a matter of fact, that on the basis of his own declaimed philosophy there is every likelihood that this bill might be vetoed."

That is quite a different thing. I have never yet seen the time when, in advance of his own examination of a measure which has gone to him, the President has ever said to me, either at the leadership meetings or elsewhere, that he would veto a bill. That is a decision he reserves for himself. He takes appropriate advice from the agencies and departments of Government and then come to his own conclusion.

I do not know that I have ever been advised in advance—let us say, more than 30 minutes—that a certain piece of legislation was to be vetoed.

Mr. RANDOLPH. My delightful friend has the pulse of the President, and he expresses it in words over and over again. He may not spell out exactly what the President is going to do, and certainly I would not say he has so done, but I say that over and over again we have felt days and days before we passed upon a bill that the President was going to veto it, if enacted in a form which displeased him. The minority leader has several times forecast ultimate Presidential action with extraordinary accuracy.

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

Mr. KERR. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. First, I wish to congratulate the Senator from Oklahoma for what appears to me to be an excellent solution to this very troublesome problem.

There is one point in connection with a previous remark I wish to have clarified. The Senator made clear the incentive for increased payments by the States. As the Senator said, I think this is one of the bill's greatest merits.

In regard to a State which may be doing all it thinks it should do at the moment, is there a prohibition against the State decreasing what it is now doing, the effort it is now making in the field? In other words, will a State be permitted to use the Federal contribution to maintain the present standard and to decrease the State contribution?

Mr. KERR. I will say to the Senator there are circumstances under which that would be possible. The bill certainly is not written in such a way as to encourage it.

I remember looking at the situation in regard to one State. I believe the State is providing about $6 a month for a medical care program. I believe the State is contributing to the program about $2.50 a month. Under the provisions of the bill I think the State could use $1 of the $2.50 which it is contributing to the $6 program, and could receive $4 additional, so that actually the State could thereby almost double the medical care program without it costing the State any more money.

I say to the Senator that we had in mind, in writing the bill, that we should have as favorable a provision in that regard as we could in the hope and in the belief that States would step up their medical care programs and, as they did, use more of their own funds and thereby receive proportionately much more Federal money.

Mr. FULBRIGHT. I suppose it would be very unusual if a State were in a position to decrease its own contribution, because I presume, except for a very few States, that the present program is inadequate. I wondered about it.

Mr. KERR. I doubt whether any State would decrease the amount of money it spends. There are a number of States which, by spending the same amount of money, could receive substantially greater benefits.

Mr. FULBRIGHT. Yes. I think that is certainly very fine. We hope the ultimate effect will be an increase in the quality of and in the amount of most of these programs.

As I understand the proposal, from the Senator's explanation, it seems to be a very wise solution to the problem.

Mr. KERR. I thank the Senator from Arkansas.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. The Senator from Oklahoma has stated the situation very clearly, but I would not want the RECORD to indicate that the Senate Committee on Finance acted under the threat or fear of a Presidential veto.

Mr. KERR. I should like to clear that matter up a bit, if the Senator will permit, and the Senator can say what he wishes in that regard.

Mr. WILLIAMS of Delaware. I know that the Senator from Oklahoma will agree with me that the Senate Committee on Finance approved the bill on its own merits. An overwhelming majority on both sides of the aisle felt it was a fair and equitable bill. We felt it could be and should be enacted into law.

I think that point should be emphasized. The fact that the administration is in complete agreement with the action of the committee is a fortunate factor, but was not the determining factor so far as the vote of the committee was concerned.

This bill was reported not only with the votes of every Republican member of the Finance Committee but it also had the support of six of the Democratic members of our committee. This bill has bipartisan support as well as the strong support of the administration.

We have brought to the Senate a bill which we think will deal with this problem of providing adequate medical care for every person in America over the age of 65 who needs it, provided the State itself sets up a medical program.

This leaves to the States the right to set up their own programs, with the Federal Government participating in the cost thereof. This is a right the States should have. If the States wish to establish medical programs, every person in America over the age of 65 who needs assistance can get it under the bill. It would not provide medical care for anyone who does not need such assistance.

I think it should also be pointed out that although this bill would supplement the insurance programs, if any person over the age of 65 wishes to carry his own private health insurance he can do so. The bill would in no way interfere with the normal operations and functions of insurance companies. This is not a national or socialized medical program.

I thank the Senator from Oklahoma for yielding at that point. As I said before, the fact that this bill has the enthusiastic support of the administration is fortunate, but I again emphasize that this bill was reported on its own merits with strong bipartisan support.

Mr. KERR. I thank the Senator from Delaware. The Senator has accurately set forth the situation. So far as the Senator from Oklahoma is concerned, he was not under the lash of the Chief Executive by reason of an audible or inaudible, actual or possible, veto threat.

I say to my colleagues in the Senate that I was much more concerned about whether I could get a majority of the members of the Committee on Finance to agree with my proposal than I was with regard to whether I could get the approval of the administration.

As I said when I started the discussion, the thing which made me feel very good about the situation was that the members of the Committee on Finance approved the amendment. They approved it because they thought it was equitable, because they thought it was worthy, because they thought it would be the beginning of a complete and adequate program, and because they believed it was something to which they could subscribe and defend on the floor of the Senate and at home.

When inquiry was made subsequently, as to the attitude of the administration, I was delighted to find acceptance at that place. I believe probably I have been as vocal as any Member of this body in the expression of well-founded and unrestrained opinions about the exercise of the veto. It occurred to me that in this situation we in the Finance Committee achieved a degree of bipartisan support and accommodation with the Chief Executive which was remarkable in the extent to which all had agreed on how to meet the needs of the people of our States. Certainly we did so without the lash or any threat of a veto over us. I am sure every member of the committee can understand that we naturally were delighted when we found that that to which we had agreed would be acceptable to the administration.

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

Mr. KERR. I yield to the Senator from Maryland.

Mr. BUTLER. I wish to congratulate the very able Senator from Oklahoma and tell him what a pleasure it is to work with him on the Committee on Finance. I should like to address two questions to him.

Is the plan approved by the committee and supported by the administration a plan that has been approved by the insurance industry? To put the question in another way, has the insurance industry raised any objection to the plan?

Mr. KERR. None that I know of.

Mr. BUTLER. Has the American Medical Association raised any objection to the proposed plan?

Mr. KERR. None that I know of. One of the significant things was the fact that after it was explained to the medical and dental professions in my State, I had the assurance that the members of those professions there would be happy to cooperate; they had no basis of opposition.

Mr. BUTLER. Is it the type of plan to which a Senator such as myself, who believes very firmly in the rights of the States and the rights of their people to take care of their own problems at home, could agree?

Mr. KERR. I think the Senator is eminently correct.

Mr. BUTLER. It is a type of plan that takes care of the absolute necessity of the people who are already on relief rolls, and it applies to those who are in need and do not have the means to protect themselves. It gives assistance to the States to aid such persons.

Mr. KERR. It also gives ample assistance to the States to meet the needs of their aged who need it, whether they are on the old-age assistance rolls or not, and each State can determine its specifications. I shall discuss that point in some detail in a few moments. Each State can determine the specifications which are acceptable to it for the eligibility of their citizens to participate in this program.

Mr. BUTLER. I thank the Senator from Oklahoma. I make a slight reservation. I think I said it applied only to those persons who are on the assistance rolls at the moment. It also applies to those who are in need of care and are not on the assistance rolls and cannot pay for it themselves.

Mr. KERR. That is correct.

Mr. BUTLER. But necessity must be shown before they are entitled to it.

Mr. KERR. According to the specifications of the individual State.

Mr. BUTLER. I thank the Senator.

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

Mr. KERR. I yield to the Senator from Mississippi.

Mr. STENNIS. I commend the Senator from Oklahoma for a very fine presentation. He is always prepared on this subject, and he is interested in it. I sometimes complain about the lack of a quorum or attention, and I now wish to commend the Senate for giving the Senator such a fine opportunity to explain this important bill. I believe the entire committee, whether individual members voted for this particular bill or not, owes a debt of gratitude to all Senators for the consideration that has been given to it. I think the committee has brought forth a very fine bill.

I was about to ask a question of the Senator from Oklahoma on a subject which the Senator had not covered except by referring to "those in need." I believe his answer to the Senator from Maryland, that he is about to develop that part of his subject, is sufficient for the time being.

Mr. KERR. Yes, I expect to do so.

Mr. STENNIS. I shall not ask the Senator to repeat what he intended to say.

Mr. DIRKSEN. Mr. President, does the Senator from Oklahoma intend to continue?

Mr. KERR. Yes. The bill would amend existing title I to make it clear that States may extend their assistance programs to cover the medically needy. The bill would give the States a financial incentive to establish such programs where they do not exist or to extend such programs where they are not adequate in coverage of comprehensive in the scope of benefits.

The State standard for determining need for medical assistance does not have to be the same standard as that for determining need for money payments. Thus, a State may, if it wishes, disregard in whole or part, the existence of any income or resources, of an individual for medical assistance. An individual who applies for medical assistance may be deemed eligible by the State notwithstanding the fact he has a child who may be financially able to pay all or part of his care, or owns or has an equity in

a homestead, or has some life insurance with a cash value, or is receiving an old-age insurance benefit, annuity, or retirement benefit. The State has wide latitude to establish the standard of need for medical assistance as long as it is a reasonable standard consistent with the objectives of the title.

Section 1 provides that one of the objectives of the title is to furnish medical assistance to individuals who are not recipients of old-age assistance but whose income and resources are insufficient to meet the costs of necessary medical services. In establishing the standard of need for medical assistance a State must comply with all other applicable provisions of section 2.

Mr. President, I wish to close by extending my appreciation to the Senate for the attention it has given to me and to the other members of the committee for their work in deliberating and studying this bill, and the amendments which were approved. In my judgment, a close examination of the bill by Senators from any State will show that, if enacted into law, the proposed legislation would be of great benefit to the citizens of each and every State and a detriment to none.

I thank the Senate.

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

Mr. KERR. I yield to the Senator from Delaware.

Mr. FREAR. As the Senator from Oklahoma has already heard, many Senators have expressed their pride in the work accomplished by the Senator from Oklahoma and the manner in which he has presented it to the Senate. I should like to add perhaps merely a feeble word, but the feebleness of it does not signify my degree of appreciation for what the senior Senator from Oklahoma has done for the senior citizens of the United States.

Mr. KERR. I thank my good friend from Delaware.

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

Mr. KERR. I yield to the Senator from Illinois.

Mr. DIRKSEN. The Senator has made an exceptional exposition. I know he has been on his feet for quite a while. I ask him if he would yield for a little catechizing in order to place the whole subject in a package.

First, the proposed legislation preserves the general principle set forth in the President's message, liberalizing it in the hope of making it adequate?

Mr. KERR. The statement is accurate.

Mr. DIRKSEN. The plan would not be financed out of general revenues but from funds made available in the form of grants-in-aid to the States that qualify under the program?

Mr. KERR. I am sure it would not be financed out of earmarked taxes, out of revenue secured from the general tax structure.

Mr. DIRKSEN. Out of general revenues appropriated for that surpose.

Mr. KERR. The Senator is correct.

Mr. DIRKSEN. A State is free to come in or stay out.

Mr. KERR. The Senator is correct.

Mr. DIRKSEN. There are enough incentives in the bill to make one properly assume that every State would want to come in under this program.

Mr. KERR. I believe that it would result in that happening.

Mr. DIRKSEN. The estimate with respect to the House bill was that if all States participated, the combined Federal-State cost would aggregate about $325 million. Can the Senator give us a rounded figure as to what this program would cost?

Mr. KERR. I believe that the estimate of cost of the bill as passed by the House for title XVI, which was the initial coverage, would be about $30 million a year, soon going up to $165 million, which would be the Federal cost. That would call for matching funds by the States, so that when it went into effect, after a year or so, the total cost to both State and local governments with reference to both title XVI and the slight expansion of coverage under title I of the existing law, would be about the amount named by the Senator from Illinois.

Mr. DIRKSEN. It is my understanding that every person over 65, whether on social security or not, who is in need would be eligible for the benefits provided in this plan.

Mr. KERR. The Senator is correct.

Mr. DIRKSEN. It is my understanding also that this program could be put into effect on or about the 1st of October of this year, if enacted into law in this session, as distinguished from alternative programs, which would require additional State legislation, and could probably not become effective until some time in the middle or latter part of 1961.

Mr. KERR. As I understand it, every substitute offered to the committee for its consideration had in it a provision which would have prevented the amendment from becoming effective before the middle of 1961, if enacted.

Mr. DIRKSEN. The proposed program makes no provision for a fee by a participant in the program, or any kind of action that might put a lien upon the property of a recipient of the benefits. Is that correct?

Mr. KERR. Not by reason of anything in the law.

Mr. DIRKSEN. That puts this matter into one good package. I congratulate the Senator on his magnificent presentation.

Mr. KERR. I yield the floor.

Mr. GORE. Mr. President, it has been with very great interest that I have listened to the able address of my friend and colleague, the distinguished Senator from Oklahoma [Mr. KERR]. He has made many lasting contributions to the Nation's social security program, for which I should like to pay him tribute.

Lest someone reached the conclusion that there is no longer any disagreement with the bill to be presented by the committee, I wish to speak very briefly. The bill has been described to the Senate this afternoon. It is faulty in three major respects.

First, a means test would be provided, which would be applied before any old person could receive a benefit. The distinguished Senator from Oklahoma said it would provide medical care and hospitalization to all old people who needed it.

I believe there are still old people in America, and I hope that when my children are old there will still be old people in America, who have sufficient pride that they will not humble themselves by seeking public alms. The committee bill follows the public charity approach. The bill provides for public charity. It gives no old person an entitlement, a right. Ours is a proud people. It erodes the pride of our people to place them in the ignominious position of having to take their hat in hand and go to a welfare agent and plead their poverty before receiving aid of which they are in need.

One would gather, from several remarks made on the floor of the Senate this afternoon, that this country made a great mistake when it enacted the social security program. It was with considerable surprise that I heard in the Senate, one day after the 25th anniversary of this, the greatest step in social security that mankind ever made, that it was wrong to have a program of compulsory insurance.

The social security program applies to all alike who are in specified employment. It is compulsory. I have no choice, when I pay my tax as a self-employed individual in private life, but to pay the social security tax on self-employment income. An employee in a bank in the city of Washington has no choice but to accept the social security deductions from his paycheck. As a consequence of this program, when that bank clerk reaches the retirement age, he is entitled to his social security retirement pay. He is entitled to it as a matter of right, whether he be a pauper or a plutocratic millionaire. He has an entitlement. He has a right. That right vests under the law.

The social security program has a wide base. It provides insurance so that people will not have to live in poverty when they retire.

I thought this was good and I still think so. But we hear this afternoon that it is not good, that it is an unsound principle.

The seesaw of political sentiment toward a proposal can take weird turns. I heard the distinguished minority leader extoll the committee bill because it did not meet the test of pay as you go. I heard the distinguished minority leader praise the bill because the benefits it provides would be paid for from the general fund. Yet only a few months ago he and the administration were opposed to additional funds for highway construction if even $1 came out of the general fund. They said the cost must be met by an increase in the tax on gasoline.

There is one feature of our social security program upon which all of us have insisted. That is generally true of Democrats and Republicans. We have insisted that the plan be actuarially sound. That is another major fault of the bill to be reported by the committee.

I would like to see medical care and hospitalization added to the social secu-

rity program as an additional category of benefits. I offered a substitute bill, which was defeated in committee. I see on the floor the distinguished junior Senator from New Mexico [Mr. ANDERSON]. He also offered a substitute that was defeated.

The proposals which the junior Senator from New Mexico [Mr. ANDERSON] and I introduced, while providing greater benefits, also provided taxes to bring in the revenue to make the program fiscally sound.

The committee bill would provide some additional benefits, but it provides no additional revenue.

The course of fiscal responsibility sometimes takes a weird turn, indeed. The turn is often interpreted in accordance with the dictates of expediency. Some persons apparently had rather be fiscally unsound with an inadequate poorhouse approach than to be fiscally sound with an adequate program of social security.

The third major fault of the bill reported from the Committee on Finance is that it depends upon State matching of funds. Some States contend that they are already straining to match that which is already available. Indeed, several States are not now matching funds which are already available under a provision of law similar to that now recommended to us.

The recent Governors' conference passed a resolution asking Congress to enact a bill adding medical care and hospitalization to the social security program. One of the principal reasons given, as I recall the resolution, was that the State sources of matching funds were already all but exhausted.

The Senator from West Virginia [Mr. RANDOLPH] has just reminded me that that resolution was passed on June 29 and was placed in the RECORD of June 30 by the distinguished Senator from Michigan [Mr. MCNAMARA]. It will be found in the RECORD on page 15094.

Much has been made of the fact that the committee bill would be effective in October of this year. Some small benefits might be available in some States at that time; but, in major part, the States must raise additional matching funds, and that would require sessions of the State legislatures.

A group of Senators who are earnestly seeking a sound medical care and hospitalization bill, adequate for the needs of the people and preserving the pride of the people, met this forenoon. We will introduce a bill in due course, and the Senate will have an opportunity to choose between a means test, which, as I say, erodes the pride of our people, and a program which is actuarily sound, is not dependent upon State matching, and provides benefits within the framework of the social security program. I hope Senators will reserve judgment until they read the minority views and have an opportunity to examine the bill which we will introduce.

Mr. ANDERSON. Mr. President, I may say, at the outset, that much of what I shall say will sound similar to what the distinguished Senator from Tennessee has been saying. This is not because we have gotten together and compared notes; it merely indicates that our hearts beat somewhat in unison when it comes to trying to deal adequately with this problem. I thank the Senator from Tennessee for the remarks he made.

First, I was greatly intrigued by even the suggestion that any Senator might hold back on this proposal because of the possibility of a veto. It seems to me that not long ago we passed a housing bill which we were fully certain might run into trouble, but I do not recall any Senator announcing that he would not vote for it because it might have difficulty at the White House.

It seems to me that a couple of years ago we had under consideration an agriculture bill which I vigorously opposed, but which my Democratic colleagues shoved rapidly through the Senate to the White House, there to see it receive a veto.

It seems to me that one Member of the Senate had a proposal, at one time, to add $5 to the old-age assistance. The bill passed Congress and went to the White House, where it was vetoed. But the Senator who sponsored the measure never held back a minute because of the possibility that it might be vetoed.

As I recall, not too long ago a public works bill went through Congress, was sent to the President, and was vetoed. Congress passed the bill again, it went to the President, and was vetoed again. I do not recall that the author of that bill ever stood up and said, "Do not pass the bill: it might be vetoed."

So I hope that in this discussion no Senator will so far forget himself as to suggest the possibility that any Senator would vote differently because of the possibility of adverse action at the White House.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LONG of Louisiana. This Senator is one of those who has been guilty of what the Senator from New Mexico refers to as urging that an amendment be adopted although the bill might then be vetoed.

This Senator also had the experience, some years ago, in connection with a social security bill, of urging that an amendment be adopted to reduce the benefits in the bill, because we had rather certain indications of the probability that the bill would be vetoed, and Congress would not be in session when the bill was returned to Congress.

The distinguished Senator knows that these decisions must depend on the circumstances.

Mr. ANDERSON. I recall that, and I take pride in the work which the Senator from Louisiana did.

I think there are some good features in the bill the committee will report. I do not say everything is bad. Many things about it are good. I simply say it does not go nearly far enough.

I am not surprised that it has been indicated that the administration will support the bill, or that we might get an administration bill, because one little section of the House bill, which was carried on page 8 of the committee print which we had, but which liberalized the alternative requirements so that an individual could meet them much easier, was taken from the House provision; and taking out that House provision saved $251 million a year. So it is not unusual that the addition of some little section which added $130 million did not throw the bill so far out of balance that the administration was no longer interested in it. We rejected that one time. Then we called for a reconsideration of it, and we rejected it again. So I know that one of the prompting motives in rejecting it again was the fact that if we had not restored the $251 million, then this additional amount of money for old age help might have overbalanced it a little.

There are many weaknesses in the bill. One of them is that it depends on State appropriations and tax increases. That will involve a tough battle in the legislature in almost every State. One of the weaknesses is that State legislatures meet biennially.

It is all very well to throw out the date October 1 and say it is a wonderful thing. The fact is that only the old-age assistance provisions will be affected by October 1. The rest of it will have to be held in abeyance until the legislatures of the various States meet and take some action. The Governors of the States must also act.

The able Senator from Tennessee [Mr. GORE] anticipated somewhat what I intended to say. He cited the fact that the Governors' conference passed a resolution, which is printed in the hearings at page 161.

> We, the undersigned, attending the 52d annual Governors' conference, urge that you and your committee amend H.R. 12580—
>
> The bill which has just been reported—
>
> to provide health benefits under the provisions of the old age survivors and disability insurance system.

That is what the Senator from Tennessee was trying to do with his bill. That is what the Senator from Michigan [Mr. MCNAMARA] was trying to do with his bill. And that is what I tried to do with my very modest amendment.

The interesting thing is that when we have been listening to debates on the minimum wage bill, some Senators have said, "Leave it to the Governors. The Governor of my State says we do not need this legislation."

Well, Mr. President, if we are going to leave it to the Governors, as regards the minimum wage, why not leave it to the Governors, as regards benefits to the aged, for health purposes? Thirty Governors signed the telegram in which they said they did not want it done by any fashion other than the payroll tax method. Why did they say that? They said it because they knew what their financial problems were.

A great many of the Governors signed it. Among them are the Governor of Missouri, the Governor of California, and Governor Collins of Florida, who took a little part in some of the recent discussions.

A moment ago I found that the Governor of Arkansas, Mr. Faubus, signed it. Gov. Nelson Rockefeller, of New York, also suggested this as a possibility.

It is all very well to say that all New York has to do is appropriate another $35 million or $40 million. But certainly the Governor of New York knows what he is doing when he suggests this possibility. Therefore, I think we should pay some attention to his ideas in regard to this matter.

The telegram was also signed by the Governor of Michigan, the Governor of Washington, the Governor of Connecticut, the Governor of Wisconsin—by a total of 30 Governors, who are suggesting that the method proposed here, of imposing a small payroll tax, is the proper method with which to care for this problem.

If the Governors know so much about the proper course in regard to the minimum wage, how is it that, in the opinion of some, they are so ignorant as regards social security? I believe we should pay a little attention to that point.

Furthermore, the Governors will have to sign the implementing legislation, if it is passed next year.

Mr. LONG of Louisiana. Mr. President, will the Senator from New Mexico yield?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from New Mexico yield to the Senator from Louisiana?

Mr. ANDERSON. I am happy to yield.

Mr. LONG of Louisiana. The Senator from New Mexico referred to the State of New York; and I believe the point he made in that connection illustrates some of the benefits of this proposed legislation, although of course the Senator feels that it might not be adequate. Does not the Senator know that at present New York is one of the leading States of the Nation in providing general hospitalization to persons who, for one reason or another, might have difficulty in paying their medical bills?

Mr. ANDERSON. Yes.

Mr. LONG of Louisiana. This bill would make it possible for New York to provide twice as much care for those over 65 years of age as New York is now providing. In the opinion of the Senator, would not that make it a very liberal and substantial program in New York?

Mr. ANDERSON. Oh, yes, if New York could just find $75 million. But New York has a little difficulty, once in a while, in doing that. New York is a marvelous State, and I am very happy that its payments are high. But, somehow or other, its Governor took a little different view regarding this situation than did the Senate Finance Committee. If the Senate Finance Committee had taken Governor Rockefeller's advice, it would have reported another of the bills, rather than the one it did report.

Mr. LONG of Louisiana. But my point is that although I do not know just how New York is providing all its aid to the aged or how it is handling the hospitalization, yet I am sure that New York can very well do what Louisiana does, namely, set up the plan in such a fashion that the State gets credit for what it already is doing for those over 65 years of age, and thereby enable the State to qualify for Federal matching of the amount the State already is providing.

New York, which has a very liberal program, would be in a position at least to double its program, simply by adjusting its affairs in such a way as to get credit at the Federal level for what New York already is doing at the State level.

Mr. ANDERSON. However, if the only result of this bill would be to have some fancy bookkeeping done, I do not think very much additional help would be provided for the aged.

It is true that New York is doing a fine job. But there are 15 or more States which today are doing little or nothing for such medical care. What are they to do?

That is why some of us believe that the best way is to proceed by means of a payroll tax with which to take care of this social security problem.

Mr. LONG of Louisiana. In the case of those of us who come from States which already are providing liberal and adequate medical care for the aged, and who assume that under this program our States will go to the extreme limit in seeing to it that anyone who needs medical care at public expense will receive it, is there any reason why we should vote to require the people of our States to pay, on top of that, an additional tax in the form of a payroll tax or a tax of one-half of 1 percent of their income, as the case may be, to provide for such care, when our States are already providing it?

Mr. ANDERSON. In the case of the $71 that Louisiana is providing Louisiana will be able to match $3 and will be able to receive $12 or $15 for it. But it is also true that the State next to Louisiana on the list is Kentucky, with only a $46 average payment. If Kentucky is not able to provide medical benefits now, how does the Senator expect Kentucky will be able to provide them in the future merely because the Congress passes a bill which provides, in effect, that the Kentucky Legislature will be allowed to try to dig up some funds with which to match?

Mr. LONG of Louisiana. The $71 to which the Senator from New Mexico has referred does not relate at all to what is being done in Louisiana. Our State hospital program is quite independent of our welfare program in Louisiana. The Louisiana hospital fund is spent for State hospital care, for which the people are not charged medical bills. If the hospital program for the aged in Louisiana is to be given credit for what the State already is doing, frankly, the funds which would be made available would be more than what is needed in order to do the job for all aged persons in Louisiana at 100 percent.

But as the Senator from New Mexico knows, under the program we have in mind, Louisiana would not receive complete matching for all she already is doing, because Louisiana has already gone so far that if an effort were made to match what she already is spending for this purpose, she would have more help than she would need.

Mr. ANDERSON. I have stated frankly that Louisiana has done a very good job in the field of medical care; and that may be one of the reasons why on so many occasions the Senator from Louisiana has suggested liberalizing our social security program. But that is not true of every State; and the fact that there is a fine program in Louisiana does not mean that the same is true throughout the Nation.

Mr. LONG of Louisiana. But does not the Senator from New Mexico appreciate the fact that the medical care which States already are providing for the aged could at least be doubled under this bill without devoting to the program any additional State revenue—in other words, merely by having the Federal Government match what the State already is doing?

Mr. ANDERSON. I do not mean the matching provisions of the bill; I simply say that, in addition, there are millions of people under the social security program who will find themselves best taken care of by this system.

Now I come to the question of the means tests: One of the big objections, I believe, to what is provided by the bill is the provision for a means test. There are a great many people who do not want to say, "I am medically indigent, even though I am not indigent insofar as my other resources are concerned, for I own my own house, and I have property and income; but when it comes to paying medical bills, put me down as indigent, so I can get medical care free."

Many people believe they should receive it as a matter of right; that is the position of many who are perfectly willing to make such insurance payments. And I am satisfied that many of the Governors of the States said that was the desirable thing to do.

Some interesting philosophies are being voiced in connection with this matter. I do not understand how it is that a conservative, pay-as-you-go social security approach has become impractical, whereas a program of making large appropriations from the General Fund—in other words, the spending approach—is regarded as having become so fiscally responsible. Certainly that is a strange argument. Some seem to believe that it would be perfectly horrible to make a program self-sustaining on a pay-as-you-go basis.

I have seen some Members of Congress vote against a measure which provides for a pay-as-you-go method, although heretofore they have been very much worried about the condition of the Federal Treasury. Yet they are willing to start taking $130 million or $230 million out of the Treasury, to supplement these funds, and are willing to have millions of dollars come out of the State treasuries, whereas the payroll tax would take care of the matter very simply and very easily.

A great many things could be said, and will be said. My only purpose here tonight is to urge Senators not to become pledged to some particular program and against some other particular program. I think it is entirely possible that, before they are through, they may find that there are no bargain days. There are no discount stores. There is no way we can get something cheaply. The program will cost some money. It is true that a one-half of 1 percent tax on payrolls would provide $1 billion;

and someone says, "You can have all of that for $135 million. All you have to do is take what is in the bill now. For $135 million you get what $1 billion will buy."

No, we do not. There is no royal and easy road to getting insurance protection for the people of the United States, and I say to Senators that they had better look at the whole figure and decide what we need.

I was interested in the question that was asked, "What about a rich man, a man whose father might be a millionaire, a man whose wife might take in roomers? Will he get the money to go to the hospital?" They would argue against that and strike down the whole social security program. What about the president of a corporation who gets $600,000 a year, but who comes under the social security program? Does anyone worry over whether he might have retirement pay? I am told there are many Members of Congress who have money deducted from their pay for retirement purposes, who have adequate income and resources, but who believe insurance is not a bad thing.

There are officers of corporations who are paid many thousands of dollars a year, many of them receiving more than a hundred thousand dollars, who still see to it that money is deducted from their pay, up to $4,800 of their earnings. We do not suggest taking them off the 3-percent tax. No one says that corporation officers should not contribute to the program in this way. However, if it is suggested taking another quarter of 1 percent from the employer and another quarter of 1 percent from the employee, that suddenly becomes fiscally irresponsible and dangerous to the whole country. I do not believe it. I believe that services for which the rich are taxed are still all right because they provide for all the people of this country.

I therefore hope we will not suddenly decide in advance that we will not support an amendment which will be offered, which would recognize the social security principle. I believe a number of Senators will be interested in having it presented. I hope I will be among them, as I am sure other Senators who are now present will be. Regardless, there will be an opportunity, when the bill reaches the floor, to vote on that supplementary amendment, which carries out the desires of the Governors of 30 States, which carries out the desires of the people across the country who have been watching the program for a long time.

I began my first participation in this program in 1936, when I became a director of the Employment Security Administration in my home State. I had served as a relief administrator prior to that time. I had served as a national youth administrator, as had our distinguished majority leader. We started our work in the same way.

Through the years I have developed some feeling on this question. I believe the Social Security System has been a fine thing; and if we will only go back to the early days and listen to the pronouncements issued against this "awful, pernicious insurance device," whereby a man who had a good job was taxed so there might be unemployment insurance for all, it will be found that those who made those pronouncements in the beginning do not make them any more.

We have just celebrated the 25th anniversary of the Social Security System. When the first bills were passed, there were some pretty harsh things said from one side of the aisle; but when the 25th anniversary arrived, I did not see a single Senator from the other side of the aisle stand up to recommend a repeal of the whole Social Security System. Perhaps they learned something in 25 years; and I suggest to them that if we establish this program and accept an amendment that will be offered which puts it on the social security principle for medical care to the aged, in 25 years we shall see the same general results. And I hope that will be the decision of the Senate.

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

Mr. ANDERSON. I yield.

Mr. RANDOLPH. It was my privilege earlier in the day to listen to the Senator from Oklahoma [Mr. KERR], and then to listen to the Senator from Tennessee [Mr. GORE], and now to have heard the Senator from New Mexico [Mr. ANDERSON]. I would not feel it proper, after having expressed my appreciation to the Senator from Oklahoma for his discussion of the action of the Senate Finance Committee, if I failed to speak my appreciation for the helpful and forthright manner in which the Senators from Tennessee and New Mexico have spoken. I am sure their reasoning appeals to many of the Senators in this body.

Mr. ANDERSON. I thank the able Senator.

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

Mr. ANDERSON. I yield.

Mr. HUMPHREY. I ask the Senator to yield primarily because I wish to commend the Senator from New Mexico, not only for the words he has uttered here today, but for the work on the part of the Senator from New Mexico and his colleagues who voted with him for the social security principle in providing medical care for the aged or elderly. I commend the Senator also for pointing out some of the weaknesses in the committee proposal that are so very evident.

What disturbs me about the proposal is that it is nothing more or less than a "souped-up" old-age assistance program with the means test applied a little more liberally than before. It does not get down to the solid principle of insurance under the social security program.

I jotted down a few thoughts relating to the action of the Finance Committee in rejecting the sound principle of social security insurance and in approving a modified version of additional Federal assistance to the States in order to carry on a medical care program on the basis of need as determined by social workers who investigate the economic status of each and every applicant for medical assistance.

We should get away from this relief concept. This Nation boasts of its prosperity. This Nation boasts of its productivity and of the ever larger number of people that have well paid jobs. It seems to me we ought to work our way up to a system of health care insurance so that when elderly people come into their hour of need for medical care there is money in the till, so to speak, to pay for it on an insurance principle.

The thing that disturbs me, I can add to my friend from New Mexico, is that the very people who have criticized us for fiscal irresponsibility are ignoring or pushing aside a conservative, proven, tested program of social security insurance that is a pay-as-you-go type of program into a special fund out of which tax revenues are directed for a particular purpose or purposes.

They reject that. They go on to say, "Let us dip into the general revenues of the Treasury for an undetermined amount to increase Federal assistance to the States." Then they depend upon State legislatures to act cooperatively to provide increased revenues from the States for a medical assistance program based upon a means test and the relief principle.

I cannot understand that. I think we should enact the Anderson proposal or the McNamara proposal or the bill I introduced, which related only to hospital and nursing home care. The bills sponsored by the Senator from New Mexico [Mr. ANDERSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Indiana [Mr. HARTKE], and myself had a common denominator, namely, the social security insurance principle. That is the sound way to approach the problem. Those bills would provide free choice of hospitals. In the instance in which the McNamara bill relates to surgical care, there is provided a free choice of doctors.

That would have provided a sensible, sane way to pay the bill. The bill would have been paid not out of the general revenues, as the Finance Committee proposal indicates, but out of the special social security fund on a sound, actuarial basis.

The Governors of the 50 States have indicated their overwhelming approval, as the Senator from New Mexico pointed out. Every public opinion poll which has ever been taken on this subject has indicated that more than two-thirds of the people favor applying the social security principle to medical care for the people who are recipients of social security benefits. It seems to me that should be the approach.

Mr. President, I shall do my best to see to it that the Congress supports that principle. I shall do my best to see to it that the Democratic Party stands up for it, since we are committed to it in the platform.

Several Senators addressed the Chair.

Mr. ANDERSON. If my colleagues will permit, I wish to conclude by saying that I am glad the able Senator has mentioned the problem of the means test. I had my first experience with this problem as a county relief administrator. I found that when we had case aids scattered all over the county we had to learn whether they were reading the same book or living up to the same standards, for in one area family after family went

on relief, while in another area practically no family was on relief. The only way to solve that problem was to shift the aids around and to establish standards.

Subsequently I became a State relief administrator, while I was trying to run a private business at the same time. I found that we had the same problem with regard to individual counties that I had found to exist on the case aids. They had a different standard of need in one county as compared to another county.

Finally I became an administrator of a program for several States, and I found that the same thing was true with reference to the various States.

That is why it bothers me when I read such things as are found in section 1605:

An eligible individual means any individual (1) who is 65 years of age or over and (2) whose income and resources, taking into account his other living requirements, as determined by the State, are insufficient to meet the cost of his medical service.

That is open to as many interpretations as there are States.

Shall we say that a man who has relatives who are rich has resources, or shall we eliminate the relative responsibility, as many States have done?

Shall we say that a man who owns his own home has resources? Shall we take it away from him piecemeal, item by item, as he needs medical care?

Shall we say that a man who has an income of $100 a month from social security has an income sufficient to live on? Will we make him dip into that month by month to pay a medical bill?

We may have as many variations on this theme as there are States and State administrators. As one who has seen hundreds of variations in the same field, I recognize how that could occur.

One of the worst riots in which I ever was caught in relief activity arose over a case of lace curtains. The question was, Should we give a relief client lace curtains in his house, and did he need lace curtains? It was my privilege to be called to the telephone in Salt Lake City, where the regional headquarters were then established. The Governor of Colorado at that time was Gov. Ed Johnson. He was being held inside his office by a raging mob of hundreds of people who demanded that he change the rules for eligibility before they would release him. He got out safely only when I was able to promise an additional sum of money in the name of Mr. Hopkins, which was to come to him a few days afterward.

If we want trouble, we can place this assistance upon the basis of 50 different States having 50 different living requirements and deciding whether people have income and resources adequate to meet the need.

I do not think we will have too much trouble with regard to those who are already under old-age assistance programs. I believe we will have a great deal of trouble when we try to create a new class of indigency in America, the medically indigent. I say that is a dangerous proposal, and I hope we shall not let it occur.

Mr. HUMPHREY. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. I yield.

Mr. HUMPHREY. Would the Finance Committee bill depend upon State appropriations in part?

Mr. ANDERSON. In part.

Mr. HUMPHREY. Increased State appropriations?

Mr. ANDERSON. In part.

Mr. HUMPHREY. Would this not necessitate an increase in State taxes?

Mr. ANDERSON. I would rather not try to answer that question. I am not opposed to what is provided in the bill. As the able Senator from Louisiana pointed out earlier, in a State such as Louisiana it might be possible to readjust some of the overpayment which is already being made, over the $65 limit, so as to provide more medical care without any additional taxes. There are individual States in which that situation would be true, and other States where it would not be true.

I would rather have the Senator from Minnesota ask me a general question, as to which I could say that generally speaking it is anticipated there will be additional financial burdens on the States.

Mr. HUMPHREY. In the State of Minnesota we spend $20 million a year on medical care for the aged. That is a substantial sum of money. I ask the Senator from New Mexico if we are to be asked to spend more money under the Finance Committee bill.

Mr. ANDERSON. I have put away the table which had the figure for Minnesota on it. I am not able to answer the Senator's question immediately, because I do not carry the figure for every State in my mind.

Mr. HUMPHREY. The point I emphasize is that the real problem today in financing is a problem of local and State governments.

Mr. ANDERSON. The Senator is correct.

Mr. HUMPHREY. The State expenditures have gone up as much as 300 percent. Indebtedness of States has gone up fantastically. I have been a mayor of a large city, and I have some idea of the difficulty of operating local government with a limited taxing power.

Mr. ANDERSON. I have the table again, and can now answer the Senator's question.

Mr. HUMPHREY. I thank the Senator.

Mr. ANDERSON. For the State of Minnesota, if I have the correct figure, the average is $91.49. The maximum in regard to which the Federal Government participates is $65. Therefore, some of the additional money Minnesota is now paying above the $65 might be turned over to the fund and might provide some additional benefits.

I hope that answers the Senator's question.

Mr. HUMPHREY. In other words, the State might receive some additional funds?

Mr. ANDERSON. From the first part of the bill, as the section is written, in the case of Minnesota, there might be provided some additional money without additional taxes.

Mr. HUMPHREY. For what people?

Mr. ANDERSON. It would be for all classes of people, but primarily it would be for the people on old age assistance.

Mr. HUMPHREY. For those on old age assistance?

Mr. ANDERSON. There could be some additional money for the medical indigent, once the State of Minnesota amended its law to make that provision.

Mr. HUMPHREY. The point I feel very strongly about, Mr. President, relates to the comment of the Senator from New Mexico when he talked about a new category of the medically indigent. There are people today, in substantial numbers in every State, who are receiving assistance in the form of medical care. That is all to the good. There has been a hard fight to have some of the bills enacted into law in the respective State legislatures, to take care of this problem.

However, what about the man who has a $2,000 a year income, for example, or slightly more? Let us say a man has $2,500 a year income, from the social security payments he receives and from what he can make, with the present limitation of $1,200. Is that man a medically indigent person? Is that man to be charged as one who will be the recipient of State aid? Or is that man to be put aside and be on his own?

If a person has $2,500 a year income and is put in a hospital, that income is practically nothing. All of us who have families who have had chronic illnesses know of this.

The thing that disturbs me is that Members of this Congress can go to the Bethesda Naval Hospital, or to Walter Reed Hospital and we can get all the medical attention we want. Every member of the Cabinet can get it, as can the President of the United States and the Vice President. When I speak of giving aid to the elderly people, I do not mean only the ones who are without money. When one is 65 or 68, whatever age is provided in the bill, and he is eligible for social security benefits, when we start talking about putting that person under a social security or a social insurance system, somebody says it is wrong.

I do not want to see people classified as medically indigent. I say that if such a person is entitled to social security benefits, and if we can add on a social security provision for medical care, paid for by a contribution from the individual as well as the employer, or paid for by the individual alone, if self-employed, such is a sound provision. I do not see any reason why we must hire another 10,000 social workers, even though I have the highest regard for that group as a profession, to go around investigating whether somebody who is going into a hospital for medical care meets the requirements of a "means test."

I wish to see the day in this country when, if one is eligible for social security benefits, and if he is ill, he may go into a hospital of his own choosing and receive medical care. I think this is the way it ought to be.

Of course, the committee bill, so far as I understand it, is an improvement over what we have. There is no doubt about it, and for that it is to be commended. But we have arrived at a point in the history of this country when the problem of medical care for our elderly people is a critical problem, just as 25 years ago, when the social security law was enacted, there was a critical problem of unemployment.

We have a rising rate of elderly people in the population. We shall have a great increase in the population of the elderly, and if we are going to try to take care of this group on the basis of public assistance, we shall have insurmountable problems. There is only one way to take care of the problem and that is to pay for it under the social security system, where there is a fund, and where there is a levy made to pay for it, rather than waiting around to see whether or not money can be appropriated by a State legislature every year, with the thousand and one demands on State legislatures, including demands for new schools and new colleges.

It is said that in the next 10 years we must double the university plant of State universities and colleges because of the population increase. There is a fantastic increase in school enrollment. There will be the greatest increase in school enrollment in the next 10 years, equal to that of the past 50 years. When State legislatures are asked to erect new schools, new universities, new highways, or to clean up cities, we should look at the tax base of those States. What is it? Most of the tax base of the States is property, real, tangible property. This is already overtaxed.

The answer, it seems to me, is to find a better means of financing. That is what the committee bill attempts to do. The committee bill does not provide that the people should not have medical care. It provides that they should have medical care. But it provides for such care on the basis of Federal-State public assistance, using the means tests for eligibility. The difference between us is not whether people should have medical care, but how they should have it. I, for one, do not believe that it is a wise public policy to predicate medical care for an ever-increasing number of people in this society on the principle of the means test and on the principle of public assistance. We need a predetermined financing means in terms of a levy or a tax for a special fund so that the bill can be paid and the insurance principle applied.

Mr. CARLSON. Mr. President, will the Senator from New Mexico yield to me? I do not want the floor; I merely wish to pay the Senator a compliment.

Mr. ANDERSON. I am happy to yield for that purpose.

Mr. CARLSON. I wish to say that the interest of the distinguished Senator from New Mexico in behalf of the social security program is not new.

He mentioned earlier that we had this year celebrated the 25th anniversary of the signing of the original Social Security Act. A program celebrating that event was held this afternoon at the Health, Education, and Welfare Building. I had the privilege of attending the program. I wish the Senator had had time to attend also. It was a very interesting session, I assure the Senator, and it brought back memories, as it would have to him, because he and I were both Members of the House of Representatives at the time that was passed.

I think he would be interested in knowing that Miss Perkins was present and made a very fine statement. She discussed some of the problems of the past, and some of the problems that the Senator has mentioned with respect to the new health program. There were problems at the time the Social Security Act was passed, and there are some problems involved in this bill. I would not say this afternoon that all the proposals the Senator has made are bad. I do not think the bill is the answer to the problem, but we will discuss those details when we get into the bill. It has some merit.

Mr. Folsom, who was the main speaker this afternoon at the 25th anniversary, made an outstanding statement of this program. As the Senator from New Mexico well knows, he started a program in his own company in 1921. I think he is one of the most outstanding men in this field and has been for many years. The national program partially—I will not say largely—was instituted through his urging and his background and ability in this field. He made an excellent statement. I urge the Senator to obtain a copy of it. He not only went into the history of the act, but into the facts of the program, which has now gone through a shakedown process. I think it is regarded as a very stable and necessary program, and one that means much to this Nation.

I mention that event because I went through some of the battles on that legislation with the distinguished Senator from New Mexico in 1939 when we rewrote the act. The Senator from New Mexico is not a Johnny-come-lately in this field. He is to be complimented on his statement. We will discuss and debate some of the issues in the program when the bill is before us for consideration.

Mr. ANDERSON. I thank my longtime friend.

Mr. LONG of Louisiana. Mr. President, as one who has supported every social security bill, and I believe every public welfare bill, as well as every improvement of either program that has passed this body during the last 12 years, I am pleased to support the bill which the Senate committee reported. In my judgment it is a good bill. It will go a long way toward providing for the needs of the aged in terms of medical care, and it is the only assistance that we are likely to get for the aged at any time soon. The junior Senator from Louisiana has on occasion urged amendments to legislation when it was contended that such amendments might lead to a veto of the legislation if they were adopted, and will do so again. In many instances it was his hope either that the President would not veto the bill, or that if the President vetoed the bill, we might find the votes to override the veto. On other occasions the Senator from Louisiana has been willing to go along with amendments to bills. I have in mind particularly the Social Security bill of 1958, by which benefits for the aged and the orphaned children were to be materially increased. The junior Senator from Louisiana voted with those who made some reductions in what the committee would have liked to have for the needy, the aged, and the orphan children because he was certain that otherwise the bill would be vetoed, and in all probability the Congress would have adjourned without an opportunity of even trying to override the veto of the bill.

Practically, that is where we stand today with regard to the various medical plans that will be offered. The probabilities are that we will not achieve action if we undertake to enlarge the social security plan and blanket everyone under social security to obtain medical benefits for the aged. On the other hand the proposal that we have here is one that would provide immediate additional assistance to all the needy aged in this country, and additional assistance to all persons needing medical care for which they cannot pay and who are not presently classified as needy in all 50 States of the Union.

This measure would go into effect on October 1. It is a measure that we have every reason to expect the President to sign into law. It is the only real possibility of anything of any consequence being done between now and the time the next Congress has an opportunity to act on a social security bill, if the next Congress should see fit to act on one.

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

Mr. LONG of Louisiana. I yield.

Mr. CARLSON. The Senator has mentioned the fact that the proposed legislation, as it will be reported by the committee, would probably receive the approval of the President and become law. I wonder whether there is not another obstacle to be considered in connection with the enactment of legislation of this kind. A somewhat similar bill passed the House of Representatives, with only 23 votes cast against it. I wonder if the situation in the Ways and Means Committee—and I served on that committee and I know the thinking of the membership of that committee—and with only 23 votes having been cast against the bill in the House—I shall check on it to make sure of the vote—is not another situation that we should keep in mind, because the bill probably would have to go to conference.

Mr. LONG of Louisiana. Also, the proposal to have an additional social security tax levied, and to blanket everyone into the medical care provisions for benefits for which they have not paid, would undoubtedly run into trouble in the Rules Committee in the House. That would be an additional obstacle. As a practical matter, many Senators who are supporting substitute plans have told me and others in the cloakrooms that there is no prospect at all for those

plans to be enacted at this session of Congress. In some instances the sponsors know that this is a political issue, and that they are proposing a political issue to take to the country, rather than supporting legislation which can become effective immediately.

A great deal has been said about a means test, about making people submit to indignities in order to obtain the Federal-State payment of medical bills of those who are over the age of 65. The junior Senator from Louisiana has been opposed to anything that keeps a larger number of aged people from receiving public assistance. In many States there is the concept of relative responsibility. The State of Louisiana does not require it in order for a person to be eligible for public assistance. The relative responsibility requirement usually relates to the fact that a son or daughter or some other relative who is able to provide for an aged person should first provide for his relatives and the old person is prevented from receiving public assistance if his relative is able to help him.

As one who opposes this type of requirement, the junior Senator from Louisiana realizes that in many instances the relative responsibility requirement has prevented aged people from receiving the public assistance to which they are entitled because the needy persons are ashamed to admit, or ashamed to say under oath, that their children cannot or will not support them; and rather than ask their children to say that they cannot support the old folks, they simply decline to request any public assistance, because they are too proud to do so.

In Louisiana we do not have a relative responsibility provision in our public welfare laws. The Federal law does not require it, and the State of Louisiana does not require it.

We are proud that we do not require it. We believe that if the aged people feel that they need assistance, they are entitled to apply for it, and we feel that they should not be prevented from receiving assistance because they have relatives who could if they would—in most instances they would not—provide for the old people.

The next provision which keeps a great number of aged people from receiving public assistance is the so-called lien requirement. This is usually a requirement whereby an aged person is asked to sign a lien on whatever property he possesses, usually on real property, so that the property can be seized by the State and sold to get back the money that has been paid to the poor person in public assistance after the person has passed on.

Once again, many aged people—and I believe this applies to a great majority of them—feel so close to their property, and have always had the concept that they must never part with their property, that many of them will not sign any agreement that would permit their property to be sold under foreclosure procedure, even though it cannot be sold until after their death. They will not sign it. That is another way from keeping old folks from getting assistance to which they are entitled.

In Louisiana we do not have the poorhouse approach to public assistance. A person can have money in the bank, can own a home, can own a small piece of property, and can own an insurance policy, and still receive the maximum amount of public assistance under a program in which the Federal Government matches the States in order to provide for that person.

In Louisiana 57 percent of the persons over 65 years of age receive some degree of public assistance. The average payment is about $71 a month.

So far as all these people are concerned, the bill makes it possible for the Federal Government to match an additional $12 per capita. The State of Louisiana is already providing an extra $6 a month, on the average, with no Federal matching at all, in order to provide for 57 percent of those who are over 65 in Louisiana and are at present receiving public assistance.

Every other State can do the same thing if it wishes to do so. If they do not want to dispense with the relative responsibility requirement for public assistance, or do away with the lien requirement, they can still set up a separate category under the bill that we will report to the Senate.

This can be a very liberal plan. It can permit people to have a substantial amount of money in the bank, to own homes, to hold insurance policies, and still receive the State payment with a Federal-aid program paying the entire medical bill.

It has been said by the distinguished Senator from Tennessee [Mr. GORE], that the people affected would have to take a pauper's oath before they could apply for some sort of assistance. That is not so. They could go to the hospital or go to the doctor, and get whatever medical treatment they need. After they had been in the hospital, whether it be a day or thirty days or a hundred days or a year, they would then simply sign a statement that in their opinion they were eligible to have their hospital bill paid under this program.

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

Mr. LONG of Louisiana. I yield.

Mr. GORE. Is the Senator describing the situation in Louisiana?

Mr. LONG of Louisiana. Yes. That would be true in Louisiana. However, Tennessee, as the Senator knows, can organize its medical program on an entirely different basis for those who are under the old-age assistance program, and permit them to have a liberal amount of property in their names, or have cash in the bank, and still receive this type of assistance in the payment of their medical bills.

SOCIAL SECURITY AMENDMENTS OF 1960

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar 1928, H.R. 12580, the social security bill.

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

The LEGISLATIVE CLERK. A bill (H.R. 12580) to extend and improve coverage under the Federal old-age, survivors, and disability insurance system and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

Mr. JOHNSON of Texas. Mr. President, I have spoken with the chairman of the Committee on Finance, the distinguished Senator from Virginia [Mr. BYRD]; the ranking minority member of the committee, the distinguished Senator from Delaware [Mr. WILLIAMS]; and the ranking majority member of the committee, the distinguished Senator from Oklahoma [Mr. KERR], the author of the bill, who has reported an amendment relating to a medical plan. I am informed that they will be prepared to present the bill, the report, and the discussion on the merits of the bill, as they see it, tomorrow. They do not anticipate that there will be any yea-and-nay votes tomorrow. We do not expect to have any yea-and-nay votes tomorrow.

It is planned to have the Senate convene early on Monday; and if further discussion is desired before a vote, very well. It is, however, hoped that we may reach a vote as early as possible consistent with a thorough consideration of the bill.

I desire all Senators to be on notice that we shall discuss the bill tomorrow. It is not expected that there will be any yea-and-nay votes, but Senators who desire to speak may do so.

It is planned to have the Senate convene at 10 o'clock on Monday morning. We will come in early and stay late every day next week, in the hope that we may conclude action on the bill as expeditiously as possible.

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

Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. Mr. President, I think it ought to be made definite that there will be no votes, rather than to say that no votes are anticipated. A good many Senators have already left the city; others will be leaving. I think there should be definite assurance that under no circumstances will there be a vote on any amendment tomorrow.

Mr. JOHNSON of Texas. I cannot go that far, because I do not control that procedure. However, so far as the majority leader can control the procedure, there will be no votes.

If 10 Senators decided now that they wanted to vote, and the Senator from from Oregon [Mr. MORSE] moved to adjourn and asked for the yeas and nays, and if I asked Senators not to hold up their hands. but he was successful in having them ordered, I would be completely powerless to prevent a vote. I say that so far as the majority leader is concerned, there will be no votes, and I will do everything I can to resist them.

Mr. DIRKSEN. Mr. President, if the majority leader will yield, let me say I hope he will not object if I make an alternative suggestion; namely, ask unanimous consent that no votes be taken on Saturday.

Mr. JOHNSON of Texas. Mr. President, I will try to guarantee that, but I would not want to enter into a unanimous consent agreement on it.

Mr. DIRKSEN. Mr. President, I hope that, whatever the course on tomorrow, Senators will not have to be bothered with apprehension or fear that a vote will be taken then—because, after all, that can be avoided.

Mr. JOHNSON of Texas. I should like to allay any Senator's apprehension or fear. But I endure it all day long, every day. Certainly I shall do my best, and I think I have done reasonably well in these 10 years.

Mr. DIRKSEN. Of course the Senator from Texas has. But I think it important for Senators to know that no votes will be taken tomorrow.

Mr. JOHNSON of Texas. Mr. President, I wish to express my deep appreciation to the Senator from Utah [Mr. Moss] for his patience and cooperation in helping the Senate transact very important business today and for withholding his speech until this late hour. It is a precedent which I should like to see more of our colleagues emulate, because thus we were able to proceed with important business of the Senate, by taking action on two important measures. I owe a great debt of gratitude to the distinguished Senator from Utah.

Mr. MOSS. Mr. President, I appreciate the kind words of the Senator from Texas. I have been glad to postpone my remarks until this point.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the condition of the bill (H.R. 12580) to extend and improve coverage under the Federal old-age, survivors, and disability insurance system and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may yield first to the senior Senator from Kansas [Mr. SCHOEPPEL], to the junior senator from New York [Mr. KEATING] and then to the Senator from Virginia [Mr. BYRD] to make affirmative statements, without losing my right to the floor.

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

AID FOR THE ELDERLY

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article from the Wall Street Journal, entitled "'The Aging': Neither Indigent Nor Childlike, They Want Government Aid as Very Last, Not First, Resort."

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

[From the Wall Street Journal, Aug. 18, 1960]

"THE AGING": NEITHER INDIGENT NOR CHILDLIKE, THEY WANT GOVERNMENT AID AS VERY LAST, NOT FIRST, RESORT

(By James W. Wiggins and Helmut Schoeck)

Seen from our sample, the aging population of the United States enjoys a high level of health. Some 90 percent of all respondents said they were in either good or fair health. Two-thirds of our sample declared themselves in good health. Only 10 percent said they were in poor health.

The statements about their good health by the respondents are supported by the concluding observations written by the interviewers. Reading those final remarks, we see a profile of the aging that shows them to be in good health and in cheerful moods; they appear self-reliant and disdainful of efforts to single them out for special consideration.

About two-thirds of our respondents had neither seen a doctor nor talked with one on the telephone, in regard to their health, during the 4 weeks preceding the interview. Only 28 percent were planning to see a doctor in connection with their health during the 2 weeks following the interview.

Almost 80 percent of the aging in our sample had never heard from anyone that they might need certain things at their present age which they did not need when they were younger.

When we asked the respondents: "Do you have any medical needs now that are not being taken care of?"—92 percent said, "No." However, for the remaining 8 percent who knew of some unfilled medical needs, we have to distinguish various reasons for the failure to relieve the need. Financial reasons were the least important ones. Often the respondent would point out that a certain operation or artificial aids, such as glasses, teeth, or hearing equipment, had been recommended but that some other doctor, or friend, had advised against it as not worth the risk or trouble.

MEETING AN EMERGENCY

This picture of a healthy and well-cared-for aging population in the United States is fully supported by the economic data on their medical care. Only 5 percent of all respondents in our sample had spent over $100 for themselves or their spouses during the month preceding the interview. In fact, of the 94.7 percent who reported expenditures for medicines and medical care below $100, the majority had either no expenses or only a few dollars. Only 1 percent in our sample reported medical expenses in excess of $500.

So much for the realities. But how would the modal (occurring oftenest) aged person cope with a medical emergency? To receive an answer to that question, the interviewer had to phrase his question with regard to the social class of the respondent. He asked: "Suppose you had a large medical bill and no medical insurance, how would you pay the bill?" In the case of the lower class respondent, he would specify; "Let us say, a bill of $1,000"; for middle class people the amount was $2,000; and for the upper class person a hypothetical bill of $5,000.

Combining the responses from all three social classes, 42 percent of our respondents would use cash or a check to pay the bill, 11 percent would mortgage their homes, and 15 percent would use cash value of insurance or sell stocks and bonds. Fewer than one-third of the respondents gave various other ways of paying such a large bill. Thus we can say that the modal aging person in the United States can cope with a large medical bill by conventional and personal means. We should note that the question specifically inquired about the method of payment in case there was no medical insurance. However, 64 percent of our respondents did report insurance for medical purposes.

The modal annual cash income reported was between $2,000 and $3,000. Half of the respondents reported incomes in excess of $2,000 per year, and 1 out of 20 reported more than $10,000 annual income. One interviewer was uncertain of the applicable socioeconomic category when she found a respondent who reported no cash income, but owned 300 acres of valuable farmland in a Mountain State. We assured the interviewer that lack of cash income did not place this man in the lower class. Another respondent reported his cash income as $400 per year, and, when asked later what he did for the community, replied that he helped the poor. The modal respondent reported that he had no income other than cash, but nearly one-third did report other income.

Cash income is, however, an inadequate measure of the financial position of any population, and particularly the older population. Ownership of a fully furnished home, the completion of responsibility for children, completion of premium payments on life insurance, and similar considerations enter the picture.

A very significant index to financial independence is the statement of net worth. The aging were asked to estimate their net worth, that is, the cash value of their assets minus their liabilities. The modal aging respondent reported his cash-equivalent assets over liabilities to be in excess of $10,000. This figure referred to assets of the living respondent, not "estate at death," which would have included life insurance death benefits. Almost 60 percent of the sample made up this modal group.

Significantly, a large number of respondents spontaneously and energetically stated that they did not have any debts, and did not believe in buying on credit. This reinforces the data on medical and related debts described above.

Since economic crisis may hit the aged as it does the young, respondents were asked where they might get a "lot of money for an emergency * * * with least embarrassment." The modal group (53.8 percent) listed children and other relatives as preferred sources. Friends, church groups, and lodge brothers came next, with 12 percent. The only impersonal source suggested with any frequency was the small loan company.

WORRIES OVER INFLATION

Concern was expressed by many respondents over inflation, even before the interviewer reached the question dealing with it. The decade of the 1940's was the most frequently named period for the first significant awareness of the declining value of money. The explanations given by the aging for inflation have not yet been fully analyzed, but the respondents usually cited government, war, labor unions, and big business. The individual who was blamed most often by name was Franklin D. Roosevelt.

The modal member would expect the Government to meet the minimum needs of the genuinely destitute aging. But for this group the proviso was added, "if there are no children," or "if the children can't help." When asked where the respondent would want to obtain housing in case he could not finance it himself, the modal member of the sample (43 percent) preferred housing under church auspices. Less than one-fourth chose Government housing, even in case of great

need. One interviewer, a trained sociologist, reported that in his rural sample the mere suggestion of housing by the State or Government as a possibility often provoked a fright reaction.

The modal two-thirds (66.4 percent) are in retired status, although a number in this category are still gainfully employed. The typical respondent did not wish to continue working after retirement, but nearly half did wish to continue. Of the 33.6 percent still working, 70.4 percent are working on the same job held prior to reaching age 65.

The modal person in our aging population has religious affiliation. Over 80 percent are members of a church. If special care was needed from outside the family, twice as many elderly Americans would prefer to get it from their church rather than from the State. However, they are far from being dependent on the church. They would not want the church to assume or proffer family or welfare functions.

Contrary to the usual stereotypes held today, the aging, even in our large cities, are far from being doomed to loneliness. Horizontal mobility, urbanization, the much-cited but rarely specified "social change" have all failed to break or even to weaken the bond between aging parents and adult children. Moreover, it is a social relationship of true reciprocity. When asked: "Do you ever help your children or other close relatives in any way?" 72 percent of our respondents replied "Yes."

Peter Townsend, reporting from his survey in East London, did not find much "hard evidence of neglect on the part of old people's children. Widespread fears of the breakdown of family loyalties and of married children's negligence seem to have no general basis in fact. Doctors, social workers and others who express such fears may sometimes forget they are in danger of generalizing from an extremely untypical subsection of the population or from a few extreme examples known personally to them. So far at least as the old are concerned, therefore, there is no justification for an attempt to supplant the family with state services."

LIFE IS SIMPLER

Our data indicate that very similar conclusions can be drawn for the United States. In fact, when the respondents in our survey were asked: "Do you believe that a new department of Government could do something important for you personally that is not being done now?" the majority (60 percent) said, "No."

Social workers and other interest groups often insist that modern life has become so complicated that our aging citizens need someone else to tell them how to take care of themselves. But our survey suggests that the majority of our older people do not seem impressed by an increasing complexity of life, nor do they expect this problem to loom large within the next 10 to 20 years. On the contrary, they can think of many chores and problems of daily life that have become much easier for them than they were for their own parents and grandparents.

In conclusion, the data presented in this paper strongly supports a reexamination of the conceptions of the aging in the United States. It may be seriously questioned whether increasing age is pathological per se, as is implied by the alarm with which it is viewed by many researchers, professional helpers, and policymakers. While attempting to study the aging, the social scientists may make them objects, rather than persons, and in so doing produce problems where none previously existed. There seems little doubt that the (widespread) caricature of the aging derives from application of the experience of a generation ago to a new type of over-65 population.

Finally it must be emphasized that this paper does not deny that parts of our population of all ages, including old age, are dependent, inadequate, ill, and unemployed. The authors share feelings of sympathy for such persons. The study here reported, however, shows that the aging, like others in our population, are not characteristically dependent, inadequate, ill, or senile.

It is hoped that further research into the normal can be carried out. Since all resources are limited, whether of family, kin, private or public agencies, the recognition that the dependent and helpless in our aging population are limited in number will allow available resources to be applied with discrimination, with far greater hope of return to the society and to its people.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H.R. 12580), the social security amendments of 1960.

Mr. BYRD of Virginia. Mr. President, the bill, H.R. 12580, as amended by the Committee on Finance, makes many worthwhile improvements in the Social Security Act relating to the old-age and survivors, and disability insurance, old-age assistance, aid to the blind, maternal and child welfare, and unemployment compensation provisions. It liberalizes the eligibility requirements for social security benefits so that approximately 125,000 disabled workers and an equal number of dependents may qualify for benefits immediately irrespective of age.

I have placed on the desk of each Member of the Senate a Finance Committee pamphlet showing the major differences in the present social security law and H.R. 12580 as reported by the Committee on Finance, the principal features of which I shall briefly summarize.

First, however, I wish to say that this bill is the result of many months of study and research on the subject of medical care for the aged. This has included testimony presented in the extensive public hearings held by the House Committee on Ways and Means, and the additional hearings by the Committee on Finance on the House-passed bill and certain other health care proposals which had been advanced in the Senate. The committee is cognizant of the many problems which exist in this area and the difficulties attendant upon the various approaches which have been advanced.

The medical plan adopted by the Finance Committee was proposed jointly by the senior Senator from Oklahoma [Mr. KERR] and the junior Senator from Delaware [Mr. FREAR]. Other members of the committee who joined as cosponsors are the junior Senator from Louisiana [Mr. LONG]; the junior Senator from Florida [Mr. SMATHERS]; the senior Senator from Delaware [Mr. WILLIAMS]; the junior Senator from Kansas [Mr. CARLSON]; and the senior Senator from Utah [Mr. BENNETT]. This amendment was adopted by a record vote of 12 yeas to 4 nays. Six Democrats and six Republicans voted in favor of the amendment, and four Democrats voted against it.

Therefore, a majority of the Democratic members of the committee voted in favor of the amendment, and all the Republican members voted for it. I favor enactment of this bill with the Kerr-Frear medical care amendment.

The Federal-State plan proposed by the Finance Committee inaugurates a medical care program for the aged in our country who are unable to pay their medical bills when illness occurs or continues. This program is established under title I of the Social Security Act. It provides additional matching funds to the States to, first, establish a new or improve their existing medical care program for those on the old-age assistance rolls and second, initiate a new program designed to furnish medical assistance to those needy elderly citizens who are not eligible for old-age assistance but who are financially unable to pay for the medical and hospital care needed to preserve their health and prolong their life. This twofold plan would thus cover all medically needy, aged 65 or over, whether or not they are eligible for old-age assistance or whether or not they are eligible for the benefits under the social security or any other retirement program, subject only to the participation by the State of which they are resident.

Participation in the Federal-State program is completely optional with the States, with each State determining the extent and character of its own program and the standards of eligibility.

For those on the old-age assistance rolls, the Kerr-Frear amendment provides for Federal matching of vendor medical care of $12 a month per recipient which would be in addition to the present $65 maximum for Federal matching for old-age assistance; the Federal share to be 50 to 80 percent depending on the per capita income of the State, where the State monthly payment is over $65, and 65 to 80 percent depending on the per capita income of the State where the monthly payment is under $65.

For the other medically needy individuals, the Federal share would be 50 to 80 percent with no dollar maximum for medical care.

There is no Federal limitation on medical service provided under the bill. The Federal Government will participate under the matching formula in any program which provides any or all of the following services:

1. Inpatient hospital services;
2. Skilled nursing-home services;
3. Physicians' services;
4. Outpatient hospital services;
5. Home health care services;
6. Private duty nursing services;
7. Physical therapy and related services;
8. Dental services;
9. Laboratory and X-ray services;
10. Prescribed drugs, eyeglasses, dentures, and prosthetic devices;
11. Diagnostic, screening, and preventive services; and
12. Any other medical care or remedial care recognized under State law.

A State may, if it wishes, include medical services provided by osteopaths, chiropractors, and optometrists, and remedial services provided by Christian Science practitioners.

The medical plan advocated by the Finance Committee represents a realistic and workable plan. States can take advantage of its provisions in part or in whole beginning October 1, 1960.

The financial incentive in the Finance Committee plan should enable every State to improve the medical services now provided under their old-age assistance programs and extend such services to every other person over 65 years of age who is unable to secure medical services. This would include those under the social security system, railroad retirement system, civil service system, or any other public or private retirement system, whether such person is retired or still working subject only to the standards determined by the State. It would cover the widows of such workers as well as their dependents who meet the age 65 requirement and are unable to provide for their medical care.

Under the revised title I, State plans, with the aid of Federal matching funds, could provide potential protection under this new medical assistance program to as many as 10 million persons aged 65 whose financial resources would be insufficient to cover sizable medical expenses. These 10 million would include the vast majority of the 12 million individuals who are receiving social security benefits. Also some 2.4 million people on old-age assistance could receive medical care under the committee's bill.

In the first year after enactment before all States have been able to adopt or extend such programs, an estimated additional $60 million in Federal funds would be expended for medical assistance for the aged. In addition, increased Federal funds for matching vendor medical-care payments in respect to the 2.4 million old-age assistance recipients are estimated at about $140 million. Thus under both programs combined the cost would be $200 million. I ask unanimous consent to insert for the record a table showing a State-by-State breakdown of the estimated amount of Federal matching which would be provided for medical care.

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

TABLE B.—*Estimated annual 1st-year costs under proposed program of medical assistance for the aged and for additional matching for vendor medical care payments under old-age assistance*

[All figures in thousands]

	Medical assistance for the aged [1]		Additional OAA vendor medical costs		Additional costs—both programs			Medical assistance for the aged [1]		Additional OAA vendor medical costs		Additional costs—both programs	
	Federal cost	State and local cost	Federal cost	State and local cost	Federal cost	State and local cost		Federal cost	State and local cost	Federal cost	State and local cost	Federal cost	State and local cost
United States	$60,000	$55,837	$142,175	$3,873	$202,175	$59,710	Missouri	$175	$182	$4,582		$4,757	$182
							Montana	30	26	186	$158	216	184
Alabama	34	9	4,155		4,189	9	Nebraska	944	845	712		1,656	845
Alaska	1	1	52	52	53	53	Nevada	47	47	187		234	47
Arizona	12	6	635	370	647	376	New Hampshire	854	620	404		1,258	620
Arkansas	27	7	3,306		3,333	7	New Jersey	4,879	4,879	1,362		6,241	4,879
California	750	750	18,365		19,115	750	New Mexico	9	4	877		886	4
Colorado	301	314	3,627		3,928	314	New York	13,416	13,416	5,919		19,335	13,416
Connecticut	3,318	3,318	1,039		4,357	3,318	North Carolina	62	18	1,897		1,959	18
Delaware	33	33	41	13	74	46	North Dakota	245	85	773		1,018	85
District of Columbia	75	75	46		121	75	Ohio	1,336	1,336	6,430		7,766	1,336
Florida	296	199	3,354		3,650	199	Oklahoma	1,318	633	8,699		10,017	633
Georgia	14	5	4,804	984	4,818	989	Oregon	1,719	1,550	1,064		2,783	1,550
Hawaii	43	43	28		71	43	Pennsylvania	2,451	2,451	3,601		6,052	2,451
Idaho	34	17	673		707	17	Rhode Island	896	896	485		1,381	896
Illinois	5,911	5,911	3,905		9,816	5,911	South Carolina	6	2	1,623		1,629	2
Indiana	3,013	3,013	594		3,607	3,013	South Dakota	8	3	419	186	427	189
Iowa	98	57	3,120		3,218	57	Tennessee	22	7	1,934		1,956	7
Kansas	1,052	678	2,485		3,537	678	Texas	79	80	6,891	426	6,970	476
Kentucky	15	4	2,795	572	2,810	576	Utah	34	18	741		775	18
Louisiana	123	48	12,970		13,093	48	Vermont	43	22	206		249	22
Maine	186	83	731		887	83	Virginia	803	266	331		834	266
Maryland	822	822	384		1,206	822	Washington	2,481	2,481	3,517		5,998	2,481
Massachusetts	4,751	4,751	5,663		10,414	4,751	West Virginia	75	28	567		642	28
Michigan	1,778	1,778	4,405		6,183	1,778	Wisconsin	2,980	2,478	2,770		5,750	2,478
Minnesota	2,612	1,848	3,943		6,555	1,848	Wyoming	83	52	238		291	52
Mississippi	6	2	4,638	1,112	4,644	1,114							

[1] Because of the newness of this program, it is extremely difficult to estimate exactly which States will participate and to what extent, especially in the 1st year after enactment.

NOTE.—Estimates were not made for Guam, Puerto Rico, and Virgin Islands, which can participate in these programs; any additional expenditures for these jurisdictions would probably be relatively small.

Mr. BYRD of Virginia. I shall defer further discussion of the Finance Committee medical care for the aged at this time so that I may point out some of the other salient features of the pending bill.

DISABILITY INSURANCE PROGRAM

This bill makes three major changes in the disability benefit provisions of title II of the Social Security Act, as follows:

First. Eliminates the 50-year age requirement so as to enable approximately 250,000 additional workers who are totally and permanently disabled to qualify for benefits.

Second. Strengthens the rehabilitation aspects of the disability program by providing a 12-month period of trial work, during which benefits are continued for all disabled workers who attempt to return to work, rather than limiting this trial period to those under the formal Federal-State vocational rehabilitation plan as in existing law.

Third. Provides that people who become disabled within 5 years after termination of one period of disability, will not be required to serve another 6-month "waiting period" before they are again eligible to receive benefits.

EARNINGS LIMITATION

The Finance Committee added an amendment to the House-passed bill which will increase the earnings limitation for social security benefits from $1,200 to $1,800 per year.

I may state that the occupant of the chair, the distinguished junior Senator from North Carolina [Mr. JORDAN], was one of the Senators who offered that amendment some months ago.

REDUCTION OF RETIREMENT AGE FOR MEN TO 62

Under another Finance Committee amendment men workers and dependent husbands would be entitled to elect to retire at age 62 with actuarially reduced benefits, in the same way that women workers and wives can now make such an election. Likewise, dependent widowers and dependent fathers of deceased workers would qualify for full benefits at age 62 in the same manner as widows and dependent mothers of deceased workers now can qualify. It is estimated that approximately 1.8 million men would be eligible to elect to retire immediately and receive reduced benefits if they so desire.

The cost of this plan will not be greater than if the retirement occurred at age 65, because they receive less funds during that 3-year period.

BENEFITS FOR SURVIVORS OF WORKERS WHO DIED BEFORE 1940

This bill provides for the payment of benefits to survivors of a worker who acquired six quarters of coverage and died before 1940. Under the 1939 amendments survivors' monthly benefits were payable only to survivors of workers who died after 1939. About 25,000 people—most of them widows aged 75 or over—would be made eligible for benefits by this change. Benefits would be payable only for months beginning after the month of enactment.

INCREASE IN CHILDREN'S BENEFITS

The benefits payable to the children of deceased workers, which now can be somewhat less than 75 percent of the worker's benefit—depending on the number of children in the family—would be 75 percent for all children, subject to the family maximum of $254 a month, or 80 percent of the worker's average monthly wage if less. About 400,000 children would get some increase as a result of this amendment, effective for benefits for the third month after the month of enactment.

OTHER BENEFIT IMPROVEMENTS

Certain dependents and survivors of insured workers would also benefit by provisions included in the bill which—effective with the month of enactment—would first authorize benefits on the basis of certain invalid ceremonial marriages contracted in good faith; and second, assure continuation of a child's right to a benefit based on the wage record of his father, which is now voided if a stepfather was living with and supporting him at the time his father died, or in a retirement or disability case, at the time when the child applied for benefit.

INCREASED COVERAGE

Another opportunity would be provided for an estimated 60,000 ministers to be covered under the program.

If the States take advantage of the opportunity offered them, nearly 2½ million employees of State and local governments could obtain coverage for certain past years on a retroactive basis.

The provision of the House bill covering American citizens employed in the United States by foreign governments was also approved, as was the House provision covering certain policemen and firemen under retirement systems in my State of Virginia.

Other approved provisions would facilitate coverage for some of the noncovered people employed in positions covered by State and local retirement systems and for 100,000 noncovered employees of certain nonprofit organizations.

COVERAGE OF PHYSICIANS

The provisions in the House bill extending coverage to physicians have been deleted because of lack of definitive information on whether a majority of doctors wish to come under the program.

I have undertaken a poll of the physicians in Virginia to ascertain whether they desire to come under this program.

INVESTMENT OF TRUST FUNDS

The bill would make certain changes in the investment provisions relating to the Federal old-age and survivors insurance trust fund and Federal disability insurance trust fund so as to make interest earnings on the Government obligations held by the trust funds more nearly equivalent to the rate of return being received by people who buy Government obligations in the open market. The bill will relate the interest received on future obligations issued exclusively to the trust funds to the average market yield of all marketable obligations of the United States that are not due or callable for four or more years from the time at which the special obligations are issued. Current actuarial cost estimates indicate that this change would, over the long range, provide additional income to the trust funds equivalent to 0.02 percent of payroll on a level-premium basis.

The bill substitutes for the present requirement that the managing trustee purchase marketable obligations unless it is not in the public interest to do so, a requirement that he purchase obligations issued exclusively to the trust funds unless it is in the public interest to purchase obligations in the open market.

The bill also provides that the board of trustees as a whole shall have responsibility for reviewing the general policies followed in managing the trust funds and that in keeping with its responsibilities the trustees shall meet at least every 6 months.

AID TO THE BLIND

The committee adopted an amendment to the House-passed bill to increase the exemption of earned income allowed for people receiving benefits under the aid-to-the-blind State assistance program from $50 a month, or $600 a year, to the first $1,000 of earnings per year, plus one-half of any additional earnings. This exemption would be optional with the States beginning with the calendar quarter that starts after the date of enactment, but would be compulsory beginning on July 1, 1961.

Also approved was the House provision extending from June 30, 1961, to June 30, 1964, the temporary legislation which relates to the approval by the Secretary of Health, Education, and Welfare of certain State plans for aid to the blind—namely, those of Pennsylvania and Missouri.

MATERNAL AND CHILD WELFARE PROGRAMS

Both the House and Senate committee bills authorize increased annual appropriations for the maternal and child health service programs from $21.5 million to $25 million and the services for crippled children program from $20 million to $25 million. The child welfare program authorization was increased in the House bill $17 million to $20 million, and further increased by the Finance Committee to $25 million, so as to assure services to more counties by providing for more child welfare workers and equipping these workers through special training to provide better services for the mentally retarded children.

UNEMPLOYMENT COMPENSATION

The committee approved the House provision improving the operation of the Federal unemployment account—the so-called George-Reed loan fund—by tightening the conditions pertaining to eligibility for and repayment of advances to States with depleted reserve accounts. In addition, the committee adopted an amendment to increase the amount authorized to be built up in this loan fund from $200 million to $500 million.

The committee did not approve the other proposed changes in the unemployment compensation program because of the limited time afforded the committee to the consideration of the bill as a whole and the need for further study and hearings on some of the complicated problems involved.

I shall not attempt to describe the many other provisions of the bill which will simplify and improve the operation of the social security laws.

I repeat that I favor enactment of this bill with the Kerr-Frear medical care for the aged amendment approved by a 12 to 4 record vote of the committee.

I ask unanimous consent that the committee amendments be adopted en bloc, and the bill as so amended be open for further amendments.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. JAVITS. Do I correctly understand that if the request shall be agreed to, every part of the bill, including the amendments which will have been adopted, will be open to further amendment?

Mr. BYRD of Virginia. The Senator is correct.

The PRESIDING OFFICER (Mr. JORDAN in the chair). That is the opinion of the Chair.

Mr. JAVITS. Mr. President, may we have action on the request of the Senator from Virginia?

The PRESIDING OFFICER. Without objection, the request is agreed to.

The amendments agreed to en bloc are as follows:

At the top of page 2, to strike out:

"TABLE OF CONTENTS

"Title I—Coverage

"Sec. 101. Extension of time for ministers to elect coverage.
"Sec. 102. State and local governmental employees.
"(a) Delegation by Governor of certification functions.
"(b) Employees transferred from one retirement ment system to another.
"(c) Retroactive coverage.
"(d) Policemen and firemen.
"(e) Limitation on States' liability for employer (and employee) contributions in certain cases.
"(f) Statute of limitations for State and local coverage.
"(g) Municipal and county hospitals.
"(h) Validation of coverage for certain Mississippi teachers.
"Sec. 103. Extension of the program to Guam and American Samoa.
"Sec. 104. Doctors of medicine.
"Sec. 105. Service of parent for son or daughter.
"Sec. 106. Employees of nonprofit organizations.
"Sec. 107. American citizen employees of foreign governments and international organizations.
"Sec. 108. Domestic service and casual labor.

"Title II—Eligibility for benefits

"Sec. 201. Children born or adopted after onset of parent's disability.

And, in lieu thereof, to insert:

"Sec. 707. Maternal and child welfare.
"Sec. 708. Amendment preserving relationship between railroad retirement and old-age, survivors, and disability insurance.
"Sec. 709. Meaning of term 'Secretary'.
"Sec. 710. Aid to the blind."

On page 6, line 16, after the word "be", to strike out "irrevocable." " and insert "irrevocable."; at the top of page 7, to insert:

"(B) Notwithstanding the first sentence of subparagraph (A), if an individual filed a certificate on or before the date of enactment of this subparagraph which (but for this subparagraph) is effective only for the first taxable year ending after 1956 and all succeeding taxable years, such certificate shall be effective for his first taxable year ending after 1955 and all succeeding taxable years if—

"(i) such individual files a supplemental certificate after the date of enactment of this subparagraph and on or before April 15, 1962,

"(ii) the tax under section 1401 in respect of all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith), for his first taxable year ending after 1955 is paid on or before April 15, 1962, and

"(iii) in any case where refund has been made of any such tax which (but for this subparagraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1962. The provisions of section 6401 shall not apply to any payment or repayment described in this subparagraph."

On page 10, line 12, after "1402 (e)", to insert "(3) (B) or"; in line 18, after "1042 (e)", to insert "(3) (B) or"; on page 11, line 12, after "1402 (e)", to insert "(3) (B) or"; on page 17, line 3, after the word "before", to strike out "the first day of the year following the year in which this paragraph is enacted, or before the first day of" and insert "January 1, 1957, or before January of the third year preceding"; on page 29, after line 4, to insert:

"JUSTICES OF THE PEACE AND CONSTABLES IN THE STATE OF NEBRASKA

"(i) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of Nebraska entered into pursuant to such section may, at the option of such State, be modified so as to exclude services performed within such State by individuals as justices of the peace or constables, if such individuals are compensated for such services on a fee basis. Any modification of such agreement pursuant to this subsection shall be effective with respect to services performed after an effective date specified in such modification, except that such date shall not be earlier than the date of enactment of this Act."

After line 17, to insert:

"TEACHERS IN THE STATE OF MAINE

"(j) Section 316 of the Social Security Amendments of 1958 is amended by striking out 'July 1, 1960' and inserting in lieu thereof 'July 1, 1961'."

After line 21, to strike out:

"EXTENSION OF THE PROGRAM TO GUAM AND AMERICAN SAMOA

"SEC 103. (a) (1) (A) The next to the last sentence of section 202(i) of the Social Security Act is amended by striking out 'Puerto Rico, or the Virgin Islands' and inserting in lieu thereof 'the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa'.

"(B) The last sentence of such section 202(i) is amended by striking out 'and of such States, or the District of Columbia' and inserting in lieu thereof 'any State'.

"(2) Section 101(d) of the Social Security Act Amendments of 1950 and section 5(e) (2) of the Social Security Act Amendments of 1952 are each amended by striking out 'Puerto Rico, or the Virgin Islands' and inserting in lieu thereof 'the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa'.

"(b) Section 203(k) of the Social Security Act is amended by striking out 'Puerto Rico, or the Virgin Islands' and inserting in lieu thereof 'the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa', and by striking out 'Puerto Rico and the Virgin Islands' and inserting in lieu thereof 'the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa'.

"(c) Section 210(a)(7) of such Act is amended to read as follows:

"'(7) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, except that this paragraph shall not apply in the case of—

"'(A) service included under an agreement under section 218,

"'(B) service which, under subsection (k), constitutes covered transportation service, or

"'(C) service in the employ of the Government of Guam or the Government of American Samoa or any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, performed by an officer or employee thereof (including a member of the legislature of any such Government or political subdivision), and, for purposes of this title—

"'(i) any person whose service as such an officer or employee is not covered by a retirement system established by a law of the United States shall not, with respect to such service, be regarded as an officer or employee of the United States or any agency or instrumentality thereof, and

"'(ii) the remuneration for service described in clause (i) (including fees paid to a public official) shall be deemed to have been paid by the Government of Guam or the Government of American Samoa or by a political subdivision thereof or an instrumentality of any one or more of the foregoing which is wholly owned thereby, whichever is appropriate;'.

"(d) Section 210(a) of such Act is further amended—

"(1) by striking out 'or' at the end of paragraph (16),

"(2) by striking out the period at the end of paragraph (17) and inserting in lieu thereof a semicolon, and

"(3) by adding at the end thereof the following new paragraph:

"'(18) Service performed in Guam by a resident of the Republic of the Philippines while in Guam on a temporary basis as a nonimmigrant alien admitted to Guam pursuant to section 101(a)(15)(H)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)); or'.

"(e) Section 210(h) of such Act is amended to read as follows:

"'*State*

"'(h) The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.'

"(f) Section 210(i) of such Act is amended to read as follows:

"'*United States*

"'(i) The term "United States" when used in a geographical sense means the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.'

"(g) (1) Section 211(a) of such Act is amended by striking out the period at the end of paragraph (7) and inserting in lieu thereof '; and', and by inserting after paragraph (7) the following new paragraph:

"'(8) The term "possession of the United States" as used in sections 931 (relating to income from sources within possessions of the United States) and 932 (relating to citizens of possessions of the United States) of the Internal Revenue Code of 1954 shall be deemed not to include the Virgin Islands, Guam, or American Samoa.'

"(2) Clauses (v) and (vi) in the last sentence of section 211(a) of such Act are each amended by striking out 'paragraphs (1) through (6)' and inserting in lieu thereof 'paragraphs (1) through (6) and paragraph (8)'.

"(h) Section 211(b) of such Act is amended by striking out the last two sentences and inserting in lieu thereof the following:

"'An individual who is not a citizen of the United States but who is a resident of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.'

"(i) Section 218(b)(1) of such Act is amended by inserting ', Guam, or American Samoa' immediately before the period at the end thereof.

"(j) (1) Section 219 of such Act is repealed.

"(2) (A) Section 210(j) of such Act is repealed.

"(B) Subsections (k) through (o) of section 210 of such Act are redesignated as subsections (j) through (n), respectively.

"(C) Sections 202(i), 215(h), (1), and 217(e) (1), and the last paragraph of section 209, are each amended by striking out 'section 210(m)(1)' and inserting in lieu thereof 'section 210(l)(1)'.

"(D) Section 202(t)(4)(D) of such Act is amended—

"(i) by striking out 'section 210(m)(2)', 'section 210(m) (3)', and 'section 210(m)(2) and (3)' and inserting in lieu thereof 'section 210(l)(2)', 'section 210 (l)(3)', and 'section 210(l) (2) and (3)', respectively; and

"(ii) by striking out 'section 210(n)' each place it appears and inserting in lieu thereof 'section 210(m)'.

"(E) Section 205(p)(1) of such Act is amended by striking out 'subsection (m)(1)' and inserting in lieu thereof 'subsection (l)(1)'.

"(F) Section 209(j) of such Act is amended by striking out 'section 210(k)(9)(C)' and inserting in lieu thereof 'section 210(j)(3)(C)'.

"(G) Section 218(c)(6)(C) of such Act is amended by striking out 'section 210(l)' and inserting in lieu thereof 'section 210(k)'.

"(3) Section 211(a)(6) of such Act is amended to read as follows:

"'(6) A resident of the Commonwealth of Puerto Rico shall compute his net earnings from self employment in the same manner as a citizen of the United States but without regard to the provisions of section 933 of the Internal Revenue Code of 1954;'.

"(—) (1) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended by striking out the period at the end of paragraph (8) and inserting in lieu thereof '; and', and by inserting after paragraph (8) the following new paragraph:

"'(9) the term "possession of the United States" as used in sections 931 (relating to income from sources within possessions of the United States) and 932 (relating to citizens of possessions of the United States) shall be deemed not to include the Virgin Islands, Guam, or American Samoa.'

"(2) Clauses (v) and (vi) in the last sentence of such section 1402(a) are each amended by striking out 'paragraphs (1) through (7)' and inserting in lieu thereof 'paragraphs (1) through (7) and paragraph (9)'.

"(l) The last sentence of section 1402(b) of such Code (relating to definition of self-employment income) is amended by striking out 'the Virgin Islands or a resident of Puerto Rico' and inserting in lieu thereof 'the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa'.

"(m) Section 1403(b)(2) of such Code (relating to cross references) is amended by inserting ', Guam, American Samoa,' after 'Virgin Islands'.

"(n) Section 3121(b)(7) of such Code (relating to definition of employment) is amended to read as follows:

"'(7) service performed in the employ of a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, except that this paragraph shall not apply in the case of—

"'(A) service which, under subsection (j), constitutes covered transportation service, or

"'(B) service in the employ of the Government of Guam or the Government of American Samoa or any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, performed by an officer or employee thereof (including a member of the legislature of any such Government or political subdivision), and, for purposes of this title with respect to the taxes imposed by this chapter—

"'(i) any person whose service as such an officer or employee is not covered by a retirement system established by a law of the United States shall not, with respect to such service, be regarded as an employee of the United States or any agency or instrumentality thereof, and

"'(ii) the remuneration for service described in clause (i) (including fees paid to a public official) shall be deemed to have been paid by the Government of Guam or the Government of American Samoa or by a political subdivision thereof or an instrumentality of any one or more of the foregoing which is wholly owned thereby, whichever is appropriate;'.

"(o) Section 3121(b) of such Code is further amended—

"(1) by striking out 'or' at the end of paragraph (16),

"(2) by striking out the period at the end of paragraph (17) and inserting in lieu thereof a semicolon, and

"(3) by adding at the end thereof the following new paragraph:

"'(18) service performed in Guam by a resident of the Republic of the Philippines while in Guam on a temporary basis as a nonimmigrant alien admitted to Guam pursuant to section 101(a)(15)(H)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)); or'.

"(p) Section 3121(c) of such Code (relating to definition of State, United States, and citizen) is amended to read as follows:

"'(c) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter.

"'(1) STATE.—The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"'(2) UNITED STATES.—The term "United States" when used in a geographical sense includes the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States.'

"(q)(1) Subchapter C of chapter 21 of such Code (general provisions relating to tax under Federal Insurance Contributions Act) is amended by redesignating section 3125 as section 3126, and by inserting after section 3124 the following new section:

"'SEC. 3125. RETURNS IN THE CASE OF GOVERNMENTAL EMPLOYEES IN GUAM AND AMERICAN SAMOA.

"'(a) GUAM.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of Guam or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of Guam or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the $4,800 limitation in section 3121(a)(1).

"'(b) AMERICAN SAMOA.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of American Samoa or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of American Samoa or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the $4,800 limitation in section 3121(a)(1).'

"(2) The table of sections for such subchapter C is amended by striking out

"'Sec. 3125. Short title.'

and inserting in lieu thereof:

"'Sec. 3125. Returns in the case of governmental employees in Guam and American Samoa.

"'Sec. 3126. Short title.'

"(r)(1) Section 6205(a) of such Code (relating to adjustment of tax) is amended by adding at the end thereof the following new paragraph:

"'(3) GUAM OR AMERICAN SAMOA AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received during any calendar year from the Government of Guam, the Government of American Samoa, a political subdivision of either, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, the Governor of Guam, the Governor of American Samoa, and each agent designated by either who makes a return pursuant to section 3125 shall be deemed a separate employer.'

"(2) Section 6413(a) of such Code (relating to adjustment of tax) is amended by adding at the end thereof the following new paragraph:

"'(3) GUAM OR AMERICAN SAMOA AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received during any calendar year from the Government of Guam, the Government of American Samoa, a political subdivision of either, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, the Governor of Guam, the Governor of American Samoa, and each agent designated by either who makes a return pursuant to section 3125 shall be deemed a separate employer.'

"(3) Section 6413(c)(2) of such Code (relating to applicability of special rules to certain employment taxes) is amended by adding at the end thereof the following new subparagraphs:

"'(D) GOVERNMENTAL EMPLOYEES IN GUAM.—In the case of remuneration received from the Government of Guam or any political subdivision thereof or from any instrumentality of any one or more of the foregoing which is wholly owned thereby, during any calendar year, the Governor of Guam and each agent designated by him who makes a return pursuant to section 3125(a) shall, for purposes of this subsection, be deemed a separate employer.

"'(E) GOVERNMENTAL EMPLOYEES IN AMERICAN SAMOA.—In the case of remuneration received from the Government of American Samoa or any political subdivision thereof or from any instrumentality of any one or more of the foregoing which is wholly owned thereby, during any calendar year, the Governor of American Samoa and each agent designated by him who makes a return pursuant to section 3125(b) shall, for purposes of this subsection, be deemed a separate employer.'

"(4) The heading of such section 6413(c)(2) is amended by striking out 'AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS' and inserting in lieu thereof ', EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS, AND GOVERNMENTAL EMPLOYEES IN GUAM AND AMERICAN SAMOA.'

"(s) Section 7213 of such Code (relating to unauthorized disclosure of information) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"'(d) DISCLOSURES BY CERTAIN DELEGATES OF SECRETARY.—All provisions of law relating to the disclosure of information, and all provisions of law relating to penalties for unauthorized disclosure of information, which are applicable in respect of any function under this title when performed by an officer or employee of the Treasury Department are likewise applicable in respect of such function when performed by any person who is a "delegate" within the meaning of section 7701(a)(12)(B).'

"(t) Section 7701(a)(12) of such Code (relating to definition of delegate) is amended to read as follows:

"'(12) DELEGATE.—

"'(A) IN GENERAL.—The term 'Secretary or his delegate' means the Secretary of the Treasury, or any officer, employee, or agency of the Treasury Department duly authorized by the Secretary (directly, or indirectly by one or more redelegations of authority) to perform the function mentioned or described in the context, and the term "or his delegate" when used in connection with any other official of the United States shall be similarly construed.

"'(B) PERFORMANCE OF CERTAIN FUNCTIONS IN GUAM OR AMERICAN SAMOA.—The term "delegate", in relation to the performance of functions in Guam or American Samoa with respect to the taxes imposed by chapters 2 and 21, also includes any officer or employee of any other department or agency of the United States, or of any possession thereof, duly authorized by the Secretary (directly, or indirectly by one or more redelegations of authority) to perform such functions.'

"(u) Section 30 of the Organic Act of Guam (48 U.S.C., sec. 1421h) is amended by inserting before the period at the end thereof the following: '; except that nothing in this Act shall be construed to apply to any tax imposed by chapter 2 or 21 of the Internal Revenue Code of 1954.'

"(v)(1) The amendments made by subsection (a) shall apply only with respect to reinterments after the date of the enactment of this Act. The amendments made by subsections (b), (c), and (f) shall apply only with respect to service performed after 1960; except that insofar as the carrying on of a trade or business (other than performance of service as an employee) is concerned, such amendments shall apply only in the case of taxable years beginning after 1960. The amendments made by subsections (d), (i), (o), and (p) shall apply only with respect to service performed after 1960. The amendments made by subsections (h) and (l) shall apply only in the case of taxable years beginning after 1960. The amendments made by subsections (c), (n), (q), and (r) shall apply only with respect to (1) service in the employ of the Government of Guam or any political subdivision thereof, or any instrumentality of any one or more of the foregoing wholly owned thereby, which is performed after 1960 and after the calendar quarter in which the Secretary of the Treasury receives a certification by the Governor of Guam that legislation has been enacted by the Government of Guam expressing its desire to have the insurance system established by title II of the Social Security Act extended to the officers and employees of such Government and such political subdivisions and instrumentalities, and (2) service in the employ of the Government of American Samoa or any political subdivision thereof, or any instrumentality of any one or more of the foregoing wholly owned thereby, which is performed after 1960 and after the calendar quarter in which the Secretary of the Treasury receives a certification by the Governor of American Samoa that the Government of American Samoa desires to have the insurance system established by such title II extended to the officers and employees of such Government and such political subdivisions and instrumentalities. The amendments made by subsections (g) and (k) shall apply only in the case of taxable years beginning after 1960, except that, insofar as they involve the nonapplication of section 932 of the Internal Revenue Code of 1954 to the Virgin Islands for purposes of chapter 2 of such Code and section 211 of the Social Security Act, such amendments shall be effective in the case of all taxable years with respect to which such chapter 2 (and corresponding provisions of prior law) and such section 211 are applicable. The amendments made by subsections (j), (r), and (t) shall take effect on the date of the enactment of this Act; and there are authorized to be appropriated such sums as may be necessary for the performance by any officer or employee of functions delegated to him by the Secretary of the Treasury in accordance with the amendment made by such subsection (t).

"(2) The amendments made by subsections (c) and (n) shall have application only as expressly provided therein, and determinations as to whether an officer or employee of the Government of Guam or the Government of American Samoa or any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, is an employee of the United States or any agency or instrumentality thereof within the meaning of any provision of law not affected by such amendments, shall be made without any inferences drawn from such amendments.

"(3) The repeal (by subsection (j)(1)) of section 219 of the Social Security Act, and the elimination (by subsections (c), (f), (h), (j)(2), and (j)(3)) of other provisions of such Act making reference to such section 219, shall not be construed as changing or otherwise affecting the effective date specified in such section for the extension to the Commonwealth of Puerto Rico of the insurance system under title II of such Act, the manner or consequences of such extension, or the status of any individual with respect to whom the provisions so eliminated are applicable.

"Doctors of Medicine

"SEC. 104. (a)(1) Section 211(c)(5) of the Social Security Act is amended to read as follows:

"'(5) The performance of service by an individual in the exercise of his profession as a Christian Science practitioner.'

"(2) Section 211(c) of such Act is further amended by striking out the last two sentences and inserting in lieu thereof the following:

"The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by him under section 1402(e) of the Internal Revenue Code of 1954 is in effect.'

"(b) Section 210(a)(6)(C)(iv) of such Act is amended by striking out all that follows '1947' and inserting in lieu thereof '(relating to certain student employees of hospitals of the Federal Government; 5 U.S.C. 1052), other than as a medical or dental intern or a medical or dental resident in training;'.

"(c) Section 210(a)(13) of such Act is amended by striking out all that follows the first semicolon.

"(d)(1) Section 1402(c)(5) of the Internal Revenue Code of 1954 (realting to definition of trade or business) is amended to read as follows:

"'(5) the performance of service by an individual in the exercise of his profession as a Christian Science practitioner.'"

"(2) Section 1402(c) of such Code is further amended by striking out the last two sentences and inserting in lieu thereof the following:

"'The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by him under subsection (e) is in effect.'

"(e)(1) Section 1402(e)(1) of such Code (relating to filing of waiver certificate by ministers, members of religious orders, and Christian Science practitioners) is amended by striking out 'extended to service' and all that follows and inserting in lieu thereof 'extended to service described in subsection (c)(4) or (c)(5) performed by him.'

"(2) Clause (A) of section 1402(e)(2) of such Code (relating to time for filing waiver certificate) is amended to read as follows:

'(A) the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard to subsections (c)(4) and (c)(5)) of $400 or more, any part of which was derived from the performance of service described in subsection (c)(4) or (c)(5); or'.

"(f) Section 3121(b)(8)(C)(iv) of such Code (relating to definition of employment) is amended by striking out all that follows '1947' and inserting in lieu thereof '(relating to certain student employees of hospitals of the Federal Government; 5 U.S.C. 1052), other than as a medical or dental intern or a medical or dental resident in training.'

"(g) Section 3121(b)(13) of such Code is amended by striking out all that follows the first semicolon.

"(h) The amendments made by subsections (a), (d), and (e) shall apply only with respect to taxable years ending on or after December 31, 1960. The amendments made by subsections (b), (c), (f), and (g) shall apply only with respect to services performed after 1960.

"Service of Parent for Son or Daughter

"SEC. 105. (a) Section 210(a)(3) of the Social Security Act is amended to read as follows:

"'(3)(A) Service performed by an individual in the employ of his spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

"'(B) Service not in the course of the employer's trade or business, or domestic service in a private home of the employer, performed by an individual in the employ of his son or daughter;'.

"(b) Section 3121(b)(3) of the Internal Revenue Code of 1954 (relating to definition of employment) is amended to read as follows:

"'(3)(A) service performed by an individual in the employ of his spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

"'(B) service not in the course of the employer's trade or business, or domestic service in a private home of the employer, performed by an individual in the employ of his son or daughter;'.

"(c) The amendments made by subsections (a) and (b) shall apply only with respect to services performed after 1960."

On page 51, at the beginning of line 15, to change the section number from "106" to "103"; on page 58, after line 18, to strike out:

"(d)(1) Section 3121(h) of such Code (relating to definition of American employer) is amended by striking out 'or' at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof ', or', and by adding at the end thereof the following new paragraph:

"'(6) a labor organization created or organized in the Canal Zone, if such organization is chartered by a labor organization (described in section 501(c)(5) and exempt from tax under section 501(a)) created or organized in the United States.'

"(2) Section 210(e) of the Social Security Act is amended by striking out 'or (6)' and inserting in lieu thereof '(6)', and by inserting before the period at the end thereof the following: ', or (7) a labor organization created or organized in the Canal Zone, if such organization is chartered by a labor organization (described in section 501(c)(5) of the Internal Revenue Code of 1954 and exempt from tax under section 501(a) of such Code) created or organized in the United States'.

"(3) For purposes of title II of the Social Security Act, if—

"(A) a citizen of the United States is paid remuneration for service performed after 1954 and before 1961 as an employee of an American employer (as defined in section 210(e)(7) of such Act);

"(B) amounts are paid, as taxes imposed by sections 3101 and 3111 of the Internal Revenue Code of 1951, with respect to any part of the remuneration paid in any calendar quarter to such individual for such service and part of such amounts have been paid before the date of the enactment of this Act; and

"(C) no claim for credit or refund of such amounts paid with respect to such calendar quarter (other than a claim which would be allowed if such services constituted employment for purposes of chapter 21 of such Code) is filed prior to the expiration of the period prescribed in section 6511 for filing claim for credit or refund,

then the remuneration paid in such calendar quarter with respect to which such amounts are timely paid shall be deemed to constitute remuneration for employment."

On page 60, at the beginning of line 10, to strike out "(c)" and insert "(d)"; after line 13, to strike out:

"(2) The amendments made by paragraphs (1) and (2) of subsection (d) shall be effective with respect to service performed after December 31, 1960."

At the beginning of line 17, to strike out "(3)" and insert "(2)"; in line 20, after the word "subsections", to strike out "(b), (c), and (d)" and insert "(b) and (c)"; on page 61, in the heading, in line 2, to strike out "AND INTERNATIONAL ORGANIZATIONS"; at the beginning of line 3, to change the section number from "107" to "104"; at the beginning of line 12, to strike out "(11)," and insert "(11) or"; in the same line, after "(12)", to strike out the comma and "or (15)"; on page 62, at the beginning of line 1, to strike out "(11)," and insert "(11) or"; in the same line, after "(12)", to strike out "or (15)"; after line 13, to strike out:

"SEC. 108. (a) Paragraphs (2) and (3) of section 209(g) of the Social Security Act are each amended by striking out "$50" and inserting in lieu thereof '$25'."

At the beginning of line 17, to strike out "(b)" and insert "Sec. 105. (a)"; in line 18, after the word "paragraph", to strike out "(18) (added by section 103 of this Act)" and insert "(17)"; at the beginning of line 20, to strike out "(19)" and insert "(18)"; after line 23, to strike out:

"(c) Subparagraphs (B) and (C) of section 3121(a)(7) of the Internal Revenue Code of 1954 (relating to definition of wages) are each amended by striking out '$50' and inserting in lieu thereof '$25' ".

On page 63, at the beginning of line 3, to strike out "(d)" and insert "(b)"; in line 5, after the word "paragraph", to strike out "(18) (added by section 103 of this Act)" and insert "(17)"; at the beginning of line 7, to strike out "(19)" an insert "(18)"; at the beginning of line 11, to strike out "(e)" and insert "(c)"; in the same line, after the amendment just above stated, to strike out "The amendments made by subsections (a) and (c) shall apply only with respect to remuneration paid after 1960."; in line 13, after the word "subsections", to strike out "(b) and (d)" and insert "(a) and (b)"; on page 64, line 12, after the word "he", to insert "(A)"; in line 14, after the word "or", to insert "(B)"; in line 18, after the word "benefits", to insert a comma and "but only if (i) proceedings for such adoption of the child had been instituted by such individual in or before the month in which began the period of disability of such individual which still exists at the time of such adoption or (ii) such adopted child was living with such individual in such month."; at the top of page 68, in the heading, to insert "TECHNICAL AMENDMENTS WITH RESPECT TO"; in line 9, after the word "each", to strike out "four" and insert "two"; on page 69, line 2, after the word "of", where it appears the first time, to strike out "four" and insert "two"; in line 3, after the word "of", to strike out "four" and insert "two"; on page 74, after line 21, to strike out:

"TIME NEEDED TO ACQUIRE STATUS OF WIFE, CHILD, OR HUSBAND IN CERTAIN CASES

"SEC. 207. (a) Section 216(b) of the Social Security Act is amended by striking out 'not less than three years immediately preceding the day on which her application is filed' and inserting in lieu thereof 'not less than one year immediately preceding the day on which her application is filed'.

"(b) The first sentence of section 216 (e) of such Act is amended to read as follows: 'The term "child" means (1) the child or legally adopted child of an individual, and (2) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which application for child's insurance benefits is filed or (if the insured individual is deceased) the day on which such individual died.'

"(c) Section 216(f) of such Act is amended by striking out 'not less than three years immediately preceding the day on which his application is filed' and inserting in lieu thereof 'not less than one year immediately preceding the day on which his application is filed'.

"(d) The amendments made by this section shall apply only with respect to monthly benefits under section 202 of the Social Security Act for months beginning with the month in which this Act is enacted on the basis of applications filed in or after such month."

On page 75, at the beginning of line 23, to change the section number from "208" to "207"; on page 81, at the beginning of line 8, to change the section number from "209" to "208"; at the beginning of line 19, to change the section number from "210" to "209"; on page 82, after line 18, to insert:

"ACTUARIALLY REDUCED BENEFITS FOR MEN AT AGE 62

"SEC. 210. (a) Section 216(a) of the Social Security Act is amended to read as follows:

"'*Retirement age*

"'(a) The term "retirement age" means age sixty-two'.

"(b) Subsections (q), (r), and (s) of section 202 of such Act are amended to read as follows:

"'*Adjustment of old-age, wife's, and husband's insurance benefit amounts in accordance with age of beneficiary*

"'(q)(1) The old-age insurance benefit of any individual for any month prior to the month in which such individual attains the age of sixty-five shall be reduced by—

"'(A) five-ninths of 1 per centum, multiplied by

"'(B) the number equal to the number of months in the period beginning with the first day of the first month for which such individual is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which such individual would attain the age of sixty-five.

"'(2) The wife's or husband's insurance benefit of any individual for any month after the month preceding the month in which such individual attains retirement age and prior to the month in which such individual attains the age of sixty-five shall be reduced by—

"'(A) twenty-five thirty-sixths of 1 per centum, multiplied by

"'(B) the number equal to the number of months in the period beginning with the first day of the first month for which such individual is entitled to such wife's or husband's (as the case may be) insurance benefit and ending with the last day of the month before the month in which such individual would attain the age of sixty-five, except that in no event shall such period start earlier than the first day of the month in which such individual attains retirement age.

In the case of an individual entitled to wife's insurance benefits, the preceding provisions of this paragraph shall not apply to the benefit for any month in which such individual has in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence of this paragraph, if (in the case of an individual entitled to wife's insurance benefits) such individual does not have in such month such a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based), she shall be deemed to have such a child in her care in such month for the purposes of the preceding sentence unless there is in effect for such month a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection. Any certificate filed pursuant to the preceding sentence shall be effective for purposes of such sentence—

"'(i) for the month in which it is filed, and for any month thereafter, if in such month she does not have such a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based), and

"'(ii) for the period of one or more consecutive months (not exceeding twelve) immediately preceding the month in which such certificate is filed which is designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based)).

If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month (i) for which such individual is entitled to a wife's insurance benefit, (ii) which occurs after the month preceding the month in which she attains retirement age, and (iii) for which such certificate is effective.

"'(3) In the case of any individual who is entitled to an old-age insurance benefit to which paragraph (1) is applicable and who, for the first month for which such individual is so entitled (but not for any prior month) or for any later month occurring before the month in which such individual attains the age of sixty-five, is entitled to a wife's or husband's insurance benefit to wnich paragraph (2) is applicable, the amount of such wife's or husband's insurance benefit for any month prior to the month in which such individual attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (2), be reduced by the sum of—

"'(A) an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragragh (1), plus

"'(B) an amount equal to—

"'(i) the number equal to the number of months specified in clause (B) of paragraph (2), multiplied by

"'(ii) twenty-five thirty-sixths of 1 per centum, and further multiplied by

"'(iii) the excess of such wife's or husband's insurance benefit (as the case may be) prior to reduction under this subsection over the old-age insurance benefit prior to reduction under this subsection.

"'(4) In the case of any individual who is or was entitled to a wife's or husband's insurance benefit to which paragraph (2) is applicable and who, for any month after the first month for which such individual is or was so entitled (but not for such first month or any earlier month) occurring before the month in which such individual attains the age of sixty-five, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month prior to the month in which such individual attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (1), be reduced by the sum of—

"'(A) an amount equal to the amount by which such wife's or husband's (as the case may be) insurance benefit is reduced under paragraph (2) for such month (or, if such individual is not entitled to a wife's or husband's insurance benefit for such month, by an amount equal to the amount by which such benefit was reduced for the last month for which such individual was entitled to such a benefit), plus

"'(B) if the old-age insurance benefit for such month prior to reduction under this subsection exceeds such wife's or husband's (as the case may be) insurance benefit prior to reduction under this subsection, an amount equal to—

"'(i) the number equal to the number of months specified in clause (B) of paragraph (1), multiplied by

"'(ii) five-ninths of 1 per centum, and further multiplied by

"'(iii) the excess of such old-age insurance benefit over such wife's or husband's (as the case may be) insurance benefit.

"'(5) In the case of any individual who is entitled to an old-age insurance benefit for th month in which such individual attains the age of sixty-five or any month thereafter, such benefit for such month shall, if such individual was also entitled to such benefit for any one or more months prior to the month in which such individual attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1) or (4), be reduced as provided in such paragraph, except that there shall be subtracted, from the number specified in clause (B) of such paragraph—

"'(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203(b), and except that, in the case of any such benefit reduced under paragraph (4), there also shall be subtracted from the number specified in clause (B) of paragraph (2), for the purpose of computing the amount referred to in clause (A) of paragraph (4)—

"'(B) the number equal to the number of months for which the wife's or husband's (as the case may be) insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203(b), under section 203(c), or under section 222(b),

"'(C) in case of a wife's insurance benefit, the number equal to the number of months occurring after the first month for which such benefit was reduced under paragraph (2) in which such individual had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

"'(D) the number equal to the number of months for which such wife's or husband's (as the case may be) insurance benefit was reduced under such paragraph (2), but in or after which such individual's entitlement to wife's or husband's insurance benefits was terminated because such individual's spouse ceased to be under a disability, not including in such number of months any month after such termination in which such individual was entitled to wife's or husband's insurance benefits.

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three. For purposes of clauses (B) and (C) of this paragraph, the wife's or husband's insurance benefit of an individual shall not be considered terminated for any reason prior to the month in which such individual attains the age of sixty-five.

"'(6) In the case of any individual who is entitled to a wife's or husband's insurance benefit for the month in which such individual attains the age of sixty-five or any month thereafter, such benefit for such month shall, if such individual was also entitled to such benefit for any one or more months prior to the month in which such individual attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (2) or (3), be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—

"'(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under section 203(b) (1) or (2), under section 203(c), or under section 222(b),

"'(B) in case of a wife's insurance benefit, the number equal to the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which such individual had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

"'(C) the number equal to the number of months for which such wife's or husband's (as the case may be) insurance benefit was reduced under such paragraph, but in or after which such individual's entitlement to wife's or husband's insurance benefits was terminated because such individual's spouse ceased to be under a disability, not including in such number of months any month after such termination in which such individual was entitled to wife's or husband's insurance benefits,

and except that, in the case of any such benefit reduced under paragraph (3), there also shall be subtracted from the number specified in clause (B) of paragraph (1), for the purpose of computing the amount referred to in clause (A) of paragraph (3)—

"'(D) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph (1) but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203(b).

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three.

"'(7) In the case of an individual who is entitled to an old-age insurance benefit to which paragraph (5) is applicable and who, for the month in which such individual attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to a wife's or husband's insurance benefit, the amount of such wife's or husband's insurance benefit for any month shall be reduced by an amount equal to the amount by which the old-age insurance benefit is reduced under paragraph (5) for such month.

"'(8) In the case of an individual who is or was entitled to a wife's or husband's insurance benefit to which paragraph (2) was applicable and who, for the month in which such individual attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month shall be reduced by an amount equal to the amount by which the wife's or husband's (as the case may be), insurance benefit is reduced under paragraph (6) for such month (or, if such individual is not entitled to a wife's or husband's insurance benefit for such month, by (i) an amount equal to the amount by which such benefit for the last month for which such individual was entitled thereto was reduced, or (ii) if smaller, an amount equal to the amount by which such benefit would have been reduced under paragraph (6) for the month in which such individual attained the age of sixty-five if entitlement to such benefit had not terminated before such month).

"'(9) The preceding paragraphs shall be applied to old-age insurance benefits, wife's insurance benefits, and husband's insurance benefits after reduction under section 203(a) and application of section 215(g). If the amount of any reduction computed under paragraph (1), under paragraph (2), under clause (A) or clause (B) of paragraph (3), or under clause (A) or clause (B) of paragraph (4) is not a multiple of $0.10, it shall be reduced to the next lower multiple of $0.10.

"'*Presumed filing of application by individual eligible for old-age and wife's or husband's insurance benefits*

"'(r) Any individual who becomes entitled to an old-age insurance benefit for any month prior to the month in which such individual attains the age of sixty-five and who is eligible for a wife's or husband's insurance benefit for the same month shall be deemed to have filed an application in such month for wife's or husband's (as the case may be) insurance benefits. Any individual who becomes entitled to a wife's or husband's insurance benefit for any month prior to the month in which such individual attains the age of sixty-five and who is eligible for an old-age insurance benefit for the same month shall be deemed, unless (in the case of an individual entitled to wife's insurance benefits) such individual has in such month in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefits are based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income, to have filed an application in such month for old-age insurance benefits. For purposes of this subsection an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, such individual would have been entitled to such benefit for such month.

"'*Disability insurance beneficiary*

"'(s)(1) If any individual becomes entitled to a widow's insurance benefit, widower's insurance benefit, or parent's insurance benefit for a month before the month in which such individual attains the age of sixty-five, or becomes entitled to an old-age insurance benefit, wife's insurance benefit, or husband's insurance benefit for a month before the month in which such individual attains the age of sixty-five which is reduced under the provisions of subsection (q), such individual may not thereafter become entitled to disability insurance benefits under this title.

"'(2) If an individual would, but for the provisions of subsection (k)(2)(B), be entitled for any month to a disability insurance benefit and to a wife's or husband's insurance benefit, subsection (q) shall be applicable to such wife's or husband's insurance benefit (as the case may be) for such month only to the extent it exceeds such disability insurance benefit for such month.

"'(3) The entitlement of any individual to disability insurance benefits shall terminate with the month before the month in which such individual becomes entitled to old-age insurance benefits'.

"(c) So much of such section 203(b)(1) as follows clause (C) is amended by striking out 'she becomes entitled to an old-age or disability insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of an old-age or disability insurance benefit of her husband,'.

"(d)(1) Clause (D) of subsection (c)(1) of such section 202 is amended by striking out 'or he becomes entitled to an old-age or disability insurance benefit equal to or exceeding one-half of the primary insurance amount of his wife,'.

"(2) Subsection (c)(3) of such section 202 is amended by striking out 'Such' and inserting in lieu thereof 'Except as provided in subsection (q), such'.

"(e) Subsection 202(j)(3) of such Act is amended to read as follows:

"'(3) Notwithstanding the provisions of paragraph (1), an individual may, at his option, waive entitlement to old-age insur-

ance benefits, wife's insurance benefits, or husband's insurance benefits for any one or more consecutive months which occur—

"'(A) after the month before the month in which such individual attains retirement age,

"'(B) prior to the month in which such individual attains the age of sixty-five, and

"'(C) prior to the month in which such individual files application for such benefits; and, in such case, such individual shall not be considered as entitled to such benefits for any such month or months before he filed such application. An individual shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.'

"(f) Section 3121(a)(9) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of sixty-two, if such employee did not work for the employer in the period for which such payment is made; or'.

"(g)(1) The amendment made by subsection (a) shall apply only in the case of lump-sum death payments under section 202(i) of the Social Security Act with respect to deaths occurring after October 1960, and in the case of monthly benefits under title II of such Act for months after October 1960 on the basis of applications filed after the date of enactment of this Act.

"(2) For purposes of section 215(b)(3)(B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

"(A) a man who attains the age of sixty-two prior to November 1960 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to November 1960 shall be deemed to have attained the age of sixty-two in 1960 or, if earlier, the year in which he died;

"(B) an individual shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before November 1960 or the month in which he died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any individual who was eligible for old-age insurance benefits under such section 202 for any month prior to November 1960.

An individual shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of the Social Security Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(3) For purposes of section 209(1) of such Act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after October 1960.

"(h)(1) The amendments made by subsections (b) through (e) shall take effect November 1, 1960, and shall be applicable with respect to monthly benefits under title II of the Social Security Act for months after October 1960.

"(2) The amendment made by subsection (f) shall be effective with respect to remuneration paid after October 1960."

On page 100, after line 13, to insert:

"INCREASE IN THE EARNED INCOME LIMITATION

"SEC. 211. (a)(1) Paragraphs (1) and (2) of subsection 203(e) of the Social Security Act are each amended by striking out '$1,200' wherever it appears therein and inserting in lieu thereof '$1,800', and (2) such paragraphs and paragraph (1) of subsection (g) of such section are each amended by striking out '$100 times' wherever it appears therein and inserting in lieu thereof '$150 times'.

"(b) The amendments made by subsection (a) shall be effective, in the case of any individual, with respect to taxable years of such individual ending after 1960."

On page 101, line 22, after the word "section", to strike out "208" and insert "207"; on page 102, line 4, after the word "section", to strike out "208" and insert "207"; in line 23, after the word "section", where it occurs the second time, to strike out "208" and insert "207"; on page 114, line 22, after the word "of", to strike out "a woman" and insert "an individual"; on page 115, line 2, after the word "which", to strike out "she" and insert "such individual"; under the heading "Title V—Employment Security", on page 131, after line 19, to strike out:

"Part 1—Short title

"SEC. 501. This title may be cited as the 'Employment Security Act of 1960'.

"Part 2—Employment security administrative financing amendments

"AMENDMENTS OF TITLE IX OF THE SOCIAL SECURITY ACT

"SEC. 521. Title IX of the Social Security Act (42 U.S.C., sec. 1101 and following) is amended to read as follows:

"'TITLE IX—MISCELLANEOUS PROVISIONS RELATING TO EMPLOYMENT SECURITY

"'*Employment Security Administration account*

"'Establishment of account

"'SEC. 901. (a) There is hereby established in the Unemployment Trust Fund an employment security administration account.

"'Appropriations to account

"'(b)(1) There is hereby appropriated to the Unemployment Trust Fund for credit to the employment security administration account, out of any moneys in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1961, and for each fiscal year thereafter, an amount equal to 100 percent of the tax (including interest, penalties, and additions to the tax) received during the fiscal year under the Federal Unemployment Tax Act and covered into the Treasury.

"'(2) The amount appropriated by paragraph (1) shall be transferred at least monthly from the general fund of the Treasury to the Unemployment Trust Fund and credited to the employment security administration account. Each such transfer shall be based on estimates made by the Secretary of the Treasury of the amounts received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred, to the extent prior estimates (including estimates for the fiscal year ending June 30, 1960,) were in excess of or were less than the amounts required to be transferred.

"'(3) The Secretary of the Treasury is directed to pay from time to time from the employment security administration account into the Treasury, as repayments to the account for refunding internal revenue collections, amounts equal to all refunds made after June 30, 1960, of amounts received as tax under the Federal Unemployment Tax Act (including interest on such refunds).

"'Administrative Expenditures

"'(c)(1) There are hereby authorized to be made available for expenditure out of the employment security administration account for the fiscal year ending June 30, 1961, and for each fiscal year thereafter—

"'(A) such amounts (not in excess of $350,000,000 for any fiscal year) as the Congress may deem appropriate for the purpose of—

"'(i) assisting the States in the administration of their unemployment compensation laws as provided in title III (including administration pursuant to agreements under any Federal unemployment compensation law, except the Temporary Unemployment Compensation Act of 1958, as amended),

"'(ii) the establishment and maintenance of systems of public employment offices in accordance with the Act of June 6, 1933, as amended (29 U.S.C., secs. 49–49n), and

"'(iii) carrying into effect section 2012 of title 38 of the United States Code;

"'(B) such amounts as the Congress may deem appropriate for the necessary expenses of the Department of Labor for the performance of its functions under—

"'(i) this title and titles III and XII of this Act,

"'(ii) the Federal Unemployment Tax Act,

"'(iii) the provisions of the Act of June 6, 1933, as amended,

"'(iv) subchapter II of chapter 41 (except section 2012) of title 38 of the United States Code, and

"'(v) any Federal unemployment compensation law, except the Temporary Unemployment Compensation Act of 1958, as amended.

"'(2) The Secretary of the Treasury is directed to pay from the employment security administration account into the Treasury as miscellaneous receipts the amount estimated by him which will be expended during a three-month period by the Treasury Department for the performance of its functions under—

"'(A) this title and titles III and XII of this Act, including the expenses of banks for servicing unemployment benefit payment and clearing accounts which are offset by the maintenance of balances of Treasury funds with such banks,

"'(B) the Federal Unemployment Tax Act, and

"'(C) any Federal unemployment compensation law with respect to which responsibility for administration is vested in the Secretary of Labor.

In determining the expenses taken into account under subparagraphs (B) and (C), there shall be excluded any amount attributable to the Temporary Unemployment Compensation Act of 1958, as amended. If it subsequently appears that the estimates under this paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Secretary of the Treasury in future payments.

"'Additional Tax Attributable to Reduced Credits

"'(d)(1) The Secretary of the Treasury is directed to transfer from the employment security administration account—

"'(A) To the Federal unemployment account, an amount equal to the amount by which—

"'(i) 100 per centum of the additional tax received under the Federal Unemployment Tax Act with respect to any State by reason of the reduced credits provisions of section 3302(c)(2) or (3) of such Act and covered into the Treasury for the repayment of advances made to the State under section 1201, exceeds

"'(ii) the amount transferred to the account of such State pursuant to subparagraph (B) of this paragraph.

Any amount transferred pursuant to this subparagraph shall be credited against, and shall operate to reduce, that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax.

"'(B) To the account (in the Unemployment Trust Fund) of the State with respect to which employers paid such additional tax, an amount equal to the amount by which such additional tax received and covered into the Treasury exceeds that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax.

If, for any taxable year, there is with respect to any State both a balance described in section 3302(c)(2) of the Federal Unemployment Tax Act and a balance described in section 3302(c)(3) of such Act, this paragraph shall be applied separately with respect to section 3302(c)(2) (and the balance described therein) and separately with respect to section 3302(c)(3) (and the balance described therein).

"'(2) The Secretary of the Treasury is directed to transfer from the employment security administration account—

"'(A) To the general fund of the Treasury, an amount equal to the amount by which—

"'(i) 100 per centum of the additional tax received under the Federal Unemployment Tax Act with respect to any State by reason of the reduced credit provision of section 104 of the Temporary Unemployment Compensation Act of 1958, as amended, and covered into the Treasury, exceeds

"'(ii) the amount transferred to the account of such State pursuant to subparagraph (B) of this paragraph.

"'(B) To the account (in the Unemployment Trust Fund) of the State with respect to which employers paid such additional tax, an amount equal to the amount by which—

"'(i) such additional tax received and covered into the Treasury, exceeds

"'(ii) the total amount restorable to the Treasury under section 104 of the Temporary Unemployment Compensation Act of 1958, as amended, as limited by Public Law 85-457.'

"(3) Transfers under this subsection shall be as of the beginning of the month succeeding the month in which the moneys were credited to the employment security administration account pursuant to subsection (b)(2).

"'Revolving Fund

"'(c)(1) There is hereby established in the Treasury a revolving fund which shall be available to make the advances authorized by this subsection. There are hereby authorized to be appropriated, without fiscal year limitation, to such revolving fund such amounts as may be necessary for the purposes of this section.

"'(2) The Secretary of the Treasury is directed to advance from time to time from the revolving fund to the employment security administration account such amounts as may be necessary for the purposes of this section. If the net balance in the employment security administration account as of the beginning of any fiscal year is $250,000,000, no advance may be made under this subsection during such fiscal year.

"'(3) Advances to the employment security administration account made under this subsection shall bear interest until repaid at a rate equal to the average rate of interest (computed as of the end of the calendar month next preceding the date of such advance) borne by all interest bearing obligations of the United States then forming a part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest shall be the multiple of one-eighth of 1 per centum next lower than such average rate.

"'(4) Advances to the employment security administration account made under this subsection, plus interest accrued thereon, shall be repaid by the transfer from time to time, from the employment security administration account to the revolving fund, of such amounts as the Secretary of the Treasury, in consultation with the Secretary of Labor, determines to be available in the employment security administration account for such repayment. Any amount transferred as a repayment under this paragraph shall be credited against, and shall operate to reduce, any balance of advances (plus accrued interest) repayable under this subsection.

"'Determination of Excess and Amount To Be Retained in Employment Security Administration Account

"(f)(1) The Secretary of the Treasury shall determine as of the close of each fiscal year (beginning with the fiscal year ending June 30, 1961) the excess in the employment security administration account.

"'(2) The excess in the employment security administration account as of the close of any fiscal year is the amount by which the net balance in such account as of such time (after the application of section 902(b)) exceeds the net balance in the employment security administration account as of the beginning of that fiscal year (including the fiscal year for which the excess is being computed) for which the net balance was higher than as of the beginning of any other such fiscal year.

"'(3) If the entire amount of the excess determined under paragraph (1) as of the close of any fiscal year is not transferred to the Federal unemployment account, there shall be retained (as of the beginning of the succeeding fiscal year) in the employment security administration account so much of the remainder as does not increase the net balance in such account (as of the beginning of such succeeding fiscal year) above $250,000,000.

"'(4) For the purposes of this section, the net balance in the employment security administration account as of any time is the amount in such account as of such time reduced by the sum of—

"'(A) the amounts then subject to transfer pursuant to subsection (d), and

"'(B) the balance of advances (plus interest accrued thereon) then repayable to the revolving fund established by subsection (c).

The net balance in the employment security administration account as of the beginning of any fiscal year shall be determined after the disposition of the excess in such account as of the close of the preceding fiscal year.

"'*Transfers between Federal unemployment account and employment security administration account*

"'Transfers to Federal Unemployment Account

"'SEC. 902. (a) Whenever the Secretary of the Treasury determines pursuant to section 901(f) that there is an excess in the employment security administration account as of the close of any fiscal year, there shall be transferred (as of the beginning of the succeeding fiscal year) to the Federal unemployment account the total amount of such excess or so much thereof as is required to increase the amount in the Federal unemployment account to whichever of the following is the greater:

"'(1) $550,000,000, or

"'(2) The amount (determined by the Secretary of Labor and certified by him to the Secretary of the Treasury) equal to four-tenths of 1 per centum of the total wages subject to contributions under all State unemployment compensation laws for the calendar year ending during the fiscal year for which the excess is determined.

"'Transfers to Employment Security Administration Account

"'(b) The amount, if any, by which the amount in the Federal unemployment account as of the close of any fiscal year exceeds the greater of the amounts specified in paragraphs (1) and (2) of subsection (a) shall be transferred to the employment security administration account as of the close of such fiscal year.

"'*Amounts transferred to State accounts*

"'In General

"'SEC. 903. (a)(1) Except as provided in subsection (b), whenever, after the application of section 1203 with respect to the excess in the employment security administration account as of the close of any fiscal year, there remains any portion of such excess, the remainder of such excess shall be transferred (as of the beginning of the succeeding fiscal year) to the accounts of the States in the Unemployment Trust Fund.

"'(2) Each State's share of the funds to be transferred under this subsection as of any July 1—

"'(A) shall be determined by the Secretary of Labor and certified by him to the Secretary of the Treasury before that date on the basis of reports furnished by the States to the Secretary of Labor before June 1, and

"'(B) shall bear the same ratio to the total amount to be so transferred as the amount of wages subject to contributions under such State's unemployment compensation law during the proceeding calendar year which have been reported to the State before May 1 bears to the total of wages subject to contributions under all State unemployment compensation laws during such calendar year which have been reported to the States before May 1.

"'Limitations on Transfers

"'(b)(1) If the Secretary of Labor finds that on July 1 of any fiscal year—

"'(A) a State is not eligible for certification under section 303, or

"'(B) the law of a State is not approvable under section 3304 of the Federal Unemployment Tax Act,

then the amount available for transfer to such State's account shall, in lieu of being so transferred, be transferred to the Federal unemployment account as of the beginning of such July 1. If, during the fiscal year beginning on such July 1, the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, that the law of such State is approvable under such section 3304, or both, the Secretary of the Treasury shall transfer such amount from the Federal unemployment account to the account of such State. If the Secretary of Labor does not so find and certify to the Secretary of the Treasury before the close of such fiscal year then the amount which was available for transfer to such State's account as of July 1 of such fiscal year shall (as of the close of such fiscal year) become unrestricted as to use as part of the Federal unemployment account.

"'(2) The amount which, but for this paragraph, would be transferred to the account of a State under subsection (a) or paragraph (1) of this subsection shall be reduced (but not below zero) by the balance of advances made to the State under section 1201. The sum by which such amount is reduced shall—

"'(A) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"'(B) be credited against, and operate to reduce—

"'(i) first, any balance of advances made before the date of the enactment of the Employment Security Act of 1960 to the State under section 1201, and

"'(ii) second, any balance of advances made on or after such date to the State under section 1201.

"'Use of Transferred Amounts

"'(c)(1) Except as provided in paragraph (2), amounts transferred to the account of a State pursuant to subsections (a) and (b) shall be used only in the payment of cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration.

"'(2) A State may, pursuant to a specific appropriation made by the legislative body of the State, use money withdrawn from

its account in the payment of expenses incurred by it for the administration of its unemployment compensation law and public employment offices if and only if—

"'(A) the purposes and amounts were specified in the law making the appropriation,

"'(B) the appropriation law did not authorize the obligation of such money after the close of the two-year period which began on the date of enactment of the appropriation law,

"'(C) the money is withdrawn and the expenses are incurred after such date of enactment, and

"'(D) the appropriation law limits the total amount which may be obligated during a fiscal year to an amount which does not exceed the amount by which (i) the aggregate of the amounts transferred to the account of such State pursuant to subsections (a) and (b) during such fiscal year and the four preceding fiscal years, exceeds (ii) the aggregate of the amounts used by the State pursuant to this subsection and charged against the amounts transferred to the account of such State during such five fiscal years.

For the purposes of subparagraph (D), amounts used by a State during any fiscal year shall be charged against equivalent amounts which were first transferred and which have not previously been so charged: except that no amount obligated for administration during any fiscal year may be charged against any amount transferred during a fiscal year earlier than the fourth preceding fiscal year.

"'*Unemployment trust fund*

"'Establishment, etc.

"'SEC. 904. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the "Unemployment Trust Fund," hereinafter in this title called the "Fund." The Secretary of the Treasury is authorized and directed to receive and hold in the Fund all moneys deposited therein by a State agency from a State unemployment fund, or by the Railroad Retirement Board to the credit of the railroad unemployment insurance account or the railroad unemployment insurance administration fund, or otherwise deposited in or credited to the Fund or any account therein. Such deposit may be made directly with the Secretary of the Treasury, with any depositary designated by him for such purpose, or with any Federal Reserve Bank.

"'Investments

"'(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in his judgment, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Obligations other than such special obligations may be acquired for the Fund only on such terms as to provide an investment yield not less than the yield which would be required in the case of special obligations if issued to the Fund upon the date of such acquisition. Advances made to the Federal unemployment account pursuant to section 1203 shall not be invested.

"'Sale or Redemption of Obligations

"'(c) Any obligations acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold at the market price, and such special obligations may be redeemed at par plus accrued interest.

"'Treatment of Interest and Proceeds

"'(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

"'Separate Book Accounts

"'(e) The Fund shall be invested as a single fund, but the Secretary of the Treasury shall maintain a separate book account for each State agency, the employment security administration account, the Federal unemployment account, the railroad unemployment insurance account, and the railroad unemployment insurance administration fund and shall credit quarterly (on March 31, June 30, September 30, and December 31, of each year) to each account, on the basis of the average daily balance of such account, a proportionate part of the earnings of the Fund for the quarter ending on such date. For the purpose of this subsection, the average daily balance shall be computed—

"'(1) in the case of any State account, by reducing (but not below zero) the amount in the account by the balance of advances made to the State under section 1201, and

"'(2) in the case of the Federal unemployment account—

"'(A) by adding to the amount in the account the aggregate of the reductions under paragraph (1), and

"'(B) by subtracting from the sum so obtained the balance of advances made under section 1203 to the account.

"'Payments to State Agencies and Railroad Retirement Board

"'(f) The Secretary of the Treasury is authorized and directed to pay out of the Fund to any State agency such amount as it may duly requisition, not exceeding the amount standing to the account of such State agency at the time of such payment. The Secretary of the Treasury is authorized and directed to make such payments out of the railroad unemployment insurance account for the payment of benefits, and out of the railroad unemployment insurance administration fund for the payment of administrative expenses, as the Railroad Retirement Board may duly certify, not exceeding the amount standing to the credit of such account or such fund, as the case may be, at the time of such payment.

"'Federal Unemployment Account

"'(g) There is hereby established in the Unemployment Trust Fund a Federal unemployment account. There is hereby authorized to be appropriated to such Federal unemployment account a sum equal to (1) the excess of taxes collected prior to July 1, 1946, under title IX of this Act or under the Federal Unemployment Tax Act, over the total unemployment administrative expenditures made prior to July 1, 1946, plus (2) the excess of taxes collected under the Federal Unemployment Tax Act after June 30, 1946, and prior to July 1, 1953, over the unemployment administrative expenditures made after June 30, 1946, and prior to July 1, 1953. As used in this subsection, the term "unemployment administrative expenditures" means expenditures for grants under title III of this Act, expenditures for the administration of that title by the Social Security Board, the Federal Security Administrator, or the Secretary of Labor, and expenditures for the administration of title IX of this Act, or of the Federal Unemployment Tax Act, by the Department of the Treasury, the Social Security Board, the Federal Security Administrator, or the Secretary of Labor. For the purposes of this subsection, there shall be deducted from the total amount of taxes collected prior to July 1, 1943, under title IX of this Act, the sum of $40,561,886.43 which was authorized to be appropriated by the Act of August 24, 1937 (50 Stat. 754), and the sum of $18,451,846 which was authorized to be appropriated by section 11(b) of the Railroad Unemployment Insurance Act.'"

In line 6, after the word "conforming", to strike out "amendments" and insert "amendment"; after line 6, to strike out:

"SEC. 524. (a) Section 301 of the Social Security Act is amended to read as follows:

"'APPROPRIATIONS

"'SEC. 301. The amounts made available pursuant to section 901(c)(1)(A) for the purpose of assisting the States in the administration of their unemployment compensation laws shall be used as hereinafter provided.'"

At the beginning of line 14, to strike out "(b)" and insert "SEC. 504."; in line 16, to strike out "amended—" and insert "amended"; after line 16, to strike out:

"(1) by striking out subsection (b); and

"(2) by amending subsection (a) by striking out the heading and '(a)', and".

On page 151, after line 12, to insert:

"AMENDMENTS TO TITLE IX OF THE SOCIAL SECURITY ACT

"SEC. 501. (a)(1) Section 902(2) of the Social Security Act is amended by striking out '$200,000,000' and inserting in lieu thereof '$500,000,000'.

"(2) The last sentence of such section 902 is amended by striking out '1202(c)' and inserting in lieu thereof '1203'.

"(b) Section 903(b) is amended to read as follows:

"'(b)(1) If the Secretary of Labor finds that on July 1 of any fiscal year—

"'(A) a State is not eligible for certification under section 303, or

"'(B) the law of a State is not approvable under section 3304 of the Federal Unemployment Tax Act,

then the amount available for crediting to such State's account shall, in lieu of being so credited, be credited to the Federal unemployment account as of the beginning of such July 1. If, during the fiscal year beginning on such July 1, the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, that the law of such State is approvable under such section 3304, or both, the Secretary of the Treasury shall transfer such amount from the Federal unemployment account to the account of such State. If the Secretary of Labor does not so find and certify to the Secretary of the Treasury before the close of such fiscal year then the amount which was available for credit to such State's account as of July 1 of such fiscal year shall (as of the close of such fiscal year) become unrestricted as to use as part of the Federal unemployment account.

"'(2) The amount which, but for this paragraph, would be transferred to the account of a State under subsection (a) or paragraph (1) of this subsection shall be reduced (but not below zero) by the balance of advances made to the State under section 1201. The sum by which such amount is reduced shall—

"'(A) be credited to the Federal unemployment account, and

"'(B) be credited against, and operate to reduce—

"'(i) first, any balance of advances made before the date of the enactment of the Social Security Amendments of 1960 to the State under section 1201, and

"'(II) second, any balance of advances made on or after such date to the State under section 1201.'

"(c) The last sentence of section 904(b) of such Act is amended by striking out '1202(c)' and inserting in lieu thereof '1203'.

"(d) Section 904(e)(2) of such Act is amended by striking out '1202(c)' and inserting in lieu thereof '1203'.

On page 153, line 15, to change the section number from "522" to "502"; in line 25, after the word "sections", to strike out "901(d)(1),"; on page 156, line 16, after the word "title" and the period, to strike out "Whenever, after the application of section 901(f)(3) with respect to the excess in the employment security administration account as of the close of any fiscal year, there remains any portion of such excess, so much of such remainder as does not exceed the balance of advances made pursuant to this section shall be transferred to the general fund of the Treasury and shall be credited against, and shall operate to reduce, such balance of advances."

On page 158, after line 9, to strike out:

"Increase in Tax Rate

"SEC. 523. (a) Section 3301 of the Internal Revenue Code of 1954 (relating to rate of tax under Federal Unemployment Tax Act) is amended—

"(1) by striking out '1955' and inserting in lieu thereof '1961', and

"(2) by striking out '3 percent' and inserting in lieu thereof '3.1 percent'.

"Computation of Credits Against Tax

On page 158, at the beginning of line 19, to strike out "(b)" and insert "SEC. 503."; in the same line, after the word "of", to strike out "such Code" and insert "the Internal Revenue Code of 1954"; on page 162, after line 4, to strike out:

"'(1) RATE OF TAX DEEMED TO BE 3 PERCENT.—In applying subsection (c), the tax imposed by section 3301 shall be computed at the rate of 3 percent in lieu of 3.1 percent."

At the beginning of line 9, to strike out "(2)" and insert "(1)"; at the beginning of line 17, to strike out "(3)" and insert "(2)"; at the beginning of line 24, to strike out "(4)" and insert "(3)"; on page 163, at the beginning of line 21, to strike out "(5)" and insert "(4)"; on page 164, at the beginning of line 9, to strike out "(6)" and insert "(5)"; at the beginning of line 13, to strike out "(7)" and insert "(6)"; on page 165, at the beginning of line 1, to strike out "(8)" and insert "(7)"; beginning with line 2, to strike out:

"Effective Date

"(c) The amendments made by subsection (a) shall apply only with respect to the calendar year 1961 and calendar years thereafter."

At the top of page 166, to strike out:

"*Part 3—Extension of coverage under unemployment compensation program*

Federal Instrumentalities

"SEC. 531. (a) Section 3305(b) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(b) FEDERAL INSTRUMENTALITIES IN GENERAL.—The legislature of any State may require any instrumentality of the United States (other than an instrumentality to which section 3306(c)(6) applies), and the individuals in its employ, to make contributions to an unemployment fund under a State unemployment compensation law approved by the Secretary of Labor under section 3304 and (except as provided in section 5240 of the Revised Statutes, as amended (12 U.S.C., sec. 484), and as modified by subsection (c)), to comply otherwise with such law. The permission granted in this subsection shall apply (A) only to the extent that no discrimination is made against such instrumentality, so that if the rate of contribution is uniform upon all other persons subject to such law on account of having individuals in their employ, and upon all employees of such persons, respectively, the contributions required of such instrumentality or the individuals in its employ shall not be at a greater rate than is required of such other persons and such employees, and if the rates are determined separately for different persons or classes of persons having individuals in their employ or for different classes of employees, the determination shall be based solely upon unemployment experience and other factors bearing a direct relation to unemployment risk; (B) only if such State law makes provision for the refund of any contributions required under such law from an instrumentality of the United States or its employees for any year in the event such State is not certified by the Secretary of Labor under section 3304 with respect to such year; and (C) only if such State law makes provision for the payment of unemployment compensation to any employee of any such instrumentality of the United States in the same amount, on the same terms, and subject to the same conditions as unemployment compensation is payable to employees of other employers under the State unemployment compensation law.'

"(b) The third sentence of section 3305(g) of such Code is amended by striking out 'not wholly' and inserting in lieu thereof 'neither wholly nor partially'.

"(c) Section 3306(c)(6) of such Code is amended to read as follows:

"'(6) service performed in the employ of the United States Government or of an instrumentality of the United States which is—

"'(A) wholly or partially owned by the United States, or

"'(B) exempt from the tax imposed by section 3301 by virtue of any provision of law which specifically refers to such section (or the corresponding section of prior law) in granting such exemption;'.

"(d)(1) Chapter 23 of such Code is amended by renumbering section 3308 as section 3309 and by inserting after section 3307 the following new section:

"'SEC. 3308. Instrumentalities of the United States.

"'Notwithstanding any other provision of law (whether enacted before or after the enactment of this section) which grants to any instrumentality of the United States an exemption from taxation, such instrumentality shall not be exempt from the tax imposed by section 3301 unless such other provision of law grants a specific exemption, by reference to section 3301 (or the corresponding section of prior law), from the tax imposed by such section.'

"(2) The table of sections for such chapter is amended by striking out the last line and inserting in lieu thereof the following:

"'Sec. 3308. Instrumentalities of the United States.
"'Sec. 3309. Short title.'

"(c) So much of the first sentence of section 1501(a) of the Social Security Act as precedes paragraph (1) is amended by striking out 'wholly' and inserting in lieu thereof 'wholly or partially'.

"(f) The first sentence of section 1507(a) of the Social Security Act is amended by striking out 'wholly' and inserting in lieu thereof 'wholly or partially'.

"American Aircraft

"SEC. 532. (a) So much of section 3306(c) of the Internal Revenue Code of 1954 as precedes paragraph (1) thereof is amended by striking out 'or (B) on or in connection with an American vessel' and all that follows down through the phrase 'outside the United States,' and by inserting in lieu thereof the following: 'or (B) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States,'.

"(b) Section 3306(c)(4) of such Code is amended to read as follows:

"'(4) service performed on or in connection with a vessel or aircraft not an American vessel or American aircraft, if the employee is employed on and in connection with such vessel or aircraft when outside the United States;'.

"(c) Section 3306(m) of such Code is amended—

"(1) by striking out the heading and inserting in lieu thereof the following:

"'(m) AMERICAN VESSEL AND AIRCRAFT.—'; and

"(2) by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: 'and the term "American aircraft" means an aircraft registered under the laws of the United States.'

"Feeder Organizations, etc.

"SEC. 533. Section 3306(c)(8) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(8) service performed in the employ of a religious, charitable, educational, or other organization described in section 501(c)(3) which is exempt from income tax under section 501(a);'.

"Fraternal Beneficiary Societies, Agricultural Organizations, Voluntary Employees' Beneficiary Associations, etc.

"SEC. 534. Section 3306(c)(10) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(10)(A) service performed in any calendar quarter in the employ of any organization exempt from income tax under section 501(a) (other than an organization described in section 401(a)) or under section 521, if the remuneration for such service is less than $50, or

"'(B) 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;'.

"Effective Date

"SEC. 535. The amendments made by this part (other than the amendments made by subsections (e) and (f) of section 531) shall apply with respect to remuneration paid after 1961 for services performed after 1961. The amendments made by subsections (e) and (f) of section 531 shall apply with respect to any week of unemployment which begins after December 31, 1960.

"*Part 4—Extension of Federal-State unemployment compensation program to Puerto Rico*

"Extension of Titles III, IX, and XII of the *Social Security Act*

"SEC. 541. Effective on and after January 1, 1961, paragraphs (1) and (2) of section 1101(a) of the Social Security Act are amended to read as follows:

"'(1) The term "State", except where otherwise provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles I, IV, V, VII, X, and XIV includes the Virgin Islands and Guam.

"'(2) The term "United States" when used in a geographical sense means, except where otherwise provided, the States, the District of Columbia, and the Commonwealth of Puerto Rico.'

"Federal Employees and Ex-Servicemen

"SEC. 542. (a)(1) Effective with respect to weeks of unemployment beginning after December 31, 1965, section 1503(b) of such Act is amended by striking out 'Puerto Rico or'.

"(2) Effective with respect to first claims filed after December 31, 1965, paragraph (3) of section 1504 of such Act is amended by striking out 'Puerto Rico or' wherever appearing therein.

"(b)(1) Effective on and after January 1, 1961 (but only in the case of weeks of unemployment beginning before January 1, 1966)—

"(A) section 1502(b) of such Act is amended by striking out '(b) Any' and inserting in lieu thereof '(b)(1) Except as provided in paragraph (2), any', and by adding at the end thereof the following new paragraph:

"'(2) In the case of the Commonwealth of Puerto Rico, the agreement shall provide that compensation will be paid by the Commonwealth of Puerto Rico to any Federal employee whose Federal service and Federal wages are assigned under section 1504 to such Commonwealth, with respect to unemployment after December 31, 1960 (but only in the case of weeks of unemployment beginning before January 1, 1966), in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages. In applying this paragraph or subsection (b) of section 1503, as the case may be, employment and wages under the unemployment compensation law of the Commonwealth of Puerto Rico shall not be combined with Federal service or Federal wages.'

"(B) Section 1503(a) of such Act is amended by adding at the end thereof the following: 'For the purpose of this subsection, the term "State" does not include the Commonwealth of Puerto Rico.'

"(C) Section 1503(b) of such Act is amended by adding at the end thereof the following: 'This subsection shall apply in respect of the Commonwealth of Puerto Rico only if such Commonwealth does not have an agreement under this title with the Secretary.'

"(2) Effective on and after January 1, 1961 (but only in the case of first claims filed before January 1, 1966), section 1504 of such Act is amended by adding after and below paragraph (3) the following:

"'For the purposes of paragraph (2), the term "United States" does not include the Commonwealth of Puerto Rico.'

"(c) Effective on and after January 1, 1961—

"(1) section 1503(d) of such Act is amended by striking out 'Puerto Rico and', and by striking out 'agencies' each place it appears and inserting in lieu thereof 'agency'; and

"(2) section 1511(e) of such Act is amended by striking out 'Puerto Rico or'.

"(d) The last sentence of section 1501(a) of such Act is amended to read as follows:

"'For the purpose of paragraph (5) of this subsection, the term "United States" when used in the geographical sense means the States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.'

"Extension of Federal Unemployment Tax Act

"SEC. 543. (a) Effective with respect to remuneration paid after December 31, 1960, for services performed after such date, section 3306(j) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(j) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

"'(1) STATE.—The term "State" includes the District of Columbia and the Commonwealth of Puerto Rico.

"'(2) UNITED STATES.—The term "United States" when used in a geographical sense includes the States, the District of Columbia, and the Commonwealth of Puerto Rico. An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States.'

"(b) The unemployment compensation law of the Commonwealth of Puerto Rico shall be considered as meeting the requirements of—

"(1) section 3304(a)(2) of the Federal Unemployment Tax Act, if such law provides that no compensation is payable with respect to any day of unemployment occurring before January 1, 1959;

"(2) section 3304(a)(3) of the Federal Unemployment Tax Act and section 303(a)(4) of the Social Security Act, if such law contains the provisions required by those sections and if it requires that, on or before February 1, 1961, there be paid over to the Secretary of the Treasury, for credit to the Puerto Rico account in the Unemployment Trust Fund, an amount equal to the excess of—

"(A) the aggregate of the moneys received in the Puerto Rico unemployment fund before January 1, 1961, over

"(B) the aggregate of the moneys paid from such fund before January 1, 1961, as unemployment compensation or as refunds of contributions erroneously paid.

"TITLE VI—MEDICAL SERVICES FOR THE AGED

"Establishment of program

"SEC. 601. The Social Security Act is amended by adding at the end thereof the following new title:

"'TITLE XVI—MEDICAL SERVICES FOR THE AGED

"'Appropriation

"'SEC. 1601. For the purpose of enabling each State, as far as practicable under the conditions in such State, to assist aged individuals of low income in meeting their medical expenses, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for medical services for the aged.

"'State plans

"'SEC. 1602. (a) A State plan for medical services for the aged must—

"'(1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"'(2) provide for financial participation by the State;

"'(3) provide for the establishment or designation of a single State agency to administer or supervise the administration of the plan;

"'(4) provide that medical services with respect to which payments are made under the plan shall include both institutional and noninstitutional medical services;

"'(5) include reasonable standards, consistent with the objectives of this title, for determining the eligibility of individuals for medical benefits under the plan and the amounts thereof, and provide that no benefits under the plan would be furnished any individual who is not an eligible individual (as defined in section 1605);

"'(6) provide that all individuals wishing to apply for medical benefits under the plan shall have opportunity to do so, and that such benefits shall be furnished with reasonable promptness to all individuals making application therefor who are eligible for medical benefits under the plan;

"'(7) provide that no benefits will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2, aid to dependent children under the State plan approved under section 402, aid to the blind under the State plan approved under section 1002, or aid to the permanently and totally disabled under the State plan approved under section 1402 (and for purposes of this paragraph an individual shall not be deemed to have received such assistance or aid with respect to any month unless he received such assistance or aid in the form of money payments for such month, or in the form of medical or any other type of remedial care in such month (without regard to when the expenditures in the form of such care were made));

"'(8) provide that no lien may be imposed against the property of any individual prior to his death on account of benefits paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such individual), and that there shall be no adjustment or recovery (except, after the death of such individual and his surviving spouse, if any, from such individual's estate) of any benefits correctly paid on behalf of any individual under the plan;

"'(9) provide that no enrollment fee, premium, or similar charge will be imposed as a condition of any individual's eligibility for medical benefits under the plan;

"'(10) provide that benefits under the plan shall not be greater in amount, duration, or scope than the assistance furnished under a plan of such State approved under section 2—

"'(A) in the form of medical or any other type of remedial care, and

"'(B) in the form of money payments to the extent that amounts are included in such payments because of the medical needs of the recipients;

"'(11) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for medical benefits under the plan is denied or is not acted upon with reasonable promptness;

"'(12) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan;

"'(13) provide safeguards which restrict the use or disclosure of information concerning applicants for and recipients of benefits under the plan to purposes directly connected with the administration of the plan;

"'(14) provide for establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for—

"'(A) hospitals providing hospital services,

"'(B) nursing homes providing skilled nursing home services, and

"'(C) agencies providing organized home care services,

for which expenditures are made under the plan;

"'(15) include methods for determining—

"'(A) rates of payment for institutional services, and

"'(B) schedules of fees or rates of payment for other medical services,

for which expenditures are made under the plan;

"'(16) to the extent required by regulations prescribed by the Secretary, include provisions (conforming to such regulations) with respect to the furnishing of medical benefits to eligible individuals who are residents of the State but absent therefrom; and

"'(17) 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.

"'(b) The Secretary shall approve any State plan which complies with the requirements of subsection (a), except that he shall not approve any plan which imposes as a condition of eligibility for medical benefits under the plan—

"'(1) an age requirement of more than sixty-five years;

"'(2) any citizenship requirement which excludes any citizen of the United States; or

"'(3) any residence requirement which excludes any individual who resides in the State.

"'(c) Notwithstanding subsection (b), the Secretary shall not approve any State plan for medical services for the aged unless the State has established to his satisfaction that the approval and operation of the plan will not result in a reduction in old-age assistance under the plan of such State approved under section 2, aid to dependent children under the plan of such State approved under section 402, aid to the blind under the plan of such State approved under section 1002, or aid to the permanently and totally disabled under the plan of such State approved under section 1402.

"'*Payments*

"'SEC. 1603. (a) From the sums appropriated therefor, there shall be paid to each State which has a plan approved under section 1602, for each calendar quarter, beginning with the quarter commencing July 1, 1961—

"'(1) in the case of any State other than the Commonwealth of Puerto Rico, the Virgin Islands, and Guam, an amount equal to the Federal percentage (as defined in section 1101(a)(8)) of the total amounts expended during such quarter for medical benefits under the State plan;

"'(2) in the case of the Commonwealth of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total amounts expended during such quarter for medical benefits under the State plan; and

"'(3) in the case of any State, 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;

except that there shall not be counted as an expenditure for purposes of paragraph (1) or (2) any amount expended for an individual during a benefit year of such individual—

"'(A) for inpatient hospital services after expenditures have been made for the cost of 120 days of such services for such individual during such year, or

"'(B) for laboratory and X-ray services (which do not constitute inpatient hospital services) after expenditures of $200 have been made for such individual during such year, or

"'(C) for prescribed drugs (which do not constitute inpatient hospital services) after expenditures of $200 have been made for such individual during such year.

"'(b) Prior to the beginning of each quarter, the Secretary shall estimate the amounts to be paid to each State under subsection (a) for such quarter, such estimates to be based on (1) 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 (2) such other investigation as the Secretary may find necessary. 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, shall then be paid to the State, through the disbursing facilities of the Treasury Department, in such installments as the Secretary may determine. The reductions under the preceding sentence shall include the pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered by the State or any political subdivision thereof with respect to medical benefits furnished under the State plan.

"'*Operation of State plans*

"'SEC. 1604. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of any State plan which has been approved by him under section 1602, finds—

"'(1) that the plan has been so changed that it no longer complies with the provisions of section 1602, 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 under section 1603 (or, in his discretion, that payments will be limited to parts of the plan not affected by such noncompliance) until the Secretary is satisfied that there is no longer any such noncompliance. Until he is so satisfied, no further payments shall be made to such State under section 1603 (or payments shall be limited to parts of the plan not affected by such noncompliance). For purposes of this section, a plan shall be treated as having been so changed that it no longer complies with the provisions of section 1602 if at any time the Secretary determines that, were such plan to be submitted at such time for approval, he would be barred from approving such plan by reason of section 1602(c).

"'*Eligible individuals*

"'SEC. 1605. For the purposes of this title, the term "eligible individual" means any individual—

"'(1) who is sixty-five years of age or over, and

"'(2) whose income and resources, taking into account his other living requirements as determined by the State, are insufficient to meet the cost of his medical services.

"'*Benefits*

"'SEC. 1606. For the purpose of this title—

"'(a) The term "medical benefits" means payment of part or all of the cost of medical services on behalf of eligible individuals.

"'(b) (1) Except as provided in paragraph (2), the term "medical services" means the following to the extent determined by the physician to be medically necessary:

"'(A) inpatient hospital services;

"'(B) skilled nursing-home services;

"'(C) physicians' services;

"'(D) outpatient hospital services;

"'(E) organized home care services;

"'(F) private duty nursing services;

"'(G) therapeutic services;

"'(H) major dental treatment;

"'(I) laboratory and X-ray services; and

"'(J) prescribed drugs.

"'(2) The term "medical services" does not include—

"'(A) services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases; or

"'(B) services for any individual who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.

"'(c) The term "inpatient hospital services" means the following items furnished to an inpatient by a hospital:

"'(1) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

"'(2) Physicians' services; and

"'(3) Nursing services, interns' services, laboratory and X-ray services, ambulance service, and other services, drugs, and appliances related to his care and treatment (whether furnished directly by the hospital or, by arrangement, through other persons).

"'(d) The term "skilled nursing home services" means the following items furnished to an inpatient in a nursing home:

"'(1) Skilled nursing care provided by a registered professional nurse or a licensed practical nurse which is prescribed by, or performed under the general direction of, a physician;

"'(2) Medical care and other services related to such skilled nursing care; and

"'(3) Bed and board in connection with the furnishing of such skilled nursing care.

"'(e) The term "physicians' services" means services provided in the exercise of his profession in any State by a physician licensed in such State; and the term "physician" includes a physician within the meaning of section 1101(a)(7).

"'(f) The term "outpatient hospital services" means medical and surgical care furnished by a hospital to an individual as an outpatient.

"'(g) The term "organized home care services" means visiting nurse services and physicians' services, and services related thereto, which are prescribed by a physician and are provided in the home through a public or private nonprofit agency operated in accordance with medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern such services.

"'(h) The term "private duty nursing services" means nursing care provided in the home by a registered professional nurse or licensed practical nurse, under the general direction of a physician, to a patient requiring nursing care on a full-time basis.

"'(i) The term "therapeutic services" means services prescribed by a physician for the treatment of disease or injury by physical nonmedical means, including retraining for the loss of speech.

"'(j) The term "major dental treatment" means services provided by a dentist, in the exercise of his profession, with respect to a condition of an individual's teeth, oral cavity, or associated parts which has seriously affected, or may seriously affect, his general health. As used in the preceding sentence, the term "dentist" means a person licensed to practice dentistry or dental surgery in the State where the services are provided.

"'(k) The term "laboratory and X-ray services" includes only such services prescribed by a physician.

"'(l) The term "prescribed drugs" means medicines which are prescribed by a physician.

"'(m) The term "hospital" means a hospital (other than a mental or tuberculosis hospital) licensed as such by the State in which it is located or, in the case of a State hospital, approved by the licensing agency of the State.

"'(n) The term "nursing home" means a nursing home which is licensed as such by the State in which it is located, and which (1) is operated in connection with a hospital or (2) has medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern the skilled nursing care and related medical care and other services which it provides.

"'Benefit year

"'SEC. 1607. For the purposes of this title, the term "benefit year" means, with respect to any individual, a period of 12 consecutive calendar months as designated by the State agency for the purposes of this title in accordance with regulations prescribed by the Secretary. Subject to regulations prescribed by the Secretary, the State plan may permit the extension of a benefit year in order to avoid hardship.'

"Improvement of medical care for old-age assistance recipients

"SEC. 602. (a) Section 3(a) of the Social Security Act is amended by striking out 'and (3) in the case of any State,' and inserting in lieu thereof the following: 'and (3) in the case of any State which is qualified for such quarter (as determined under subsection (c)(1)), an amount equal to 5 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds whichever of the following is the smaller—

"'(A) $5 multiplied by the total number of recipients of old-age assistance for such month, or

"'(B) the additional expenditure per recipient of old-age assistance for such month (as determined under subsection (c)(2)), multiplied by the total number of recipients of old-age assistance for such month;
and (4) in the case of any State,'.

"(b) Section 3 of such Act is further amended by adding at the end thereof the following new subsection:

"'(c)(1) For the purposes of clause (3) of subsection (a), a State shall be qualified for a quarter if the State agency of such State has submitted, in or prior to such quarter (but in no event prior to the quarter in which this subsection is enacted), a modification of the plan of such State approved under this title which the Secretary is satisfied would result in a significant improvement in old-age assistance in the form of medical or any other type of remedial care under the plan, except that in no event may a State be qualified for a quarter prior to the first quarter for which such modification is effective. Any determination under the preceding sentence with respect to any modification of a State plan shall be based on a comparison with old-age assistance in the form of medical or any other type of remedial care, if any, under the plan during the quarter prior to the quarter in which this subsection was enacted, and in making such determination the Secretary shall take into account the extent to which there would be any reduction in amounts previously included because of medical needs in old-age assistance under the plan in the form of money payments. Such State shall cease to be qualified for any quarter occurring (1) after the quarter in which the Secretary determines, after notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan of such State, that the improvement referred to in the first sentence of this subsection has (through a change in the plan or in its administration) ceased to be a significant improvement, and (2) prior to the quarter in which such State again qualifies as provided in the preceding sentences.

"'(2) For the purposes of clause (3)(B) of subsection (a), the additional expenditure per recipient of old-age assistance in any State for any month means the excess of—

"'(A) the quotient obtained by dividing the total of the sums expended in such months as old-age assistance under the State plan in the form of medical or any other type of remedial care by the total number of recipients of old-age assistance under such plan for such month, over

"'(B) the quotient obtained by dividing the total of the sums expended in the last month which ended prior to the enactment of this paragraph as old-age assistance under the State plan in the form of medical or any other type of remedial care by the total number of recipients of old-age assistance under such plan for such month.'

"(c) Section 6 of such Act is amended by striking out 'but does not include' and all that follows and inserting in lieu thereof 'but does not include—

"'(1) any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases, or

"'(2) any such payments to any individual who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof, or

"'(3) any such care in behalf of any individual, who is a patient in a medical institution as a result of a diagnosis that he has tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.'

"(d) The amendments made by subsections (a) and (b) shall be effective only with respect to calendar quarters commencing on or after October 1, 1960. The amendment made by subsection (c) shall be effective only with respect to calendar quarters commencing on or after July 1, 1961.

"Planning grants to States

"SEC. 603. (a) For the purpose of assisting the States to make plans and initiate administrative arrangements preparatory to participation in the Federal-State program of medical services for the aged authorized by title XVI of the Social Security Act, there are hereby authorized to be appropriated for making grants to the States such sums as the Congress may determine.

"(b) A grant under this section to any State shall be made only upon application therefor which is submitted by a State agency designated by the State to carry out the purpose of this section and is approved by the Secretary. No such grant for any State may exceed 50 per centum of the cost of carrying out such purpose in accordance with such application.

"(c) Payment of any grant under this section may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine. The aggregate amount paid to any State under this section shall not exceed $50,000.

"(d) Appropriations pursuant to this section shall remain available for grants under this section only until the close of June 30, 1962; and any part of such a grant which has been paid to a State prior to the close of June 30, 1962, but has not been used or obligated by such State for carrying out the purpose of this section prior to the close of such date, shall be returned to the United States.

"(e) As used in this section, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

"Technical amendment

"SEC. 604. Effective July 1, 1961, section 1101(a)(1) of the Social Security Act (as amended by section 541 of this Act) is amended by striking out 'and XIV' and inserting in lieu thereof 'XIV, and XVI'.

On page 195, after line 5, to insert:

"TITLE VI—MEDICAL SERVICES FOR THE AGED

"Amendments to title I of the Social Security Act

"SEC. 601. (a) The heading of title I of the Social Security Act is amended to read as follows:

"'TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE AND MEDICAL ASSISTANCE FOR THE AGED'

"(b) Sections 1 and 2 of such Act are amended to read as follows:

"'Appropriation

"SECTION 1. For the purpose (a) of enabling each State as far as practicable under the conditions in such State, to furnish financial assistance to aged needy individuals and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-care, and (b) of enabling each State, as far as practicable under the conditions in such State, to furnish medical assistance on behalf of aged individuals who are not recipients of old-age assistance but whose income and resources are insufficient to meet the costs of necessary medical services, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare (hereinafter referred to as the 'Secretary'), State plans for old-age assistance, or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged.

"'State old-age and medical assistance plans

"'SEC. 2. (a) A State plan for old-age assistance, or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged must—

"'(1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"'(2) provide for financial participation by the State which shall, effective January 1, 1962, extend to all aspects of the State plan;

"'(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 for granting an opportunity for a fair hearing before the State agency to any individual whose claim for assistance under the plan is denied or is not acted upon with reasonable promptness;

"'(5) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan;

"'(6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

"'(7) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the State plan;

"'(8) provide that all individuals wishing to make application for assistance under the plan shall have opportunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals;

"'(9) if the State plan includes old-age assistance—

"'(A) provide that the State agency shall, in determining need for such assistance, take into consideration any other income and resources of an individual claiming old-age assistance;

"'(B) provide reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of such assistance;

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

"'(10) provide, if the plan includes payments of old-age assistance 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;

"'(11) if the State plan includes medical assistance for the aged—

"'(A) provide for inclusion of some institutional and some noninstitutional care and services;

"'(B) provide that no enrollment fee, premium, or similar charge will be imposed as a condition of any individual's eligibility for medical assistance for the aged under the plan;

"'(C) provide for inclusion, to the extent required by regulations prescribed by the Secretary, of provisions (conforming to such regulations) with respect to the furnishing of such assistance to individuals who are residents of the State but are absent therefrom;

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

"'(E) provide that no lien may be imposed against the property of any individual prior to his death on account of medical assistance for the aged paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such individual), and that there shall be no adjustment or recovery (except, after the death of such individual and his surviving spouse, if any, from such individual's estate) of any medical assistance for the aged correctly paid on behalf of such individual under the plan.

"'(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 assistance under the plan—

"'(1) an age requirement of more than sixty-five years; or

"'(2) any residence requirement which (A) in the case of applicants for old-age assistance, excludes any resident of the State who has resided therein five years during the nine years immediately preceding the application for old-age assistance and has resided therein continuously for one year immediately preceding the application, and (B) in the case of applicants for medical assistance for the aged, excludes any individual who resides in the State; or

"'(3) any citizenship requirement which excludes any citizen of the United States.'

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

"'SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1960—

"'(1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of recipients of old-age assistance for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received old-age assistance in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as old-age assistance in the form of medical or any other type of remedial care); plus

"'(B) the Federal percentage (as defined in section 1101(a)(8)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of $65 multiplied by the total number of such recipients of old-age assistance for such month; plus

"'(C) the larger of the following: (i) the Federal medical percentage (as defined in section 6(c)) of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds (I) the product of $77 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of $65 multiplied by such total number of such recipients, or (ii) 15 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of $12 multiplied by the total number of such recipients of old-age assistance for such month; and

"'(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to—

"'(A) one-half of the total of the sums expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds $35 multiplied by the total number of recipients of old-age assistance for such month; plus

"'(B) the larger of the following amounts: (i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds (I) the product of $41 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of $35 multiplied by the total number of such recipients, or (ii) 15 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of $6 multiplied by the total number of such recipients of old-age assistance for such month; and

"'(3) in the case of any State, an amount equal to the Federal medical percentage (as defined in section 6(c) of the total amounts expended during such quarter as medical assistance for the aged under the State plan; and

"'(4) in the case of any State, an amount equal to one-half of the total of the sums 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, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care.'

"(d) Section 3(b)(2)(B) of such Act is amended by striking out 'old-age assistance' and inserting in lieu thereof 'assistance'.

"(e) Section 4 of such Act is amended by striking out 'State plan for old-age assistance which has been approved' and inserting in lieu thereof 'State plan which has been approved under this title'.

"(f)(1) Section 6 of such Act is amended (A) by striking out 'tuberculosis or psychosis' and inserting in lieu thereof 'pulmonary tuberculosis or psychosis', (B) by striking out '(a)' and inserting in lieu thereof '(1)', and (C) by striking out '(b)' and inserting '(2)' in lieu thereof.

"(2) Section 6 is further amended by inserting '(a)' immediately after 'SEC. 6.' and by adding after such section 6 the following new subsections:

"'(b) For purposes of this title, the term medical assistance for the aged' means payment of part or all of the cost of the following care and services for individuals sixty-five years of age or older who are not recipients of old-age assistance but whose income and resources are insufficient to meet all of such cost—

"'(1) inpatient hospital services;

"'(2) skilled nursing-home services;

"'(3) physicians' services;

"'(4) outpatient hospital or clinic services;

"'(5) home health care services;

"'(6) private duty nursing services;

"'(7) physical therapy and related services;

"'(8) dental services;

"'(9) laboratory and X-ray services;

"'(10) prescribed drugs, eyeglasses, dentures, and prosthetic devices;

"'(11) diagnostic, screening, and preventive services; and

"'(12) any other medical care or remedial care recognized under State law;

except that such term shall not include any payments with respect to care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual (A) who is a patient in an institution for tuberculosis or mental diseases, or (B) who has been diagnosed as having pulmonary tuberculosis or psychosis and is a patient in a medical institution as a result thereof.

"'(c) For purposes of this title, the term 'Federal medical percentage' for any State shall be 100 per centum less the State percentage; and the State percentage shall be

that percentage which bears the same ratio to 50 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (i) the Federal medical percentage shall in no case be less than 50 per centum or more than 80 per centum, and (ii) the Federal medical percentage for Puerto Rico, the Virgin Islands, and Guam shall be 50 per centum. The Federal medical percentage for any State shall be determined and promulgated in accordance with the provisions of subparagraph (B) of section 1101(a)(8) (other than the proviso at the end thereof); except that the Secretary shall, as soon as possible after enactment of the Social Security Amendments of 1960, determine and promulgate the Federal medical percentage for each State—

"'(1) for the period beginning October 1, 1960, and ending with the close of June 30, 1961, which promulgation shall be based on the same data with respect to per capita income as the data used by the Secretary in promulgating the Federal percentage (under section 1101(a)(8)) for such State for the fiscal year ending June 30, 1961 (which promulgation of the Federal medical percentage shall be conclusive for such period), and

"'(2) for the period beginning July 1, 1961, and ending with the close of June 30, 1963, which promulgation shall be based on the same data with respect to per capita income as the data used by the Secretary in promulgating the Federal percentage (under section 1101(a)(8)) for such State for such period (which promulgation of the Federal medical percentage shall be conclusive for such period).'

"*Increase in limitations on assistance payment to Puerto Rico, the Virgin Islands, and Guam*

"SEC. 602. Section 1108 of the Social Security Act is amended by—

"(1) striking out '$8,500,000' and inserting in lieu thereof '$9,000,000, of which $500,000 may be used only for payments certified with respect to section 3(a)(2)(B)';

"(2) striking out '$300,000' and inserting in lieu thereof '$315,000, of which $15,000 may be used only for payments certified in respect to section 3(a)(2)(B)';

"(3) striking out '$400,000' and inserting in lieu thereof '$420,000, of which $20,000 may be used only for payments certified in respect to section 3(a)(2)(B)'; and

"(4) striking out 'titles I, IV, X, and XIV', and inserting in lieu thereof 'titles I (other than section 3(a)(3) thereof), IV, X, and XIV'.

"*Technical amendment*

"SEC. 603. (a) Section 618 of the Revenue Act of 1951 (65 Stat. 569) is amended by striking out 'title I' and inserting in lieu thereof 'title I (other than section 3(a)(3) thereof)'.

(b) The amendment made by subsection (a) shall take effect October 1, 1960.

"*Effective dates*

"SEC. 604. The amendments made by section 601 of this Act shall take effect October 1, 1960, and the amendments made by section 602 shall be effective with respect to fiscal years ending after 1960."

Under the heading "TITLE VII—MISCELLANEOUS", on page 213, line 10, after "SEC. 704.", to strike out "(a)"; after line 23, to strike out: "(b) Section 116 of the Social Security Amendments of 1956 is further amended by adding at the end thereof the following new subsection:

"'(f) The Advisory Council appointed under subsection (e) during 1963 shall, in addition to the other findings and recommendations it is required to make, include in its report its findings and recommendations with respect to extensions of the coverage of the old age, survivors, and disability insurance program, the adequacy of benefits under the program, and all other aspects of the programs.'"

On page 214, line 11, after the word "Medical", to strike out "Services" and insert "Assistance"; in line 16, after the word "Medical", to strike out "Services" and insert "Assistance"; in line 23, after the word "medical", to strike out "services" and insert "assistance"; on page 215, line 4, after the word "medical", to strike out "services" and insert "assistance"; on page 217, line 14, after the word "of", to strike out "$20,000,000" and insert "$25,000,000", and on page 220, after line 13, to insert:

"*Aid to the blind*

"SEC. 710. (a) Effective for the period beginning with the first day of the calendar quarter which begins after the date of enactment of this Act, and ending June 30, 1961, clause (8) of section 1002(a) of the Social Security Act is amended to read as follows '(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard either (i) the first $50 per month of earned income, or (ii) the first $1,000 per annum of earned income plus one-half of earned income in excess of $1,000 per annum:'.

"(b) Effective July 1, 1961, clause (8) of such section 1002(a) is amended to read as follows: '(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard the first $1,000 per annum of earned income plus one-half of earned income in excess of $1,000 per annum;'."

Mr. JAVITS obtained the floor.

Mr. JAVITS. Mr. President, I am grateful to the Senator from Virginia for allowing me to get the floor, so that I might, as early as convenient, speak on a very important, principal amendment which I desire to offer to the bill. I desire to express my appreciation to him. Everyone knows that the distinguished Senator from Virginia could have prior recognition to almost any Member of this body except the leaders. I simply wished to call attention to that fact.

Mr. President, I send to the desk sundry amendments to the bill, and ask that they lie on the desk and be printed, under the rule. I submit the amendments on behalf of myself and my colleague from New York [Mr. KEATING]. The amendments relate to the social security and unemployment compensation aspects of the bill.

The PRESIDING OFFICER. The amendment will be received, and will lie on the table and will be printed.

Mr. JAVITS. Mr. President, I also send to the desk, on behalf of myself, the Senator from Kentucky [Mr. COOPER], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Vermont [Mr. AIKEN], the Senator from Hawaii [Mr. FONG], the Senator from New York [Mr. KEATING], the Senator from California [Mr. KUCHEL], the Senator from Vermont [Mr. PROUTY], and the Senator from Massachusetts [Mr. SALTONSTALL], as cosponsors, an amendment to which I shall address my remarks. I ask that the amendment be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, and will be printed and will lie on the table.

Mr. KERR. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. KERR. Mr. President, I ask unanimous consent that during the consideration of the bill amending the Social Security Act, on Monday and thereafter, Miss Helen E. Livingston and Mr. Frederick B. Arner, assigned to the staff of the Finance Committee, have the privilege of the floor, in order to be available as sources of information to Senators.

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

Mr. JAVITS. Mr. President, will the Senator from Oklahoma include in his request the chief actuary of the Social Security Administration?

Mr. KERR. I thought that had already been done. But, if not, I am happy to include in the request Mr. Robert J. Myers.

Mr. JAVITS. I point out that the request in regard to Mr. Myers applied only to today, whereas I believe it desirable that he have the privilege of the floor during all of this debate.

Mr. KERR. Certainly.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JAVITS. Mr. President, the major principle underlying all the measures in this field that now are before us is now generally accepted—namely, that Federal aid is necessary to provide our citizens over 65 with adequate health care. Practically all Members of the Senate are agreed on this point, Mr. President. The question before us now really is how shall we do it, not whether we shall do it at all. If there was any question about this, it was settled in the policy planks adopted at the recent national conventions by both parties. The Republican Party is pledged to the adoption of a contributory health program for the aged with Federal aid to give protection against burdensome costs of health care, and with the beneficiaries having the option of purchasing private health insurance. The Democratic Party pledge calls for the use of the contributory machinery of the Social Security System to cover hospitalization and other high cost medical services.

Today, I wish to describe the amendment I have sent to the desk, to be printed and to lie on the table. I hope to call up the amendment before I conclude my remarks. It is submitted by me, and is jointly sponsored by eight other Senators I have named; and I believe our amendment is the best means for accomplishing at this session Federal aid for health care for our older citizens. In that connection, I emphasize the words "at this session." The principles of this amendment are incorporated in the bill introduced by me, with Senators COOPER, SCOTT, FONG, AIKEN, KEATING, and PROUTY, as cosponsors, and in the administration bill introduced by Senator SALTONSTALL. I should like to point out that we have now arrived at a point, with the Senator from Massachusetts

[Mr. SALTONSTALL], where my basic position on this bill has been combined with that of the administration, which had put forward its own bill by means of the Senator from Massachusetts; and therefore I am offering this measure as a reconciliation of both points of view.

This amendment provides basic preventive care, regardless of whether the recipient is on social security, at a reasonable cost to the Federal and State Governments. It covers all over 65 of modest income; it gives preventive care, including private physicians services; it preserves the existing relation between doctor and patient; it encourages existing medical plans; and it assures fiscal security and responsibility.

First, I should like to point out that I have not newly arrived at these principles, nor have my colleagues. As far back as 1949, over a decade ago, I introduced in the Congress a National Health Act. My cosponsors include—interestingly enough—Vice President Nixon, then a Member of the House of Representatives, and Secretary of State Herter, who, also, was then a Member of the House of Representatives, together with Senator Case, Senator Scott, and Senator Morton, who likewise at that time were Members of the House, and now are Members of this body—as events have turned out, a rather impressive group of cosponsors.

The principles of the National Health Act were the same as the principles which I and my cosponsors are now espousing in this amendment. The 1949 bill—and, incidentally, let me say that when I first came to this body, that bill was sponsored by Senator Ives, of New York—rested on the basic principle that Federal and State resources should be used to make available membership in voluntary prepayment plans to everyone, regardless of age or financial condition, and scaled to the subscribers' actual income, rather than to a flat-rate premium. Government funds would be used to make up the difference between the aggregate subscribers' payments and the actual cost of furnishing health services benefits to extend beyond hospital and major medical care. This bill was introduced as an alternative to the then Ewing health plan, which many will recall.

Mr. President, the amendment which I have just now had printed is the only one before us which places the emphasis where it belongs; namely, on preventive care. I wish to emphasize that point; and I repeat that this amendment is the only one which places the emphasis on medical care, which is where the emphasis belongs. Under the option set forth in my amendment, provision is made, as a minimum—and it is a minimum; and in a moment I shall explain what I mean in that connection—for 12 home or office visits by a physician; the first $100 of ambulatory, diagnostic, laboratory or X-ray services; 24 visiting home nurse service calls as prescribed by a physician; and when necessary—and, Mr. President, I wish to point out that by the words "when necessary," I mean on the certification of a physician—21 days of hospital or equivalent nursing home care. These are benefits based on actual need as shown in U.S. medical use statistics for our older citizens.

This is a first cost program which puts the individual in a position where he can obtain protection in advance of the hazards of chronic illness. Everyone 65 years of age or over is eligible to subscribe, if his income reported for income tax is not over $3,000 a year, for a single person, and $4,500 for couples, and if he is not a beneficiary for medical care under the other provisions of the main bill—in other words, if he is not a recipient of old-age assistance payments or if he is not among the medically needy who already are covered by the Kerr-Frear amendments which now are before us.

There is no deductibility and there is no coinsurance for basic preventive care coverage. The subscriber gets the benefit of it at once, as soon as he needs it; and, most importantly, the program is fully adequate, from a medical point of view, for the average health care needs of the older citizens.

By giving priority to preventive care, as sound medical practice dictates, we do not run the danger of overutilization of hospital and other institutional facilities.

I digress to point out I cannot conceivably overemphasize that danger. I point out the approach which is taken in the Anderson amendment—sincere as I know it is, and laudable in every sense, because I know Senators concerned in it are just as sincere to do something in this field as I am—the Anderson amendment nevertheless concentrates upon hospital care. Anyone who has had experience with hospital institutions, especially in the big cities, and I understand even in smaller places in other parts of the country than my own, knows they are already chock full. There are already waiting lists and waiting lines. To add this staggering responsibility, therefore—that in order to get benefits a person just has to go to a hospital—will break down the whole system. I can think of nothing more cruel than to offer to our elderly people a plan which we know in advance had this basic defect.

On the other hand, physicians' care is practical and simple to obtain, and physicians are not compelled to send their patients to hospitals in order to get the treatment they need. The other provisions all are designed to further the objectives of preventive medical care, despite the wide variation in medical facilities in each of the 50 States.

Again, I should like to emphasize another strong point of our amendment. It is based on what can be done in every State separately, treating the State as a unit. This, too, will take account of the medical facilities and capabilities in each State, so that what we promise an individual we will perform.

For the individual described, who feels that he can pay for his own preventive care, but wants to protect himself against a lengthy illness, there is an option enabling him to subscribe to a plan to pay for major portions of the cost of long-term, catastrophic, or other expensive illness. This, it will be recalled, was essentially the administration's approach, which I have now added to my original bill.

This alternative plan provides for a minimum of 120 days of hospitalization, up to a year of skilled nursing-home services, and of organized home health care services, and for surgical services in the hospital—any or all to the extent of 80 percent of the cost of the services after incurring expenses of $250 for any or all of such services in any one year. In other words, it is a coinsurance and deductible plan of 80 percent and $250, but the State is free to reduce the deductibility factor in the plan it offers.

I wish to emphasize that both of the service benefit packages which I have described for preventive care and for catastrophic illness establish minimum benefits. The maximums are regulated only by the amount of money which the Federal Government will contribute as its share; and I will come to the financial details in a few moments.

In addition to the two options which I have described for the individual, there is a third option: A covered individual over 65 who does not enroll in a State administered medical plan may receive 50 percent of his premium expense for a private health insurance policy approved by the State, but not in excess of $60 a year.

These three options are available to all over 65 with incomes under the maximum set forth, except those receiving benefits under the old-age assistance program. I refer to the Kerr-Frear provisions.

It is estimated that, aside from 4½ million over 65 receiving old-age assistance, coverage under our amendment will be available to 11 million of those over 65. That excepts over 2 million people over 65 who are not referred to in these figures. They are the ones who are either very well off financially, and can take care of their medical care, or the indigent, who come under other provisions of the Kerr-Frear bill. But, for practical purposes, the Senator from New Mexico [Mr. ANDERSON], the Senator from Michigan [Mr. MCNAMARA], myself, or any other Senator who has an idea on how to deal with the medical care for the aged, will be dealing with a potential of 11 million people.

As to the latter, the bill which is before us would provide health care, or an opportunity for care, to those 11 million people over 65. Again I wish to make it perfectly clear that nothing in my amendment will subtract or detract from the health care provisions which are in the bill before us, the so-called Kerr-Frear provisions.

I have referred, in describing these benefit packages, to minimum services in which the Federal Government would make its contribution, as well as the States, and, to a modest extent, the subscriber.

The Federal Government, under our plan, will be able to contribute to an expanded benefit package up to an aggregate cost of $128 a year.

The minimum package which I have described is estimated, generally, throughout the country, for both preventive care and catastrophic illness, to cost $90 a year.

An example of the maximum package, at $128 a year, of maximum medical benefits under preventive care, would be: physicians' services, 12 days office and home; inpatient hospital services, 45 days; unlimited ambulatory X-ray and laboratory services; and unlimited organized home health care services; skilled and nursing home services, 135 days.

That is the maximum possible, considering the country as a whole, under the $128 cost, which would be the roof eligible for Federal contribution.

Similar maximum benefits under the long-term illness program, under this $128 ceiling, consist of hospital care, 180 days; skilled and nursing home care, 365 days, or 1 year; organized home care service, the same, 365 days; surgical procedures; laboratory and X-ray services, up to $200; physicians' services; dental services; prescribed drugs, up to $350; private duty nurses and physical restoration services.

In short, that is probably the most elaborate package anyone has thought about for the aged to be available to an individual over 65 years of age who feels he does not need preventive care—he can look after that—who feels he can look after the first $250 of his own costs, in terms of catastrophic illness, and then he gets 80 percent of the cost of this tremendous package of benefits.

I point that out because it indicates this is a plan which is tailored to acuality, not to what can we do for the aged, but to the actual needs of the aged.

There are some who want preventive care, from the first dollar cost, from the word "go." They would be without any coinsurance, without any deductibility under the law. There are others who can take care of themselves unless they run into a bad situation, and it is for them we want to have a comprehensive package, and that is the maximum package I have offered.

There is no other proposal before this session of the Congress which meets all the desirable conditions and can provide all the benefits to as many people and as quickly as this amendment. First, it builds upon what the States have in the way of facilities—and they differ very materially among the States.

Second, it is a generel revenue plan, not a social security measure. Mr. President, I think the hard nut of the issue is, Do we wish to inaugurate in the social security system what is, for all practical purposes, a health care scheme? I would not say it is exactly what the British do, but it is very much like it. The point is that we would for the first time inaugurate a system by which we would have a national responsibility for the health care of the people.

We are now starting with the aged over 68, but once we have imbedded it so fundamentally into the responsibility of the Government in terms, at the very best, of a government insurance program, of course it will develop, without any question. If the Congress makes this very fundamental decision in principle, it should develop. I would be opposed to inaugurating it in this way, because I think it is unsound and unwise in terms of the organization of our country.

Mr. President, I should like to interject another thought. I know those who favor the social security idea are men of conscience, and I think they should reflect on one item in this matter, namely, is a social security system for medical care a system which is apposite to the traditions of and to the general attributes of American life? Is it a system congenial to American life, to the American way of living, to the American way of dealing with doctors and medical care generally?

I hasten to refute any idea that a social security approach is "un-American." Of course it is not. I only point out that the question of context, of the way in which we live, our national attitudes, is an important consideration in making what is really a very fundamental and a very important sociological decision. I wish to emphasize that point. I shall not go to Bermuda, nor will grass grow in the streets, if the Congress decides that way, but I think it would be a profound and important departure from anything we have ever done before, with great sociological implications. I therefore urge my colleagues who are thinking about it, and I know many are, to consider it in those terms as well.

The contributory principle, which I have adopted, is nothing new. It is in the bill now, as a matter of fact. The Kerr-Frear proposals represent nothing more than the extension of the contributory principle, by which Federal and State governments contribute to a desirable social welfare plan.

Another difficulty, as I view the matter, with respect to the social security idea, relates to the fact that it is interesting to me to find that so many of my liberal friends—not only my liberal friends, but also my liberal brothers in arms—espouse the social security idea, which seems to me to be a reversal of our own thinking, because the general revenue approach spreads the responsibility among all the people who are able to pay, in proportion to their ability to pay, whereas the social security approach is practically a sales tax approach. It will tax those at the lowest end of the economic totem pole, who, we always say in terms of general welfare measures, are the least able to pay. Interestingly enough, it would exclude an estimated 40 percent of the income of individuals from any responsibility for a health care program. That, in itself, seems to me to be inappropriate.

I would say that the Kerr-Frear proposals take that very principle into consideration and carry it out to the limited extent to which they endeavor to carry out the medical care program.

I observe that the Senator from Oklahoma [Mr. KERR] is present in the Chamber. I should like to repeat for him what I said before. I am all for his program. I think it is absolutely essential. I think we have to take a further step. I am trying to propose an addition, using the same principle. Since the question of need is not involved, this represents, in an efficient way, the necessary next step. I think it is a very happy thing which the Senator has done for all of us, in stripping the bill of all the argument about the old-age assistance people and the medically indigent people. The Senator has done that and has done it very well. I think we are all content with it.

We can go on. We can really concentrate upon the fundamental issue, which I have stated to be this: There is a great body of Senators, in my opinion—perhaps it does include the Senator from Oklahoma [Mr. KERR], but we all love him, respect him, and have the greatest respect for his sincerity—which I think is a solid majority, who desire to do something for the aged beyond what would be done by the bill which has been presented. I think the real issue is going to be whether we shall do it by the social security route, breaking totally new sociological ground, or whether we shall do it by the traditional contributory system, which is the same system employed by the Senator from Oklahoma. I am arguing for the latter. Stripped down, that is essentially my case.

Mr. President, the cost question, of course, is vitally important. We already have an estimate of cost on the Kerr-Frear measure, which is now in the bill, of $200 million a year. Under my program, which is proposed in the amendment, the medium cost for the Federal Government for the plan is estimated by me—I shall give the estimate of the technicians in a minute—at $450 million a year. The reason I differentiate my estimate from that of the technicians is that the technicians give me a figure of estimated participation of 75 percent, which would mean the participation of 8,250,000 people. The technicians give me a figure on the minimum package which is referred to in my amendment of about $360 million from the Federal Government. They give me a figure, on the maximum package, of about $462 million from the Federal Government.

Taking into consideration all of the uncertainties—whether 75 percent or more will be covered—and the variations among the several States as to the types of plans which the States would propose, I think a "fair shot" at it, which is perhaps a little on the high side, is $450 million per annum as the cost of what I am proposing to the Federal Government at such time as there is full use of the potential participation involved.

There is one other point which I should like to emphasize about my approach to the problem. I call in the amendment for some cost to the subscriber. Let us remember that the medically indigent and the old-age assistance people are to be looked after. We are seeking to deal with people who have some modest income. I call for a cost to the subscriber which is 10 percent of the cost of the package. We have a right to assume that will be somewhere between $9 a year and $12.80 a year. These are the lower and upper limits of the package.

I should like to make a point on the question of subscription which I think is important. Many people in this whole situation are worried about the program running away. The British had that experience. People worry about the program becoming a matter of competition,

politically or otherwise—probably politically. There may be a question of, perhaps, who will do more in terms of the benefit package. Some are worried about malingering and lots of other abuses.

It seems to me when we charge even a modest amount to the subscriber we introduce a note of dignity, a note of personal responsibility, a note of insurance participation which is very attractive. In view of the fact that the amounts involved are very small—I am thinking of people with modest income when I say "very small"—I think this gives us a desirable addition, and at the same time gives us a little help as to the cost of the program.

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

Mr. JAVITS. I yield.

Mr. PROXMIRE. First, even though I oppose the Senator from New York on this issue, I wish to congratulate him for this constructive and positive proposal. I think it represents an advance which has a great deal of merit. I know the Senator from New York is not one of those who are coming forward with a program because there is a lot of pressure for a health insurance program for the aged. The Senator from New York has been presenting this program for many years. As I understand, in 1949 the Senator introduced a similar program when he was a Member of the House of Representatives. This is nothing new for him.

I should like to ask the Senator from New York whether the only eligibility criterion would be income. Would there be any property criterion whatever?

Mr. JAVITS. None whatever.

Mr. PROXMIRE. Any liens on property?

Mr. JAVITS. None whatever.

Mr. PROXMIRE. It would be entirely income.

Mr. JAVITS. Entirely income.

Mr. PROXMIRE. The income would be $60 a week for an individual. If a person earned or received less than $60 a week he would be eligible? The figure would be $90 for a couple, roughly?

Mr. JAVITS. That is correct.

Mr. PROXMIRE. If an individual received $65 a week or $75 a week or $80 a week, or his family received $100 or more a week, he would not be eligible, is that correct?

Mr. JAVITS. That is correct.

Mr. PROXMIRE. So even if a person were afflicted with an illness which cost thousands of dollars a year, he could not qualify under the Senator's program unless he could show that his income was very modest—in the $60 or less a week range?

Mr. JAVITS. That is true. But is it not also true that then we would get into the range of people who are generally covered? Remember that there are 127 million people covered by various types of health insurance, and we do not expect the Federal Government to shepherd them all.

I point out to the Senator that I think the Senator is making entirely valid points, and that the Senator is correct actuarially speaking, that the overwhelming majority of those over 65 come within the $3,000 and the $4,500 limits. The exclusion at the most is something within the area of about 2¼ million maximum.

Mr. PROXMIRE. So there are 2¼ million Americans who make more than $60 a week or more than $90, with respect to families, over 65 years of age, who may have health problems, which so many older people are likely to have, who would not be covered under the proposal of the Senator from New York?

Mr. JAVITS. They would not be covered under my proposal. The only point I make is that they are people who are able to be covered privately, and it seems to me a governmental proposal involving under anyone's system important governmental contribution should try to confine itself to some area in which people cannot otherwise help themselves.

Mr. PROXMIRE. Does the Senator believe that the social security system itself, which provides a pension for everyone who works, whether he earns over $60 a week or over $90 a week, whether they have that kind of income after they get older or not, should be modified and should apply only to those who can come in and pass an income test?

Mr. JAVITS. I point out to the Senator that if a person earns over $1,800 a year, even under the bill, he will not receive any social security.

Mr. PROXMIRE. The Senator knows perfectly well that under the social security program a man can have an income of $10,000 and receive his $10,000 income provided he does not earn it as wages or salary. After 72, a man may go out and earn by the sweat of his brow any amount and he is still eligible for social security; is that correct?

Mr. JAVITS. That is correct. But the Senator has glossed very quickly over the fact that if that individual earns over $1,800 a year, he gets no social security.

Mr. PROXMIRE. Between ages 65 and 72.

Mr. JAVITS. That is correct. That applies to about 2 million people right now. So the numbers are roughly equivalent. It is not an argumentative figure. I am trying to state my facts and figures authoritatively. So they just about balance out. It is a fact now that about 2 million people do not collect social security because they earn over $1,800 a year. So the social security system itself—not that I admit it, is analogous—accommodates that kind of application.

Mr. PROXMIRE. I think the applications are very important. If a person has an income from rent or from an annuity or from any of many kinds of sources of income, which many older people have, he still gets his social security check no matter how large his income. If a person is over 72, he can earn all the money he wishes by the sweat of his brow and still receive his social security check. And most important of all, of course, an elderly person can live on a small income if he is well. It is when he is ill that he needs the additional help and he needs it as desperately if he earns $100 a week as if he earns $60 a week, if he suffers a prolonged costly illness.

I should like to come to what I think is the fundamental issue, and I think the Senator stated it very clearly when he said, "The hard nut of the issue is between using the social security system and not using it." I think the Senator's test is a much more attractive test than the usual means test that the States apply with respect to property, insisting on liens and pauper's oaths. The Senator from New York very properly does not insist upon that procedure.

Mr. JAVITS. Will the Senator allow me to interrupt to nail down that point. I agree entirely with the Senator from Wisconsin and his fellow liberals on that point.

Mr. PROXMIRE. Nevertheless, the Senator would apply an income test. An individual would have to prove that not only his earnings but his income was less than $3,000 a year.

Mr. JAVITS. Yes. Will the Senator allow me to qualify that statement. We have simplified the procedure greatly by relying solely on the income tax return, and the bill so provides. If a man files an income tax return, that settles the question. If he violates the law, and does not file, we will not pursue that point.

Also the mere certification in his income tax return that he shows no more than X dollars would be enough to qualify him. He would not have to give us the return or anything else. The amendment is clear on that point, and it is a simple proposition. I only wanted to clarify the procedure.

Mr. PROXMIRE. I think one of the most attractive and helpful features of the Senator's approach is the one he mentioned last. He said the plan provided a little dignity because the participants would be required to contribute 10 percent of the cost of the premium. I think that is fine. However, the great advantage of the social security approach, it seems to me, is that it provides a great deal of dignity to the person who participates in this program, because he knows that he has earned it. He has earned it by his own contribution over his lifetime to social security. He has earned it because his employer in hiring him really, as part of his wage, has contracted to pay into the social security fund, and while initially people who had not made a contribution in this way would qualify over the years, all those who would receive this benefit would have made the contribution themselves and would receive the benefits as a matter of right. It would be theirs, because they had made their contribution and had earned it. There would be no element of charity. There would be no element of the State or the Federal Government handing out money because they felt sorry for people. Americans could be proud of the fact that during their lifetime they had worked and contributed to the fund, and that they had earned the right, when they retired, to have health insurance.

Mr. JAVITS. The argument of the Senator from Wisconsin is rather surprising, because I have not heard him say that it is charity to give high, fixed farm supports or checks for the conservation of land. I have not heard him say that such support represents the fact that the United States is sorry for the indi-

viduals who are getting the checks. There are all kinds of programs costing billions of dollars for which the Federal Government is paying, and paying directly to people, programs which we all fight for and think are right. They represent no demeaning of the individual's dignity.

My point is that my approach would give the individual a vested stake in where this money went. It does not fail to have some terminal points in the sense of responsibility with respect to it.

I will not say for a minute that there is nothing to be said for the social security approach, that it is all wrong, and that it is the greatest vice mankind ever saw. Of course not. That is nonsense. The only point I make is that on balance, taking all of the arguments for the social security system and all of the arguments for this system, and considering the sociological break with the past which the social security system in health would represent, I believe my program is preferable for our country.

In other words, I am not trying to devastate the Senator from Wisconsin with my argument. I think there is an answer to his particular point and I have made it. But I also wished to point out that this is one of the questions that he and others like him will argue most sincerely as being a strong point in favor of their plan.

Mr. PROXMIRE. May I say that every farmer in Wisconsin, every farmer in New York, and every farmer in the country deplores the subsidy aspects of our farm program and wants to get out from under subsidy as soon as possible, hoping that it is but a temporary expedient. Also, a farmer does not consider commodity credit loans entirely as a subsidy to himself but as a way to solve a serious national problem.

I do not wish to detain the Senator. I have a few more questions. I think this is a worthy proposal although I am inclined to disagree with it at the moment.

The Senator estimates that the plan will cost about $450 million a year to the Federal Government in addition to the cost of the Kerr-Frear proposal, which I understand is $212 million, or a total of some $662 million a year additional cost to the Federal Government.

Mr. JAVITS. I do not think the Senator is correct about the cost of the Kerr-Frear proposal. It is estimated in the RECORD to be $200 million. The Senator is close enough.

Mr. PROXMIRE. I conferred with the Senator from Oklahoma. He told me it would be $142 million for the first part of his proposal and $70 million for the second part. He said that the cost to the States for his program would be approximately $71 million. The Senator from New York, I presume, assumes the cost to the State would be $450 million for his proposal. The Kerr-Frear proposal would cost the States $71 million. The Javits bill would be on top of that. So the Javits approach according to the author's estimates would be $520 million in added cost to the States. Somehow, somewhere we will need to find an additional $1,182 million of Federal and State money to pay for this Republican proposal. That means an increase of $662 million in Federal taxes and $520 million in State taxes.

I wish to state to the Senator from New York that although I have great faith in our Wisconsin Governor, who is a close friend of mine and a Democrat, and in the Wisconsin Legislature, all of whom are sympathetic to the problems of the old people, I am not so sure they can come up with an additional $10 million or $12 million for this purpose in Wisconsin.

I am sure, while this is true of Wisconsin, it is true also of many other States. I should like to ask the Senator how many States, in his judgment, would come through with a program this year and how many States would come through within the next 2 or 3 years with a program of the kind he proposes. Where would the money come from? Many of these States are in very serious trouble. The State of the Senator from New York is better off than most States, but many States are in a serious plight. Many of them would have a very difficult problem in raising the kind of money the Senator would have them try to raise under his proposal.

Mr. JAVITS. The figures for Wisconsin, upon which my estimates are based, show for the minimum package a State contribution of $7.8 million, and for the maximum package a contribution of $12.3 million.

Mr. PROXMIRE. A median of $10 million.

Mr. JAVITS. That is fairly accurate. Practically all the States have entered into the medical-care aspects of the old-age assistance program, and I believe with all sincerity that the amounts are not so large that they could not be found for so desirable a program which gives such great benefits to their people beyond the competence of the respective States.

In order to make clear the figures, I ask unanimous consent that there may be included in the RECORD at this point a chart prepared for me by the Government agencies, at my request, without any implication as to their favoring my amendment, based upon an 8¼-million participation, of the total Government cost, the Federal cost, and the State cost, based upon the minimum package and the maximum package referred to in my remarks.

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

Estimated annual costs under Javits amendment to H.R. 12580 providing for medical services for the aged

	Number of participants[1]	"Minimum" package			"Maximum" package		
		Total Government cost	Federal cost	State cost	Total Government cost	Federal cost	State cost
	Thousands	*Millions*	*Millions*	*Millions*	*Millions*	*Millions*	*Millions*
United States	8,250	$671.8	$320.4	$351.4	$950.4	$462.8	$487.6
Alabama	105	7.6	5.1	2.5	12.1	8.1	4.0
Alaska	2	.2	.1	.1	.2	.1	.1
Arizona	38	3.0	1.7	1.3	4.4	2.5	1.9
Arkansas	85	5.7	3.8	1.9	9.8	6.5	3.3
California	611	60.8	22.8	38.0	70.4	26.4	44.0
Colorado	65	5.0	2.6	2.4	7.5	3.9	3.6
Connecticut	127	14.3	4.8	9.5	15.8	5.3	10.5
Delaware	20	1.8	.6	1.2	2.3	.8	1.5
District of Columbia	28	2.6	1.0	1.6	3.2	1.2	2.0
Florida	257	20.5	11.3	9.2	29.6	16.3	13.3
Georgia	113	8.2	5.3	2.9	13.0	8.3	4.7
Hawaii	17	1.4	.8	.6	2.0	1.1	.9
Idaho	32	2.7	1.6	1.1	3.7	2.2	1.5
Illinois	510	44.1	17.4	26.7	58.8	23.2	35.6
Indiana	253	19.8	9.8	10.0	29.2	14.5	14.7
Iowa	164	11.0	6.3	4.7	18.9	10.8	8.1
Kansas	116	7.7	4.3	3.4	13.4	7.5	5.9
Kentucky	141	10.9	7.2	3.7	16.2	10.7	5.5
Louisiana	61	4.2	2.6	1.6	7.0	4.4	2.6
Maine	62	4.7	2.7	2.0	7.2	4.2	3.0
Maryland	109	8.9	4.2	4.7	12.6	5.9	6.7
Massachusetts	301	29.7	17.8	16.9	34.7	15.0	19.7
Michigan	358	33.8	15.2	18.6	41.3	18.6	22.7
Minnesota	172	14.0	7.6	6.4	19.8	10.8	9.0
Mississippi	65	4.2	2.8	1.4	7.5	5.0	2.5
Missouri	228	16.2	8.4	7.8	26.3	13.6	12.7
Montana	34	$2.5	$1.3	$1.2	$3.9	$2.0	$1.9
Nebraska	80	5.4	3.1	2.3	9.2	5.3	3.9
Nevada	8	.7	.3	.4	.9	.3	.6
New Hampshire	38	3.0	1.6	1.4	4.4	2.4	2.0
New Jersey	320	26.0	10.0	16.0	36.9	14.1	22.8
New Mexico	39	1.6	1.0	.6	2.3	1.4	.9
New York	924	79.8	29.8	50.0	106.4	39.7	66.7
North Carolina	152	9.7	6.4	3.3	17.5	11.6	5.9
North Dakota	29	1.9	1.2	.7	3.3	2.1	1.2
Ohio	473	40.1	17.8	22.3	54.5	24.2	30.3
Oklahoma	94	6.4	3.8	2.6	10.8	6.5	4.3
Oregon	104	9.5	4.9	4.6	12.0	6.2	5.8
Pennsylvania	629	44.1	21.4	22.7	72.5	35.1	37.4
Rhode Island	53	5.3	2.6	2.7	6.1	3.0	3.1
South Carolina	68	3.8	2.5	1.3	7.8	5.2	2.6
South Dakota	35	2.2	1.4	.8	4.0	2.6	1.4
Tennessee	137	9.7	6.4	3.3	15.8	10.4	5.4
Texas	287	23.2	13.0	10.2	33.1	18.5	14.5
Utah	30	2.3	1.3	1.0	3.5	2.0	1.5
Vermont	23	1.9	1.1	.8	2.7	1.6	1.1
Virginia	140	9.3	5.4	3.9	16.1	9.4	6.7
Washington	143	14.2	6.7	7.5	16.5	7.8	8.7
West Virginia	94	6.3	4.0	2.3	10.8	6.8	4.0
Wisconsin	224	16.6	8.7	7.8	25.8	13.5	12.3
Wyoming	13	1.0	.5	.5	1.5	.8	.7
Puerto Rico	67	2.1	1.4	.7	5.4	3.6	1.8
Virgin Islands	1	(2)	(2)	(2)	.1	(2)	(2)

[1] Assumes 75 percent participation by the 11,000,000 persons eligible to participate in the program.

[2] Less than $50,000.

Mr. PROXMIRE. Is it not a fact that at the recent Governor's conference, in June, the Governor of Wisconsin led the successful fight to put the Governors on record, or a majority of the Governors, at least, as favoring the social security approach and disapproving the Federal-State matching approach; or if not disapproving the latter approach, at least favoring the social security approach? Is it not also a fact that the distinguished Governor of the Senator's State, Gov. Nelson Rockefeller, was one of the leaders in this fight, and that the distinguished Governor of New York very enthusiastically favors the social security approach, and has stated so many times?

Mr. JAVITS. This question was bound to come up, and we might as well answer it. It is, of course, a fact, that the Governors want to shed themselves of as much of the cost as they can. That is very understandable. They would like to use the money for other things, if they have it. So we can understand their position. We wrestle with it every day in the week. They want more money here and they want to spend less themselves.

With respect to Governor Rockefeller, he has announced his position as favoring the social security approach, with one very important exception, which is not in the Anderson substitute. Perhaps it will be some day, but it is not in the substitute now. He is in favor of the social security approach if it gives the individual subscriber the option of getting his money in cash, so that he may subscribe to a private health plan. He has made that point very clear.

I speak of it so strongly because he made it clear to me. This is an issue upon which he and I do not see eye to eye. There are very few such issues. Governor Rockefeller and I are in great agreement, certainly as great as anybody has with him. He is in favor of the social security approach, and has said so. I respect him for his views, although I may not agree with them. He has pointed out that he is only for it if it gives the subscriber or the beneficiary the cash option; otherwise, he is not in favor of it.

Mr. PROXMIRE. I understand. However, is it not true that the Governor has stated very eloquently that he is in favor of the social security approach, not merely because it would save the States money—and that may not be the most important consideration, particularly in a State like New York State, which has a sound method of raising money, and has been successful recently—but because he feels that the social security approach is the more efficient and more comprehensive and more dignified way to do it? Is that not why also a great newspaper in the Senator's home State, the New York Times, also favors that method, as does the Washington Post and so many other newspapers which are objective in their approach to the problem, and which can without any feeling of politics look at the issue and decide which makes the most sound economic sense and which provides the greatest amount of personal dignity?

Mr. JAVITS. I would not wish to characterize or give coloration to the degree of enthusiasm with which the Governor or the New York Times approaches the social security method. However, there are many newspapers which have earned great respect throughout the country which do not favor that approach, but who are violently opposed to it, and state their preference with sincerity, and say why they think they are right. Although it is an item which the Senator has the right to mention, I do not believe it is decisive in respect of the issue which is before us.

Mr. PROXMIRE. I thank the Senator from New York. Once again I would say that his bill has a great deal of merit, and of course, as always, he has presented masterful arguments in favor of it. I am not persuaded. However, I enjoy listening to his touching arguments.

Mr. JAVITS. I am grateful to the Senator from Wisconsin. There is nothing which brings out a case better than questions. He is very able. He and I have debated this question on television. I have enjoyed our debates very much. His performance here is well worthy of him.

I should like to proceed now to a conclusion of my remarks, very briefly.

I had in mind pointing out what I am sure others will point out; namely, the reason why this subject has become a great problem and a great issue in this country.

Since 1957, medical care costs have gone up more than 20 percent. When we remember what our older citizens must pay for medical care with what they earn, we can understand why this is burgeoning not only as a political problem, but also as an economic and social problem.

Our older citizens, according to a 1957–58 study, spent, on the average, $177 a year for health and medical expenses, compared with $84 spent on the average by the rest of the population.

However, 16 percent of the older citizens had to spend as much as $500 a year for their health care. We must remember, also, and must take into account the fact—and I am deeply convinced of this—that our older citizens are not getting the medical care they ought to be getting. They ought to be spending more than the already high amounts. However, these higher expenses come at a time when the earning power of the men and women in this group has declined so sharply that 60 percent, or 9.6 million, in this group have less than a thousand dollars a year to live on, while 80 percent, or 12.8 million, have incomes of $2,000 a year or less.

It seems to me that under these circumstances we are bound to do something about this situation.

Before I conclude I should like to make one further point, which is so important to this whole debate, and that is this:

What is the program which is proportioned to what our older citizens need? Why is it 60 days in the hospital, and not 30 days? Why is it 180 days, and not 365 days? What do the older citizens really need?

In that respect I point to a U.S. National Health survey entitled "Hospitalization—Patients Discharged From Short Stay Hospitals," published in June 1958. It shows why the program which I am proposing with my cosponsors is so valuable and so clearly proportioned to the need. It shows that less than 10 percent of the 16 million aged citizens who are hospitalized—9.8 percent to be exact—actually need to stay more than 31 days per year in the hospital. Ninety percent do not require long hospital stays. U.S. Government statistics show that the average hospital stay of this latter group is 14 days, with the general average stay being 21 days.

Mr. President, this shows that a program like ours which is adjusted to preventive care, meeting a range between 21 days at a minimum, and 45 days at a maximum, in a hospital, without any precost of coinsurance, or anything else, is exactly what the people need. The great bulk of the people do not really need anything else. Therefore, why have an enormous mountain of effort, so far as they are concerned, for the hospitalization which is represented by the Anderson amendment, when 95 percent of them do not really need it?

Mr. President, let us remember that more than 127 million Americans are now under some kind of medical care insurance program. These programs may provide only limited coverage, but they help to cover some part of the health care expense. When I speak, as I do, about the psychological departure which is involved in the social security system, I have in mind the distortions, the material impairment—which should not even be taken into account by anything we do, or seriously strained or taxed by anything we do—in this enormous system which, in a typical American way, the American people have built up to help themselves.

The plan which I have proposed conforms best, because it continues to leave a very large area for private capacities which are represented by all the medical plans.

I should like to emphasize that the Anderson plan starts to provide benefits at age 68, or when a person is 3 years older than under the plan which the Senate is now considering.

I conclude on this note: Let us not overlook the fact that with the enactment of a major health care bill by Congress, an enormous burden will be placed on the Nation's medical resources and personnel, no matter what safeguards are included against overutilization. Nothing would be more tragic than to compel old folks to go on a long waiting list to enter a hospital already subject to overcrowding. We help to lighten that burden by enabling our older citizens, under my amendment, to get preventive care before they fall seriously ill, as the bill which I sponsor provides. Proposals centered around hospitalization concentrate that burden in many places to the breaking point.

I hope very much that the fundamental principles which I have advocated

will be incorporated in any health care insurance legislation adopted by Congress. These are the basic principles I urge most strongly: Emphasis on preventive care, voluntary participation for all over 65, with the preservation of the doctor-patient relationship; State plans with Federal matching so that we can build on existing facilities; and payment out of general revenues.

Mr. President, I hope the Senate will pass a bill which will go further than the one so ably presented by the Senator from Oklahoma [Mr. KERR] and the Senator from Delaware [Mr. FREAR], which confines itself essentially to medical indigents, and which, I think, is acceptable to all, certainly to myself and my cosponsors.

All our older citizens of modest income should have full consideration from us in their older years, when they need help to meet their medical expenses, and they are entitled to it by their service in the life of our country.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks a table showing the percentage of participation under my amendment by the various States with the Federal Government. I have previously secured unanimous consent to have printed in the RECORD a chart analyzing the cost of the minimum-maximum package.

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

Federal matching percentages under Javits amendment to H.R. 12580 providing for medical services for the aged

Alabama	66.7
Alaska	50.0
Arizona	57.1
Arkansas	66.7
California	37.5
Colorado	51.7
Connecticut	33.3
Delaware	33.3
District of Columbia	37.8
Florida	55.1
Georgia	64.2
Hawaii	54.4
Idaho	59.4
Illinois	39.5
Indiana	49.7
Iowa	57.1
Kansas	55.7
Kentucky	66.0
Louisiana	62.6
Maine	58.3
Maryland	46.8
Massachusetts	43.1
Michigan	45.0
Minnesota	54.5
Mississippi	66.7
Missouri	51.7
Montana	52.1
Nebraska	57.2
Nevada	38.9
New Hampshire	54.1
New Jersey	38.3
New Mexico	60.0
New York	37.3
North Carolina	66.4
North Dakota	64.1
Ohio	44.4
Oklahoma	59.7
Oregon	51.3
Pennsylvania	48.4
Rhode Island	49.2
South Carolina	66.7
South Dakota	64.9
Tennessee	65.8
Texas	56.1

Federal matching percentages under Javits amendment to H.R. 12580 providing for medical services for the aged—Continued

Utah	58.4
Vermont	58.7
Virginia	58.4
Washington	47.3
West Virginia	63.0
Wisconsin	52.4
Wyoming	50.5
Puerto Rico	66.7
Virgin Islands	66.7

Mr. JAVITS. Mr. President, I ask unanimous consent that my amendment may be printed as a part of my remarks.

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

At the end of the bill insert the following:

"SEC. 801. The Social Security Act is further amended by adding at the end thereof the following new title:

"'TITLE XVI.—MEDICAL BENEFITS FOR THE AGED

"'*Appropriation*

"'SEC. 1601. For the purpose of assisting the States to improve the health care of aged individuals of low incomes by enabling them to secure, at cost reasonably related to their incomes, protection either against the expenses of preventive and diagnostic services and short-term illness treatment or against long-term illness expenses, there are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine. The sums made available under this section shall be used for making payments to States with State plans submitted by them and approved under this title.

"'*State plans*

"'SEC. 1602. The Secretary shall approve a State plan under this title which—

"'(a) provides for establishment or designation of a single State agency to administer or supervise the administration of the State plan;

"'(b) provides that each eligible individual (as defined in section 1605(a)) who applies therefor (and only such an individual) shall be furnished whichever of the following he may elect:

"'(1) preventive and diagnostic and short-term illness benefits, which, for purposes of this title, shall consist of payment on behalf of an eligible individual of the cost incurred by him for the following medical services rendered to him to the extent determined by the attending physician to be medically necessary (but subject to the limitations in section 1606)—

"'(A) inpatient hospital services for not to exceed twenty-one days in any enrollment year, except that at the request of the individual, days of skilled nursing-home services may be substituted for any or all of such days of inpatient hospital services at the rate of three days of skilled nursing-home care for one day of inpatient hospital services;

"'(B) physicians' services furnished outside of a hospital or skilled nursing home, on not more than twelve days during any enrollment year;

"'(C) ambulatory diagnostic laboratory and X-ray services furnished outside of a hospital or skilled nursing home to the extent the cost thereof is not in excess of $100 in any enrollment year;

"'(D) organized home health care services for not more than twenty-four days in any enrollment year; and

"'(E) such other medical services as the State may elect (subject to the limitations in classes (E), (vi), and (vii) of paragraph (2) and to the limitations in section 1608); or

"'(2) long-term illness benefits, which, for purposes of this title, shall consist of payment on behalf of an eligible individual of 80 per centum of the cost above the deductible amount incurred by him for the following services (hereinafter in this title referred to as "medical services") rendered to him to the extent determined by the attending physician to be medically necessary (but subject to the limitations in section 1606)—

"'(A) inpatient hospital services for not to exceed one hundred and twenty days in any enrollment year;

"'(B) surgical services provided to inpatient in a hospital;

"'(C) skilled nursing-home services;

"'(D) organized home health care services;

"'(E) such of the following services as the State may elect (subject to the limitations in section 1606)—

"'(i) physicians' services;

"'(ii) outpatient hospital services;

"'(iii) private duty nursing services;

"'(iv) physical restorative services;

"'(v) dental treatment;

"'(vi) laboratory and X-ray services to the extent the cost thereof is not in excess of $200 in any enrollment year;

"'(vii) prescribed drugs to the extent the cost thereof is not in excess of $350 in any enrollment year; and

"'(viii) inpatient hospital services in excess of one hundred and twenty days in any enrollment year; or

"'(3) private insurance benefits, which, for purposes of this title, shall consist of payment on behalf of such individual of one-half of the premiums of a private health insurance policy for him up to a maximum payment for any year of $60;

"'(c) provides for granting an opportunity for a fair hearing before the State agency to any individual whose claim for benefits under the plan has been denied;

"'(d) provides for payment of enrollment fees, payable annually or more frequently, as the State may determine, by eligible individuals applying for long-term illness benefits or diagnostic and short-term illness benefits under the plan, the amounts of such fees to be determined by a schedule established by the State and approved by the Secretary as providing fees the lowest of which is equal to not less than 10 per centum of the per capita cost for the enrollment year involved of the benefits provided, the remainder of which vary in relation to the income (as defined in section 1605(b)) of the individuals;

"'(e) include provision for increases in enrollment fees, approved by the Secretary for individuals who for the enrollment year involved, would not be eligible individuals but for the provisions of section 1605(a)(2);

"'(f) includes such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including—

"'(1) 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, or compensation of any individual employed in accordance with such methods;

"'(2) methods to assure that the applications of all individuals applying for benefits under the plan will be acted upon with reasonable promptness;

"'(3) methods relating to collection of enrollment fees for long-term illness benefits or diagnostic and short-term illness benefits under the plan, except that the State may not utilize the services of any nonpublic agency or organization in the collection of such fees, and

"'(4) methods for determining—

"'(A) rates of payment for institutional services, and

"'(B) schedules of fees or rates of payment for other medical services,

for which expenditures are made under the plan;

"'(g) sets forth criteria, not inconsistent with the provisions of this title, for approval by the State agency, for purposes of the plan, of private health insurance policies;

"'(h) provides that no benefits will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2, aid to dependent children under the State plan approved under section 402, aid to the blind under the State plan approved under section 1002, or aid to the permanently and totally disabled under the State plan approved under section 1402 (and for purposes of this paragraph an individual shall not be deemed to have received such assistance or aid with respect to any month unless he received such assistance or aid in the form of money payments for such month, or in the form of medical or any other type of remedial care in such month (without regard to whom the expenditures in the form of such care were made));

"'(i) provides safeguards which restrict the use or disclosure of information concerning applicants for and recipients of benefits under the plan to purposes directly connected with the administration of the plan;

"'(j) includes (1) provisions, conforming to regulations of the Secretary, with respect to the time within which individuals desiring benefits under the plan may elect for any enrollment year between the types of benefits available under the plan and may apply for the benefits so elected for such year and (2) to the extent required by regulations of the Secretary, provisions, conforming to such regulations, with respect to the furnishing of benefits described in paragraph (1) or (2) of subsection (b) to eligible individuals during temporary absences from the State;

"'(k) provides for establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for any persons, institutions, and agencies providing medical services for which expenditures are made under the plan; and

"'(l) provides 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. Notwithstanding the preceding provisions of this section, the Secretary shall not approve any State plan under this title unless the State has established to his satisfaction that the medical or any other type of remedial care, together with the amounts, if any, included in old-age assistance in the form of money payments on account of their medical needs, for recipients of old-age assistance under the State plan approved under title I will be at least as great in amount, duration, and scope as the diagnostic and short-term illness benefits included under the State plan under this title.

"'(m) makes provision (1) authorizing employees' pension or welfare funds to contribute to the payment of enrollment fees under the plan for or on behalf of eligible members or beneficiaries of such funds, (2) authorizing employers (including the State or any political subdivision thereof when acting as an employer) to contribute to the payment of their employees' enrollment fees under the plan, and (3) permitting any employee, or member or beneficiary of an employees' pension or welfare fund, to authorize his employer (including the State or any political subdivision thereof when acting as an employer) or trustee or other governing body of such fund to deduct from his wages or from such fund, as the case may be, an amount equal to his enrollment fees under the plan and to pay the same to the State agency administering the plan;

"'Payments

"'SEC. 1603. (a) From the sums appropriated therefor, each State which has a plan approved under section 1602 shall be entitled to receive, for each calendar quarter, beginning with the quarter commencing July 1, 1961, an amount equal to (1) the Federal share for such State of the total amounts expended during such quarter by the State under the plan as long-term illness, diagnostic and short-term illness, or private insurance benefits, plus (2) 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.

"'(b) Payment of the amounts due a State under subsection (a) shall be made in advance thereof on the basis of estimates made by the Secretary, with such adjustments as may be necessary on account of overpayments or underpayments during prior quarters; and such payments may be made in such installments as the Secretary may determine. Adjustments under the preceding sentence shall include decreases in estimates equal to the pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered by the State or any political subdivision thereof, with respect to benefits furnished under the State plan, whether as the result of being subrogated to the rights of the recipient of the benefits against another person, or as the result of recovery by the recipient from such other person, or because such benefits were incorrectly furnished, or for any other reason.

"'(c) For purposes of subsection (a), (1) expenditures under a State plan in any calendar year shall be included only to the extent they exceed the amount of the enrollment fees collected in such year under the State plan, and (2) expenditures under a State plan for preventive diagnostic and short-term illness benefits or for long-term illness benefits in excess of $128 multiplied by the number of individuals enrolled for benefits under such plan in such year shall not be counted.

"'Operation of State plans

"'SEC. 1604. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of any State plan which has been approved under section 1602, finds—

"'(1) that the plan has been so changed that it no longer complies with the provisions of section 1602; 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 parts of the State plan not affected by such failure) until the Secretary is satisfied that there is no longer any such noncompliance. Until he is so satisfied, no further payments shall be made to such State (or payments shall be limited to parts of the State plan not affected by such failure).

"'Eligible individuals

"'SEC. 1605. (a) For the purposes of this title, the term "eligible individual" means, with respect to any enrollment year for any individual, an individual who—

"'(1)(A) is 65 years of age or over,

"'(B) resides in the State at the beginning of such year, and

"'(C) meets, with respect to such year, the income requirements of subsection (b); or

"'(2)(A) resides in the State at the beginning of such year, (B) was an eligible individual for the preceding enrollment year, and (C) paid enrollment fees under the plan for the preceding enrollment year or had a private health insurance policy and the State made payments under the State plan toward the cost of the premiums of the policy during such year.

"'(b) For the purposes of this title, the income requirements of this subsection are met by any individual with respect to any enrollment year if, for his last taxable year (for purposes of the Federal income tax) ending before the beginning of such enrollment year—

"'(1) he did not pay any income tax, or

"'(2) (A) his income did not exceed $3,000 in the case of an individual who, at the beginning of such enrollment year, was unmarried or was not living with his spouse, or

"'(B) the combined income of such individual and his spouse did not exceed $4,500 in the case of an individual who, at the beginning of such enrollment year, was married and living with his spouse.

"'(c) The term 'income' as used in subsection (b) means the amount by which the gross income (within the meaning of the Internal Revenue Code of 1954) exceeds the deductions allowable in determining adjusted gross income under section 62 of such Code; except that the following items shall be included (as items of gross income):

"'(1) Monthly insurance benefits under title II of this Act,

"'(2) Monthly benefits under the Railroad Retirement Acts of 1935 and 1937, and

"'(3) Veterans' pensions.

Determinations under this section shall be made (in the manner prescribed by the Secretary by regulations) by or under the supervision of the State agency administering or supervising the administration of the plan approved under section 1602.

"'Benefits

"'SEC. 1606. Subject to regulations of the Secretary—

"'Medical services

"'(a)(1) Except as provided in paragraph (2), the term "medical services" means the following to the extent determined by the physician to be medically necessary:

"'(A) inpatient hospital services;

"'(B) skilled nursing-home services;

"'(C) physicians' services;

"'(D) outpatient hospital services;

"'(E) organized home care services;

"'(F) private duty nursing services;

"'(G) therapeutic services;

"'(H) major dental treatment;

"'(I) laboratory and X-ray services; and

"'(J) prescribed drugs.

"'(2) The term "medical services" does not include—

"'(A) services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases; or

"'(B) services for any individual who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.

"'Inpatient hospital services

"'(b) The term "inpatient hospital services" means the following items furnished to an inpatient by a hospital:

"'(1) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

"'(2) Physicians' services; and

"'(3) Nursing services, interns' services, laboratory and X-ray services, ambulance service, and other services, drugs, and appliances related to his care and treatment (whether furnished directly by the hospital or, by arrangement, through other persons).

"'*Surgical services*

"'(e) the term "surgical services" means surgical procedures provided to an inpatient in a hospital other than those included in the term "inpatient hospital services", including oral surgery, and surgical procedures provided in an emergency in a doctor's office or by a hospital to an outpatient.

"'*Skilled nursing-home services*

"'(d) the terms "skilled nursing-home services" means the following items furnished to an inpatient in a nursing home:

"'(1) Skilled nursing care provided by a registered professional nurse or a licensed practical nurse which is prescribed by, or performed under the general direction of, a physician;

"'(2) Such medical supervisory services and other services related to such skilled nursing care as are generally provided in nursing homes providing such skilled nursing care; and

"'(3) Bed and board in connection with the furnishing of such skilled nursing care.

"'*Physicians' services*

"'(e) the term "physicians' services" means services provided in the exercise of his profession in any State by a physician licensed in such State; and the term "physician" includes a physician within the meaning of section 1101(a)(7).

"'*Outpatient hospital services*

"'(f) the term "outpatient hospital services" means medical and surgical care furnished by a hospital to an individual as an outpatient.

"'*Organized home health care services*

"'(g) the term "organized home health care services" means (1) visiting nurse services and physicians' services, and services related thereto, which are prescribed by a physician and are provided in a home through a public or private nonprofit agency operated in accordance with medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern such services; and (2) homemaker services of a nonmedical nature which are prescribed by a physician and are provided, through a public or private nonprofit agency, in the home to a person who is in need of and in receipt of other medical services.

"'*Private duty nursing services*

"'(h) the term "private duty nursing services" means nursing care provided in the home by a registered professional nurse or licensed practical nurse, under the general direction of a physician, to a patient requiring nursing care on a full-time basis, or provided by such a nurse under such direction to a patient in a hospital who requires nursing care on a full-time basis.

"'*Physical restorative services*

"'(i) the term "physical restorative services" means services prescribed by a physician for the treatment of disease or injury by physical nonmedical means, including retraining for the loss of speech.

"'*Dental treatment*

"'(j) the term "dental treatment" means services provided by a dentist, in the exercise of his profession, with respect to a condition of an individual's teeth, oral cavity, or associated parts which has affected, or may affect, his general health. As used in the preceding sentence, the term "dentist" means a person licensed to practice dentistry or dental surgery in the State where the services are provided.

"'*Laboratory and X-ray services*

"'(k) the term "laboratory and X-ray services" includes only such services prescribed by a physician.

"'*Prescribed drugs*

"'(l) the term "prescribed drugs" means medicines which are prescribed by a physician.

"'*Hospital*

"'(m) the term "hospital" means a hospital (other than a mental or tuberculosis hospital) which is (1) a Federal hospital, (2) licensed as a hospital by the State in which it is located, or (3) in the case of a State hospital, approved by the licensing agency of the State.

"'*Nursing home*

"'(n) the term "nursing home" means a nursing home which is licensed as such by the State in which it is located, and which (1) is operated in connection with a hospital or (2) has medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern the skilled nursing care and related medical care and other services which it provides.

"'*Miscellaneous definitions*

"'SEC. 1607. For purposes of this title—

"'Federal Share

"'(a)(1) The "Federal share" with respect to any State means 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that (A) the Federal share shall in no case be less than 33⅓ per centum nor more than 66⅔ per centum, and (B) the Federal share with respect to Puerto Rico, the Virgin Islands, and Guam shall be 66⅔ per centum.

"'(2) The Federal share for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgations.

"'(3) As used in paragraphs (1) and (2), the term "United States" means the fifty States and the District of Columbia.

"'Deductible Amount

"'(b) The "deductible amount" for any individual for any enrollment year means an amount equal to $250 of expenses for medical services (determined without regard to the limitations in clauses (A) or (E) (vi) or (vii) of section 1602(a)(2) which are included in the State plan and are incurred in such year by or on behalf of such individual, whether he is married or single, except that, in the case of an individual who is married and living with his spouse at the beginning of his enrollment year, it shall be an amount equal to $400 of expenses for medical services (so determined) incurred in such year by or on behalf of such individual or his spouse for the care or treatment of either of them, but only if application of such $400 amount with respect to such individual and his spouse would result in payment under the plan of a larger share of the cost of their medical services incurred in such year. Subject to the limitations in section 1608, the $250 amount referred to in the preceding sentence may be reduced for any State if such State so elects; and in case of such an election the $400 amount referred to in such sentence shall be proportionately reduced.

"'Enrollment Year

"'(c) The term "enrollment year" means, with respect to any individual, a period of 12 consecutive months as designated by the State agency for the purposes of this title in accordance with regulations prescribed by the Secretary. Subject to regulations prescribed by the Secretary, the State plan may permit the extension of an enrollment year in order to avoid hardship.

"'Private Health Insurance Policy

"'(d) The term "private health insurance policy" means, with respect to any State, a policy, offered by a private insurance organization licensed to do business in the State, which is approved by the State agency (administering or supervising the administration of the plan approved under section 1602), which is noncancelable except at the request of the insured individual or for failure to pay the premiums when due and which is available to all eligible individuals in the State.

"'Cost

"'(e) The per capita cost of long-term illness benefits or diagnostic and short-term illness benefits for any year or other period shall be determined by the State, in accordance with regulations of the Secretary, on the basis of estimates and such other data as may be permitted in such regulations.

"'*Election of medical services to be provided by State*

"'SEC. 1608. Any election by a State pursuant to the provisions of clause (E) of paragraph (1) or the provisions of paragraph (2) of section 1602(b) or of the second sentence of section 1602(b) shall be valid for purposes of this title for any enrollment year or other period determined by the Secretary only if an election is also made by the State under the other of such provisions so that, in the judgment of the Secretary, the per capita cost of benefits under paragraph (1) of section 1602(b) and the per capita cost of benefits under paragraph (2) of such section for such period after such elections bear the same relationship to each other as the per capita cost of benefits under each such paragraph for such period without such elections bear to each other.

"'*Advisory Council on Health Insurance*

"'SEC. 1609. (a) There shall be in the Department of Health, Education, and Welfare an Advisory Council on Medical Benefits for the Aged (hereinafter referred to as the "Council") to advise the Secretary on matters relating to the general policies and administration of this title. The Secretary shall secure the advice of the Council before prescribing regulations under this title.

"'(b) The Council shall consist of the Surgeon General of the Public Health Service and the Commissioner of Social Security, who shall be ex officio members (and one of whom shall from time to time be designated by the Secretary to serve as chairman), and twelve other persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the civil-service laws. Four of the appointed members shall be selected from among representatives of various State or local government agencies concerned with the provision of health care or insurance against the costs thereof, four from among nongovernmental persons who are concerned with the provision of such care or with such insurance, and four from the general public, including consumers of health care.

"'(c) Each member appointed by the Secretary shall hold office for a term of 4 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of the members first taking office shall expire as follows: four shall expire 2 years after the date of the enactment of this title, four shall expire 4 years after such date, and four shall expire 6 years after such

date, as designated by the Secretary at the time of the appointment. None of the appointed members shall be eligible for reappointment within 1 year after the end of his preceding term.

"'(d) Appointed members of the Council, while attending meetings or conferences of the Council, shall receive compensation at a rate fixed by the Secretary but not exceeding $50 a day, and while 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 law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"'*Savings provision*

"'SEC. 1610. Nothing in this title shall modify obligations assumed by the Federal Government under other laws for the hospital and medical care of veterans or other presently authorized recipients of hospital and medical care under Federal programs.'

"Planning grants to States

"SEC. 802. (a) For the purpose of assisting the States to make plans and initiate administrative arrangements preparatory to participation in the Federal-State program of medical benefits for the aged authorized by title XVI of the Social Security Act, there are hereby authorized to be appropriated for making grants to the States such sums as the Congress may determine.

"(b) A grant under this section to any State shall be made only upon application therefor which is submitted by a State agency designated by the State to carry out the purpose of this section and is approved by the Secretary. No such grant for any State may exceed 50 per centum of the cost of carrying out such purpose in accordance with such application.

"(c) Payment of any grant under this section may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine. The aggregate amount paid to any State under this section shall not exceed $50,000.

"(d) Appropriations pursuant to this section shall remain available for grants under this section only until the close of June 30, 1962; and any part of such a grant which has been paid to a State prior to the close of June 30, 1962, but has not been used or obligated by such State for carrying out the purpose of this section prior to the close of such date, shall be returned to the United States.

"(e) As used in this section, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

"Technical amendment

"SEC. 803. Effective July 1, 1961, section 1101(a)(1) of the Social Security Act (as amended by section 541 of this Act) is amended by striking out 'and XIV' and inserting in lieu thereof 'XIV, and XVI'."

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H.R. 12580), the social security amendments of 1960.

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

Mr. WILLIAMS of Delaware. I had indicated I would yield first to my friend from South Dakota.

Mr. CASE of South Dakota. Mr. President, the junior Senator from South Dakota desires to make a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from Delaware yield for that purpose?

Mr. WILLIAMS of Delaware. I yield.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. CASE of South Dakota. I desire to make this inquiry with the understanding that the Senator from Delaware will not lose his right to the floor.

Mr. President, my parliamentary inquiry is, Does the parliamentary situation at this time permit the Senate to proceed to a vote on any amendment?

The PRFSIDING OFFICER. There is no amendment pending at the moment. The bill is open to amendment.

Mr. CASE of South Dakota. Have the committee amendments been agreed to?

The FRESIDING OFFICER. The committee amendments have been agreed to en bloc.

Mr. CASE of South Dakota. Are the committee amendments considered to be original text?

The PRESIDING OFFICER. The committee amendments have been agreed to en bloc with the understanding that the committee amendments will be treated as original text for the purpose of amendment.

Mr. CASE of South Dakota. If an amendment were to be offered at the present time, could a Senator ask for a vote on the amendment?

The PRESIDING OFFICER. The Senator could, if no Senator desired to speak further. A vote would then be in order.

Mr. CASE of South Dakota. The Senator from South Dakota has one or two amendments in mind, but does not know whether this is an auspicious time to offer them. The Senator from South Dakota would wish to have a yea-and-nay vote if he were to offer the amendments.

Mr. HARTKE. Mr. President——

The PRESIDING OFFICER. The bill is open to amendment.

Does the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I will yield in just a moment.

I understand there was a statement yesterday on the part of the majority leader that there would be no votes today, and I know we all will respect that statement of the majority leader.

However, I understand that if there are no amendments offered and if there are no speakers we could proceed to a third reading of the bill, and be ready for a final vote Monday.

The PRESIDING OFFICER. There has been no unanimous-consent agreement adopted.

Mr. WILLIAMS of Delaware. The Presiding Officer is correct.

The PRESIDING OFFICER. As the Senator knows, the bill is open to amendment. If no amendment be proposed, the bill will be ready for third reading.

Mr. ALLOTT and Mr. HARTKE addressed the Chair.

Mr. WILLIAMS of Delaware. I yield to the Senator from Colorado.

Mr. ALLOTT. I thank the Senator.

Mr. President, since the quorum call was called off, I wish to have the RECORD show that the senior Senator from Colorado was on the floor at the time of the call of the roll and is now on the floor. The senior Senator from Colorado is in Washington attending to the business of the Senate.

I have felt that this particular session of the Senate was unnecessary and that if we had gotten down to work earlier in the spring, instead of having all sorts of delaying tactics and delaying speeches on the floor, we could have had our work done long before this. Nevertheless, the majority worked its will, in spite of my vote, and we did recess until this particular time.

There are some of us who are running for office this fall. I note from the newspapers that my particular opponent is out making political speeches to the people of Colorado, which he is perfectly entitled to do, but I should like to be there in cool Colorado with my friends discussing the issues of the campaign rather than driving around or being present in the muggy heat of Washington.

So it is my hope that on this day we can make some progress. Some of us are anxious to leave. I state flatly that it is not going to be very long before this Senator is going to leave, whether the Senate is still in session or not, because I feel that I have a right to go to my home State and acquaint my constituents and friends with the issues and do such campaigning as must be done.

I thank the Senator from Delaware very much for yielding, and particularly for the opportunity to show that I was present this Saturday morning, when I had foregone an opportunity to speak at a very influential gathering in my own State today in order to be here.

Mr. WILLIAMS of Delaware. I thank the Senator from Colorado. I know that the Senator from Colorado, as well as many Senators from this side, including the Senator from Kansas [Mr. SCHOEPPEL] who is sitting here beside me, had speaking engagements back in their States, but they are in attendance today because they wished to help expedite the business of the Senate. Again I compliment and thank the Senator from New York for his cooperation, because the only manner in which the Senate can even proceed with speeches today is to have a quorum call withdrawn. Obviously there is not a quorum with so many Members of the majority party having already left town for the weekend.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. HARTKE. I point out to my good friend from Delaware that I did not mean to imply any criticism of the Vice President for not being present last Thursday or Saturday. On the contrary, I said that in all fairness his absence should be explained. I think the Vice President has very important duties, and I think among those were campaign appearances last Thursday and last Saturday, which were of a political nature, but certainly in the interest of giving the Vice President's views to the public so that the people of our country might know about his position on public matters.

In regard to the subject of voting today, I think in all fairness to Senators who are present, there should be no misunderstanding. It was the minority that practically insisted that the majority leader assure the Senate that there would be no votes today. I read from the RECORD on page 16857:

> Mr. DIRKSEN. Mr. President, I think it ought to be made definite that there will be no votes, rather than to say that no votes are anticipated. A good many Senators have already left the city; others will be leaving. I think there should be definite assurance that under no circumstances will there be a vote on any amendment tomorrow.
>
> Mr. JOHNSON of Texas. I cannot go that far, because I do not control that procedure. However, so far as the majority leader can control the procedure, there will be no votes.

This procedure was not a matter initiated by the majority leader; this was a question of trying to work out an agreeable procedure.

I should like to say one thing further, because I am going to meet a question when I arrive home. Yesterday on a rollcall I voted for two measures that were presented at the special request and insistence of the President to authorize the expenditure of $500 million for South America and $100 million for the Congo.

Senators talk about cooperation with the President. Certainly there was no effort to delay procedures in order to pass those two measures yesterday on the floor of the Senate. They were measures which under normal circumstances would call for long debate and searching questions as to what would be done with the money after it had been appropriated.

The point is that the bills were passed, and the majority of Senators on this side of the aisle, including myself, voted for the bills.

I do not mind telling the Senator that we will meet the charge from Republicans at home that we are big spenders because we have spent what the President wants us to spend. We are big spenders because we authorize money the President wants us to spend. We have held up the progress of Congress when in one day we pass two bills which the President describes as emergency measures in our international affairs.

I think it is right that when we hit the water's edge, partisan consideration should cease. So far as I am concerned, I have observed that principle, and I am sure many other Senators have also. I think other Senators in good conscience should hold the line there also.

Mr. WILLIAMS of Delaware. I thank the Senator, and I assure him that I never for one moment thought that anything he was saying about the Vice President was in any way political or critical, just as I would not want the Senator from Indiana to think that anything we are saying over on this side of the aisle is in any sense political. We all realize to what extent we are operating in the U.S. Senate during this special session in a nonpolitical atmosphere.

I compliment and thank my good friend from Indiana for his support yesterday of the President of the United States. I believe I can assure him that when he returns to his home State he will not have much difficulty in explaining to his constituents satisfactorily at any time when he has supported the President of the United States. It is only when he has not supported him may he have a little more difficulty. I hope that the spirit of cooperation in which my friend from Indiana supported the President of the United States yesterday will carry through on the bill which is now pending. If he does, I am confident that he will again be on the right track.

As to the charge that those who support the President are called big spenders, I think he is in error. It was at times when Congress tried to spend much more than the President said was necessary that Congress received criticism. On occasions, Senators on the other side of the aisle have felt the spending urge and have added to that which the President said was necessary, and such excess is what has caused the Senator's party to receive the tag of big spenders.

If you will stop trying to increase the appropriations far above the budgetary requests you will be able to drop the label of big spenders.

Some Senators have too much enthusiasm for these spending programs. If they will only control that enthusiasm next week when we vote on some of the programs that are being advocated here, I think we can all go home with the compliments of our constituents.

Mr. HARTKE. I hope the Senator from Delaware is correct. This bill is a good example of what I have been talking about. The Congress should enact a health plan based upon the social security approach with contributions from workers, and not go ahead and raid the Treasury Department, as is proposed by the administration. The administration proposal is to make a direct raid, a direct gift, and a subsidy to the people on the basis that they need medical care.

I observed as I sat in the committee a remarkable development in the fact that there does not seem to be any difference now between the approach of the administration and the approach of those of us on this side of the aisle in regard to the need for medical care. The question now is, How will the bill be paid? Frankly, we feel the bill should be paid in the real American way—on an insurance basis, by which individuals make contributions, and later receive the benefits from their payments. The administration believes that the Government should make a direct subsidy. I know my distinguished friend from Delaware, based upon his constant observation of the doctrine of avoiding subsidies to the people, will be on the side of those who feel that we should pay as we go on the social security approach. I am sorry he will have to leave the approach of the President, but I know in cases of national urgency he will feel that subsidies of this nature cannot and should not be granted.

Mr. WILLIAMS of Delaware. I thank my good friend from Indiana again. I know his remarks are expressed in all sincerity. What gives me some concern is that my friend from Indiana takes the attitude that the program which he is advocating under the social security approach will not cost the American taxpayers anything, and would cause no raid on the Treasury. Who would pay the tax to which you so lightly refer? The Senator from Indiana proposes to place the tax on the workers of America. When he speaks of raiding the Treasury, I ask him where the Treasury gets its money? From the taxpayers of America. Any program that is adopted will be a program that will be paid for by the taxpayers of America, and the only difference in approach is whether we shall vote to adopt a program which will increase the tax on the workers of America alone, or whether we shall vote a program under which the cost will be divided among all the people of America. That is the major point involved. It is a point which will be argued later, and into which I do not wish to go now, because I know my friend, the Senator from Michigan [Mr. MCNAMARA] and my friend from New Mexico [Mr. ANDERSON] wish to get on with their speeches.

With such a program such as the Senator has proposed there will be a reduction in the paycheck of every worker in America. I emphasize I have had a great respect for my friends on the other side of the aisle, but I shudder at the casual manner they use when talking about increasing taxes.

Why do you get so enthusiastic every time someone suggests raising taxes?

Surely we are not to witness the revival of that old New Deal philosophy of tax, spend, and elect. I am not unmindful of the fact that since we first put the Federal income tax law in effect, in 1913, there have been 15 tax increases, and every one of those tax increases except 2 were enacted by the Democratic Party. It is this free and easy tax and spending policy that distresses me. Some even argue that it does not make any difference how much we raise taxes so long as we give something back to the people. If that is the program of this New Frontier coalition I do not like it.

On the other hand, 8 of the 10 tax reductions given to the people have been given to them by the Republican Party. With respect to personal exemptions, when the New Deal administration took over, the personal exemption was $1.000 for each individual, and $2,500 for a married couple. That was in 1933. Under the New Deal and Fair Deal these exemptions were whittled down to $500 by 1947. The Republican-controlled 80th Congress, over the veto of the President, Harry Truman, increased the exemption by $100, to the present $600. Throughout the entire history of our Federal income tax law the Democratic Party, when it has been in power, has never raised the exemption at any time. Oh, it promises to raise these exemptions when campaigning but when in power they lower them. The Democratic Party's platform is always pledged to raise the personal exemption. But, the actions of the Democratic Party in Congress show that every time they have tampered with it, they have decreased the exemption. The whole record of the Democratic Party is one of continuously raising taxes and then staying awake nights to think of new ways to spend.

It is for those reasons that I am concerned by what the Senator from Indiana has just said. Do not forget that whenever we vote money out of the Treasury, whether it is for the social security program or for any other Federal project, the cost is assessed to the American taxpayers.

The Government has no mysterious source of income. The only money we can appropriate under any program is money which has first been taken either directly or indirectly out of the pockets of the American taxpayers. We do not give the American people anything.

Now, again, I thank the Senator from New York for not insisting on a live quorum and thereby embarrassing our friend from Massachusetts by having the RECORD show that he is absent today.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. KEATING. I do not wish to prolong the discussion on the bill which is before the Senate, at this point, but I must express, not criticism, but certainly consternation and distress to hear my friend from Indiana, who usually has such a sympathetic attitude, say that it is a raid on the Treasury for provision to be made for the elderly people, for those who need the aid so badly. It is almost universally agreed that something should be done for the older people to meet their medical needs, particularly for those who need the help. There are different viewpoints as to how the problem should be approached. However, to hear it called a raid on the Treasury, or even a subsidy, distresses me very much. I am surprised and distressed.

Mr. WILLIAMS of Delaware. I thank the Senator.

Mr. McNAMARA. Mr. President, in view of the administration's loudly proclaimed crusade for fiscal responsibility, it is hard to understand their stubborn shortsightedness in supporting a health program for the aged that can cost the taxpayers billions of dollars.

If it is true that some 10 million aged persons would be eligible for services under the bill approved by the Finance Committee, this medical care program could cost the States and the Federal Government approximately $2.5 billion, with the Federal share amounting to $1.7 billion.

Perhaps the administration is not too concerned about the cost because these figures really are not meaningful. The blunt truth of the matter is that it would be the miracle of the century if all of the States—or even a sizable number—would be in a position to provide the matching funds to make the program more than just a plan on paper.

Let us fact the fact that what would really happen is that the cost would be kept low, and so would the number of aged persons receiving medical care.

Is this what we really want?

To apply a means test, to require the surrendering of dignity and worldly possessions to become a charity patient, is repugnant to the American concept and desire for an abundant and secure retirement for its elderly citizens.

The social security approach applied to a health insurance program is fiscally sound.

It provides a pay-as-you-go system of financing, does away with the humiliating means test, and avoids placing an impossible financial burden on the States.

At hearings of the Senate Subcommittee on Problems of the Aged and Aging this program received the endorsement of the Nation's leading economists and public health specialists.

The working people who would benefit from this type of a program are willing and anxious to pay for it during their active working years, so that when the time comes for them to retire, health insurance will be an earned right, not a charity handout.

As a nation we can be proud of our medical achievements.

Now let us find a way to make it possible for these benefits to come within the reach of our aged.

In no field of public policy have so many myths been employed as instruments to confuse the public as in this area of medical insurance for our aged citizens. Pressure groups with vested interests have expended large sums to distort income statistics, have flaunted hysterical slogans and have poured heavy resources into advertising and pressure campaigns.

With all this emotional effort they have not been able to refute or wipe out the plain, simple fact that the aged of this Nation have costly medical needs, have shamefully low incomes and have refused—as a group—to bend their knees for charity to pay for medical bills. They would rather suffer silently and, in some cases, have literally died first.

The aged deserve and insist on dignity in meeting medical costs. They assert—as we do—that a system of medical insurance operating through the established social security system is the effective, efficient, and dignified means to accomplish this purpose.

Mr. President, let us take up these fictional arguments one by one early in this debate and dispose of them once and for all. We can then get on with an intelligent discussion of the policy free from the vague, visceral slogans of the mimeograph mind.

FACT AND FICTION ABOUT MEDICAL CARE PROBLEMS OF THE AGED

First. Fiction: The aged have no special health problems. This has been stated over and over again.

Facts: (a) persons 65 and older with one or more chronic condition, 76 percent; persons of all ages with one or more chronic condition, 41.4 percent.

(b) Percent discharged from short-stay hospitals, aged, 12.1 percent; all ages, 9.9 percent.

(c) Percent in hospital more than 30 days, aged, 38.8 percent; all ages, 27.1 percent. Average number of days in hospital, aged, 15; all ages, 9.

(d) More than half the aged who have chronic conditions are limited in their activity.

(e) Many have residual handicaps that might have been prevented if the disease or injury had been adequately treated at the outset.

(f) At any given moment, there are about 750,000 cases of cancer, most of which are in those over 65.

(g) While the aged make up only about 9 percent of the total population, they constitute 40 percent of all heart disease cases.

(h) As of 1957–58, medical expenditures by the aged, on a per capita basis, were 88 percent greater than those for all ages. Since then the difference is even greater in all likelihood. Hospital costs have been increasing at an annual rate of 8 percent. From 1952 to 1957 health expenditures for all ages increased 42 percent, but 74 percent for aged.

Second. Fiction: Older persons have adequate incomes to meet their medical costs.

Facts: (a) For the same 5-year period—1952–57—income of families with aged heads and of aged unrelated individuals rose by only 20 percent.

(b) As of 1957–58, nearly one-half of the aged in a health information foundation study—47 percent—had no assets at all or only one type of asset—home, life insurance, savings, stocks, or help from relatives—to pay, in whole or in part, a medical bill of $500 or more.

(c) In 1958 Census Bureau figures showed the following income data: First for all aged individuals, 60 percent—9.6

million—had incomes of less than $1,000; second, for families with aged heads—6 million families—half of them had no more than $2,600 income; third, for 3.5 million aged unrelated individuals, half had no more than $939 income.

(d) The 1959 Survey of Consumer Finances, Federal Reserve Board—which does not include aged of very lowest income and in institutions, and so forth—shows that there are now more aged with no liquid assets than there were in 1949: 1949, at least 3.9 million spending units; 1959, at least 4.6 million spending units.

(e) The same survey of 1959 shows that 45 percent had less than $500 in liquid assets; 30 percent had no liquid assets at all.

NOTE.—1949–59 Survey of Consumer Finances statistics do not take into account changes in purchasing power of assets—nor increase in aged's medical costs—since 1949.

(f) Since the new Anderson-Kennedy-McNamara amendment applies only to social security beneficiaries aged 68 and over, these kinds of figures on income and assets cited above would indicate worse financial conditions for the 68-and-over aged population.

(g) The median income of aged males—including those working full-time and those 65 to 68—was $1,488 in 1958. And this figure does not include aged men with no income at all.

(h) All these figures should be weighed against the statement by the Secretary of HEW that, on the basis of a very low-cost food budget, an income of less than $2,560 for an elderly couple is uncomfortably low.

(i) As of the end of 1958 only 1.5 persons 65 and older were on private pensions.

(j) In 1949 the median income of families with aged heads was 60.6 percent of the median for all U.S. families, but by 1958 it dropped to 52.4 percent.

(k) Even when we take into account the differences in family size, the income of the aged is lower than that for other families.

Third. Fiction: The medical problem of the aged can be met through private insurance.

Facts: (a) Including those with inadequate private insurance coverage, only 42 to 49 percent of the aged have any health insurance. These figures are only estimates by the Department of HEW and the insurance companies.

(b) These figures also include employed older people, who probably have the highest percentage of coverage because they are more likely to be able to afford premiums, and their employer probably contributes. They also include the 65–67-year-olds who have greater private coverage than those 68 and older.

(c) Many Blue Cross plans suffer deficits because of their inclusion of aged persons at no extra premium or at premiums not calculated to finance their higher risks and higher costs.

(d) The social security 1957 survey showed that among hospitalized insured aged beneficiaries, 73 percent had zero to one-half of their medical costs met by insurance.

(e) Only 14 percent of all beneficiary couples had some or all of their medical costs covered by insurance.

(f) Most insured persons do not have the right to convert group policies to individual ones when they retired. Only 30 percent have this right, in the Nation as a whole.

(g) For those who do have the right, the increase in the premium is 80 to 300 percent of the preretirement group premium.

Fiction: The American people are against the social security approach.

Facts: (a) First of all, the vast majority of Americans approve and accept the 25-year-old system of social insurance for meeting the hazards of old age.

(b) The two best and most reputable national studies—by the University of Michigan and by the National Opinion Research Center—show that the majority of their national samples favor a government role in meeting the medical cost problems of people.

University of Michigan study, 1956: 55 percent favor, 25 percent oppose, 20 percent no opinion.

NORC study, 1957–58: 54 percent favor, 43 percent oppose, 3 percent no opinion.

NOTE.—The questions used in these two surveys referred to doctors' fees, and for health care in general for individuals of all ages. The Anderson-Kennedy-McNamara amendment applies only to beneficiaries 68 and older—and excludes payments for doctors' fees.

(c) No really scientific study—with carefully worded questions asked of a truly representative sample—has been done in the past 2 years covering the entire American population, asking specifically about approval of a social security program of benefits such as provided in the A-K-M amendment for older persons.

(d) It is interesting to note, however, that in surveys conducted in two heavily Republican congressional districts in 1960, using words and/or "sampling" techniques that result in a bias against such a proposal—the large majority still favored the idea:

First. Twenty-second District, Ohio, Mrs. BOLTON, with question asking about all medical expenses, and the answers solicited and returned through a mailing technique:

Should the Social Security Act be amended to include the payment of all medical expenses after retirement, the cost to be paid by both employers and employees?—CONGRESSIONAL RECORD, March 10, 1960:

[In percent]

	In favor	Against	No opinion	Total
1959	48.5	38.9	12.6	100
1960	60.3	32.0	7.7	100

Second. Fifth District, Minnesota, Mr. JUDD, with question asking about surgical benefits—not covered in A-K-M amendment—and using a sampling technique based on telephone directory, which reduces number of low-income and aged persons:

Do you favor increasing the [social security] tax in order to provide additional benefits, such as providing insurance against costs of hospital, nursing home, and surgical services for retired persons under social security?—CONGRESSIONAL RECORD, June 25, 1960:

	In favor	Against	No opinion	Total
All respondents	59	33	8	100
Democrat-Farm Labor	78	15	7	100
Republicans	50	42	8	100
Independents	66	28	6	100
No party indication	64	26	10	100

Fiction: The cost of the social security approach is enormously greater than asserted.

Facts:

First. The cost was computed carefully and with conservatism by the Chief Actuary of the Social Security Administration.

Second. The cost is figured on a level premium basis and takes into account increases for the next 100 years.

Third. The calculated cost does not include reductions of 15 to 20 percent in overall costs estimated by experts of the Social Security Administration to result from emphasis on preventive medicine and low cost nonhospital care.

Fourth. Expenditures for the early years will run around $700 million and revenue will be over a billion dollars per year. This provides a prudent future reserve.

Fiction: This is only the beginning and will lead to national compulsory health insurance.

Facts:

First. The aged have a special problem today and this is the one that we are attempting to solve.

Second. We are not asserting an urgent need for covering the general population.

Third. Under this argument, the parade of future horrors, we would never enact any programs to meet urgent needs.

Fiction: Social security will lead to poor quality medicine.

Facts:

First. The quality of medical care is the responsibility of the medical profession and it will not abdicate this responsibility.

Second. The source of the funds received by the hospital will have no effect upon how that hospital cares for any given patient.

Third. Over 5 percent of hospital bills are unpaid. Source: American Hospital Association report. When hospitals receive payments for these bills, it will permit them to improve services for all their patients.

Fourth. Good hospitals now assure that care of high quality is given in their institution.

Fiction: There will be excessive use of facilities.

Facts:

First. Admission and discharge to and from hospitals is controlled by the patient's physician.

Second. The bill calls for a review of long-stay cases by a committee of physicians who are on the staff of the hospital.

Third. The balanced set of benefits provided in the bill will tend to limit the use of expensive facilities and encourage the use of less expensive facilities when these are appropriate for the patient.

Fourth. Any increase in use will be temporary as those who have postponed the need for care get it. When this backlog has been dealt with, the amount of care given will level off.

Fifth. Older persons who have hospital insurance stay in the hospital only half as long as those who don't have hospital insurance.—Per OASDI survey.

Fiction: The social security approach is socialized medicine.

Facts:

First. Socialized medicine means that the doctors work for the Government. How can they say that about this program when the doctors will continue to be paid by their patients?

Second. This approach is one of insurance, not of direct service. In this, it is much like the widely accepted voluntary health insurance programs—like Blue Cross.

Third. The program will not take over the hospitals and nursing homes; it will simply pay their bills.

Fourth. There can be no governmental interference in the physician-patient relationship since the doctors are not included in the program.

Fiction: Private insurance will be run out of business.

Facts:

First. There has been a dramatic growth in life insurance and retirement annuities following passage of social security.

Second. This program would remove the least profitable segment of their business.

Third. It would permit them to charge younger people less because they will not be saddled with the cost of care for older people.

Fourth. Those older people who can afford it will be able to purchase insurance for those benefits not provided in this bill and also have luxury care.

Fiction: There is no one who needs medical care who can't get it now.

Facts:

The health of the aged will be sustained only by early examination and treatment, not when a bursting emergency is at hand.

First. There is one unknown diabetic for every known one.

Second. Four percent of the people over 40 have glaucoma—three-fourths undetected.

Third. Six women in every thousand run around with cancer of the cervix undetected.

Fourth. These people need medical care and can't get it now.

Fiction: Social security approach does not cover everyone.

First. Nine out of ten workers are covered.

Second. With the passage of time, more and more aged persons will be eligible for the program and fewer and fewer will have to rely on public assistance.

Third. At present, 9 million of the 12.5 million over 68 are eligible for the program; 1.5 million of the remainder are now receiving some medical care through public assistance; a half million are covered by civil service or railroad retirement pensions and these can buy into the program; others may still be employed full time and the remainder can be helped by the medical indigency program until coverage as a right under OASDI is more widespread.

Fiction: Social security is compulsory medicine.

Facts:

First. The only compulsion involved in this program is to pay the contribution.

Any public program involving tax funds requires this much compulsion.

Second. The acceptance of benefits is purely voluntary.

Third. Free choice of physician, hospital, or nursing home is guaranteed.

Fourth. The bill specifically prohibits interference in the practice of medicine and indeed, physicians' services are not covered at all.

Fiction: Social security approach does not pinpoint the need.

Facts:

First. People often cannot recognize the need for care since they do not realize they may have a serious progressive disease.

Second. Financial need is widespread among the aged since 57 percent of them have less than $1,000 per year cash income.

Third. Nobody can tell when he will have a huge medical bill and therefore everybody requires health insurance.

Fourth. Delay in receiving care raises the total cost of taking care of the aged person.

Those medical care programs which emphasize early diagnosis use 20 percent fewer hospital days than do programs which do not.

Basic data on health status of aged

1. Chronic ailments (as opposed to acute ones) typify the aged population:

	Ages			
	All ages	25 to 44	45 to 64	65 plus
Percent with 1 or more chronic conditions	41.4	40.2	68.1	76.0
Percent limited in activity	10.1	7.7	16.8	42.3

2. The aged enter hospitals more frequently than the general population:

	Ages	
	All ages	65 plus
Percent discharged from short-stay hospitals	9.9	12.1

3. Their average length of stay is higher than for the general population:

	Ages			
	All ages	25 to 44	45 to 64	65 plus
Average number of days	8.6	7.3	12.9	14.7

4. A higher proportion of the aged are in the hospital for more than 1 month:

	Ages			
	All ages	25 to 44	45 to 64	65 plus
Percent in hospital more than 30 days	27.1	19.5	31.0	38.8

(Above data from U.S. National Health Survey, Public Health Service.)

5. On a per capita basis, in 1957-58, the total medical expenses of the aged were 88 percent greater than for the general population:

	Ages				
	All ages	18 to 34	35 to 54	55 to 64	65 plus
Personal consumption expenditures for health [1]	$94	$68	$106	$129	$177

[1] Excludes (1) payments paid as premiums for health insurance, but includes amounts paid out as benefits; (2) payments for all institutionalized persons.
(From Health Information Foundation study.)

6. Hospital expenses—as of 1957-58—are higher and are a greater proportion of total medical expenditures among the aged:

	Ages	
	All ages	65 plus
Dollar hospital expenditures (per capita)	$22	$69
Hospital expenditures as of percent of total	23	26

(From Health Information Foundation study.)

Basic data on health status of aged—Continued

7. The most frequent types of illnesses hospitalizing the aged are also the ones costing them more, relative to the costs of the same illnesses among the rest of the hospitalized population:

Diagnostic categories	Under 65		65 plus	
	Hospital charges	Percent of total	Hospital charges	Percent of total
Diseases of circulatory system	$276	4.9	$377	13.7
Nervous system and sense organs	252	2.6	404	7.3
Diseases of digestive system	292	4.9	413	5.9
Cholecystitis and cholelithiasis	391	3.0	506	5.7
Bronchopneumonia	233	4.3	357	5.1
Average total hospital charges (including all diagnostic categories)	217		399	

(From University of Michigan study, 1959.)

8. The higher the age, the greater is the proportion of hospital charges (which are higher to begin with) paid by the patient:

	Ages			
	25 to 44	45 to 64	65 to 69	70 plus
Percent paid by patient, completely or in part	28.7	27.7	46.6	65.1
Average hospital bill	$225	$350	$408	$390

(From University of Michigan study, 1959.)

BASIC DATA ON HEALTH

Thus the health care problem of the aged is aggravated by (a) their greater frequency of chronic illnesses and hospital stays; (b) the higher cost of their medical expenses; (c) the higher proportion paid out of pocket by them; and (d) their sharply lower financial ability to finance medical expenses:

(a) While the increase in health expenditures from 1952–53 to 1957–58, for all ages, was 42 percent, the increase for the aged was 74 percent.

(b) The financial ability of the aged has not grown by the same magnitude.

In the same 5-year period, the income of families with aged heads and of aged unrelated individuals increased only about 20 percent.

According to the Federal Reserve Bureau's 1958 survey among a sample of three-fourths of the aged population—typically in better financial status than those not surveyed—45 percent had less than $500 in liquid assets, 30 percent had no liquid assets whatsoever.

Census Bureau estimates of the 1958 income of the aged indicate that (a) for individuals, 60 percent—9.6 million—had incomes of less than $1,000; (b) for families with aged heads—6 million families—half had no more than $2,600 income in 1958; (c) for unrelated individuals—3.5 million men and women—half had no more than $939 in that year.

Mr. President, many questions concerning this program have been raised. A number of tables containing information in reply to those questions have been prepared. I ask unanimous consent that they be printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

	Recipients of OAA per 1,000 population aged 65 and over (June 1959)	Population age 65 and over (in thousands) July 1958 estimate	Number of OAA recipients January 1960	Maximum money [1] payments, legal limit unless noted as adminis.	Notes	Average payment including vendor payments, November 1959
Alabama	406	241	99,278	$75		$48.17
Alaska	210	6	1,482	100		64.22
Arizona	176	75	13,948	80		61.89
Arkansas	290	187	55,470	60 v		47.76
California	215	178	257,743	106 v	January 1960, $115	90.73
Colorado	330	139	51,434	105 v		99.13
Connecticut	67	220	14,732	v		110.84
Delaware	44	32	1,343	75		49.33
District of Columbia	47	61	3,146	v		63.84
Florida	151	453	69,976	66 v		55.29
Georgia	356	264	97,508	65		47.28
Guam			51			28.63
Hawaii	50	28	1,471	v		61.98
Idaho	131	56	7,396	v	Nursing home care only	66.79
Illinois	83	914	75,443	65 v	Cost-of-living index (administrative)	73.53
Indiana	70	418	28,271	70 v		61.04
Iowa	111	316	34,577	v		73.51
Kansas	129	226	28,971	v		78.66
Kentucky	205	272	56,685	65	Administrative	44.80
Louisiana	572	209	124,643	72 v	February 1960, $78 (administrative)	66.11
Maine	115	103	11,881	65 v		63.78
Maryland	48	198	9,568	100–210 v	County classification (administrative)	60.49
Massachusetts	157	513	80,523	v		100.06
Michigan	108	590	62,769	80 v		71.81
Minnesota	142	335	47,502	71 v		85.90
Mississippi	446	174	80,326	35	July 1960, $40	29.83
Missouri	256	460	17,677	65 v		59.49
Montana	112	63	7,053	85	(2)	63.84
Nebraska	100	152	15,288	70 v		69.35
Nevada	201	15	2,624	75 v	(Administrative)	70.34
New Hampshire	79	65	4,932	70 v	do	78.05
New Jersey	38	497	18,855	v		88.24
New Mexico	211	47	10,699	180 v	Case maximum (administrative)	67.37
New York	55	1,529	83,868	v		105.97
North Carolina	169	285	49,232	v		40.73
North Dakota	135	52	7,318	v		85.01
Ohio	106	834	90,187	v		70.57
Oklahoma	384	229	90,471	133 v	(Administrative)	82.87
Oregon	104	173	17,205	v		77.44
Pennsylvania	47	1,046	50,307	v		68.20
Puerto Rico	378	103	39,701			8.20
Rhode Island	83	84	6,822	v		77.77
South Carolina	223	145	33,017	60 v	Administrative	39.52
South Dakota	132	68	9,065			60.43
Tennessee	200	277	55,770	55 v	Administrative	41.78
Texas	326	660	222,398	67	do	52.98
Utah	147	55	7,985	78 v		66.51
Vermont	133	43	5,740	75 v	Nursing home care only	57.67
Virgin Islands	292		554	v	Drugs only	23.53
Virginia	57	259	14,958	v	Nursing home care only; added hospital care, July 1960	43.56
Washington	200	269	50,006	275 v	Case maximum (administrative)	83.56
West Virginia	120	167	19,904	60 v	Administrative	36.97
Wisconsin	96	393	36,026	75 v		79.80
Wyoming	139	25	3,359	85 v		70.70
Total, United States	186	15,047	3,367,468			68.62

[1]—Vendor payments.

[2] Nursing home care only for maximum; remedial eye care vendor payment only.

Number of OAA recipients per 1,000 population aged 65 and over

STATE AND RECIPIENT-RATE GROUP	
Less than 100:	
New Jersey	38
Delaware	44
District of Columbia	47
Pennsylvania	47
Maryland	48
Hawaii	50
New York	55
Virginia	57
Connecticut	67
Indiana	70
New Hampshire	79
Illinois	83
Rhode Island	83
Wisconsin	96
100 to 149:	
Nebraska	100
Oregon	104
Ohio	106
Michigan	108
Iowa	111
Montana	112
Maine	115
West Virginia	120
Kansas	129
Idaho	131
South Dakota	132
Vermont	133
North Dakota	135
Wyoming	139
Minnesota	142
Utah	147
150 to 199:	
Florida	151
Massachusetts	157
North Carolina	169
Arizona	176
200 to 299:	
Tennessee	200
Washington	200
Nevada	201
Kentucky	205
Alaska	210
New Mexico	211
California	215
South Carolina	223
Missouri	256
Arkansas	290
Virgin Islands	292
300 to 399:	
Texas	326
Colorado	330
Georgia	356
Puerto Rico	378
Oklahoma	384
400 or more:	
Alabama	406
Mississippi	446
Louisiana	572

Source: Social Security Bulletin, Oct. 1959, p. 28, data as of June 1959.

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

Mr. McNAMARA. I yield.

Mr. PROXMIRE. I commend the distinguished Senator from Michigan. He has taken the lead in the Senate in studying the problems of the aged. He has devoted endless hours and a tremendous amount of work to this study. I know, for example, that last spring, when most of us went home to mend our fences and campaign—and the senior Senator from Michigan has a tough campaign ahead of him—rather than to go home and campaign, he stayed here, held hearings, and deprived himself of an opportunity to make some political progress. This is one of many sacrifices he has made.

The Senator from Michigan has developed, in my opinion, as solid and firm an understanding of what is at issue in the health insurance program for the aged as any Member of the Senate. I think his advice and position on this question deserve the particular attention of every Senator.

The Senator from Michigan has been the first and the most enthusiastic advocate of the social security approach to this problem. He deserves great credit for it. I am certain that more important to him than any credit he would receive is the prospect that we can succeed in winning this fight. The speech he has made and the documentation which he has placed in the RECORD will, I hope, be very carefully read by all Senators.

I congratulate the Senator from Michigan on the outstanding work he has done, not simply today, but during many long months.

Mr. McNAMARA. I thank the Senator from Wisconsin for his generous remarks. Certainly they are overflattering.

Mr. PROXMIRE. They are true.

Mr. McNAMARA. I have simply made a contribution to a cause about which I feel very strongly. I know that the Senator from Wisconsin also feels strongly about the same cause. I thank him for his courtesy.

Mr. ANDERSON. Mr. President, at the very outset of my remarks, I, too, wish to compliment the able Senator from Michigan [Mr. McNAMARA] for the excellent work he has done. He is in reality the leader of all of us in trying to provide assistance and care for the aged.

The amendment to H.R. 12580, which I have offered on behalf of myself, the Senator from Massachusetts [Mr. KENNEDY], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. McNAMARA], the Senator from Minnesota [Mr. McCARTHY], the Senator from Indiana [Mr. HARTKE], the Senator from West Virginia [Mr. RANDOLPH], and the Senator from California [Mr. ENGLE], extends the social security mechanism to provide health benefits for more than 9 million of our aged persons.

In offering this amendment, the text of which was printed in the CONGRESSIONAL RECORD of August 17, I also submitted a brief summary of the amendment, which also was printed in the RECORD. At this time, I should discuss in more detail the principal provisions of the amendment.

First, the amendment is offered as an addition to the bill reported by the Finance Committee. It is not a substitute for the Finance Committee bill or for any of its provisions. This amendment establishes a fully financed social insurance program on a contributory basis to cover the cost of certain types of health services for more than 9 million aged persons who are receiving OASDI benefits. This amendment plus the amendments reported by the Finance Committee would provide help to all of the aged—those who are under social security and those who are not.

PERSONS ELIGIBLE

Under this amendment all persons who have attained the age of 68 and who are entitled to receive old-age, survivors, or disability insurance benefits under the existing social security program would be eligible to receive lifetime protection without any means or income test against the cost of certain types of health services. There are now about 9,185,000 persons who are 68 years old and over, and who are receiving social security benefits. I ask unanimous consent to have printed at this point in the RECORD, a table prepared by the Actuarial Branch of the Bureau of Old-Age and Survivors Insurance which gives a State-by-State breakdown of these 9,185,000 aged persons.

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

Old-age, survivors, and disability insurance—Estimated number of persons aged 68 and over eligible for monthly OASDI benefits, by State, July 1, 1961

[In thousands]

State of residence: [1]	Number
Total [2]	9,185
Alabama	120
Alaska	3
Arizona	45
Arkansas	93
California	736
Colorado	77
Connecticut	151
Delaware	21
District of Columbia	31
Florida	298
Georgia	125
Hawaii	16
Idaho	34
Illinois	554
Indiana	272
Iowa	181
Kansas	128
Kentucky	154
Louisiana	93
Maine	66
Maryland	119
Massachusetts	342
Michigan	398
Minnesota	193
Mississippi	85
Missouri	263
Montana	37
Nebraska	89
Nevada	9
New Hampshire	42
New Jersey	345
New Mexico	22
New York	1,004
North Carolina	166
North Dakota	32
Ohio	517
Oklahoma	109
Oregon	114
Pennsylvania	674
Puerto Rico	46
Rhode Island	58
South Carolina	72
South Dakota	39
Tennessee	149
Texas	332
Utah	33
Vermont	26
Virgin Islands	1
Virginia	151
Washington	163
West Virginia	99
Wisconsin	244
Wyoming	14

[1] Distribution by State estimated.

[2] Excludes persons residing outside the United States.

Source: Bureau of Old-Age and Survivors Insurance, Division of Program Analysis, Actuarial Branch, August 1960.

SCOPE OF BENEFITS

Mr. ANDERSON. Mr. President, the cost of four essential types of health benefits would, subject to certain limits, be provided. These are:

First. Hospital inpatient services: The cost of inpatient hospital services for up to 120 days in a year in execess of the first $75 would be provided. This first $75 would have to be paid by the individual in each benefit year.

Inhospital services which are covered would include bed and board in the hospital in semiprivate accommodations and those ancillary services, such as laboratory, drugs, supplies, and nursing services, as are generally furnished to inpatients in a hospital.

Second. Skilled nursing home services: Skilled nursing home recuperative care for up to 240 days in a benefit year would be covered. The definition of "skilled nursing home services" is, however, quite limited. It is restricted to those services which are furnished in a nursing facility, after the individual has been transferred to such facility from a hospital and a physician has certified that such nursing home care is required in connection with the condition for which he was hospitalized. This limited definition is essential in order to keep costs within proper limits and to assure that the program will not merely pay for custodial care of aged individuals.

Third. Home health services: Nursing and other home health services are provided in an individual's home for up to 360 visits within a benefit year. These services, which would include both professional nursing care, practical nursing care, and specified homemaker's services, would have to be provided through a public or nonprofit agency.

The Blue Cross has issued a booklet entitled "Cost of Hospital Care in Indiana, 1956," which reached my office this morning. It deals with problems which have arisen. I think it interesting that on page 35 of the booklet it is pointed out that "this impact of the cost of health care takes on added signficance when one realizes that fewer than 40 percent of those over 65 are now covered by some form of hospitalization insurance."

In other words, this writer of group insurance points out that despite the best it can do, there still are some gaps in that program. A more recent study might reveal slightly different figures.

While I indicated that inpatient hospital services would be provided for up to 120 days, skilled nursing home recuperative care for up to 240 days, and home health services for up to 365 visits, there is an overall ceiling on those benefits. Under the amendment, only 180 units of services are available to any individual within a single year. A unit of service is equal to 1 day of inpatient hospital care, 2 days of skilled nursing home care or three home health visits. This provision is intended to control the amount of services furnished to any individual and to encourage the use of facilities less expensive than the hospital. For example, if an individual received 120 days of hospital care, he would have only 60 units of service remaining. Those 60 units would entitle him to only 120 days of skilled nursing home care, or 180 home health visits, or a combination of the two. For each day less than the 120 days he remained in the hospital, however, he would be entitled to 2 additional days in a nursing home or three additional visits by a home health agency.

Fourth. Outpatient diagnostic hospital services: Outpatient hospital diagnostic services, such as diagnostic X-ray and laboratory services, are covered by this amendment. The inclusion of the cost of these services will be a great benefit to all individuals in encouraging the early diagnosis of an illness.

Payment for these services furnished to eligible individuals will be made only if such services are furnished after a physician has certified in writing that such hospital, nursing home, home health, or outpatient diagnostic services are necessary. Continued recertification by the physician may be required by the Secretary of Health, Education, and Welfare after the individual has been in the hospital or other institutions or has been receiving the home health services for an extended period of time. The amendment also provides that in the case of an individual who is in the hospital for a continuous period in excess of 30 days, the need for continued hospitalization shall be reviewed by a hospital committee that includes two or more physicians.

COST AND FINANCING

The amendment I have offered is fully financed and is actuarially sound. There is included in the minority views of the Senate Finance Committee, correspondence between the actuary for the Social Security Administration and the Senator from Illinois [Mr. DOUGLAS] setting forth the actuarial estimates of the cost of these benefits. As indicated in that correspondence, the level premium or long-range cost of the program is estimated at .50 percent of taxable payrolls. The amendment provides that the full cost shall be met by increasing the contribution rates, beginning with the calendar year of 1961, as follows:

One-fourth percent for employers and employees, and three-eighths of 1 percent for the self-employed, on earnings up to $4,800 a year.

Following the precedent established by this body by means of the program for disability insurance in 1956, my amendment provides that these additional contributions would be set apart in a separate trust fund, and that all payments for the health benefits provided by the amendment are to be made from that account.

ADMINISTRATION

The provisions of this amendment, like the social security program, are to be administered by the Secretary of Health, Education, and Welfare.

Agreements relating to the provision of services would be made with the provider of services or with its authorized representative. The Secretary is required to enter into an agreement with any qualified provider of service, such as a hospital or skilled nursing home. To be eligible to participate, a hospital or nursing home would have to be operated in agreement with State and local laws, and would have to meet any standards established by State and local authorities. Under such agreements, payments would be made for the reasonable cost of the service provided to eligible individuals.

The amendment specifically provides that the Secretary shall not by reason of any provision thereof have supervision or control over the practice of medicine or the manner in which medical services are provided, or over the administration of any participating institutions.

The amendment also specifically provides that any individual who is eligible under the program shall have the free choice of any participating hospital, skilled nursing home, or home health agency.

The amendment provides for a Medical Insurance Benefits Advisory Council, representing the public and persons who are outstanding in the hospital and health activities field. The Secretary is to consult such representative advisory councils in determining policy and promulgating regulations.

Mr. President, the other day there was quite a celebration throughout the Nation, and particularly here in Washington, D.C., for the Social Security Act was 25 years old. According to the headline published in one Washington newspaper, the Social Security Act was hailed as a bulwark; and the picture published with the newspaper article was that of William L. Mitchell, Commissioner of the Social Security Administration. That is very interesting to some of us who have been interested in the social security program and the Social Security Act for a period of 25 years, because there was a time when persons on one side of the political aisle spoke in very disparaging terms of the whole social security program, just as I expect some of them to speak a little disparagingly of this approach to the problem of medical care for the aged.

But I have seen quite a change occur during these 25 years; and thus I was interested to observe that the Social Security Act, now 25 years old, was hailed as a bulwark of our economy by the present Commissioner of the Social Security Administration, Mr. Mitchell; and I was also interested to note in an article published in the New York Times on Sunday, August 14, and dealing with how this 25th year of the social security program was marked, that it was stated that "Roosevelt put his name on an act that has changed the pattern of American life."

Mr. President, as one who had the privilege of discussing with the then President Franklin D. Roosevelt his hopes, dreams, and aspirations for the social security program, I think I can say that virtually nothing in his entire administration gave him the satisfaction that he got from the realization that he had devised and developed, under his administration, a program of social security that was to remain a part of our American system.

Even though in the first few years of the program there were those who

suggested that the act should be repealed as quickly as possible and a return should be made to rugged individualism, yet, Mr. President, after the passage of the years, there is now not a person in our political life who suggests that those social security laws should be stricken from our statute books.

THE NECESSITY OF A SOCIAL INSURANCE APPROACH TO THE PROBLEM OF MEDICAL CARE FOR THE AGED

Mr. President, I have referred to the fact that only last week we celebrated the 25th anniversary of the signing of the Social Security Act. The significance of the major decision which the Congress made 25 years ago is pertinent to our discussions today. In 1935, we had already experienced 5 years of a deep depression, with millions of unemployed and older people, especially, facing stark destitution. We had struggled mightily with the problem, and had experimented with a number of approaches. We had given grants to the States, through relief. We had instituted vast work programs under CWA and PWA, and we had distributed enormous amounts of surplus foods. Cities, counties, and States had added to that effort.

Mr. President, I shall not repeat what I said a few days ago; but I administered a program under the FERA, under the SERA, under the CWA, under the WPA, and under the National Youth Administration. Therefore, when I speak of what the program was 25 years ago, I realize that I can bear personal testimoney to the fact that after people had gone through that long series of relief programs, there was great rejoicing among social workers and among the recipients of social favor when announcement was made that there would be a social security program that took it out of the category of plain assistance, and put it on the better basis of actuarial insurance, in order that their needs might be cared for.

But the Council on Economic Security, which President Roosevelt appointed in 1934, aided by a group of citizens advisory councils, undertook the problem of the longrun and permanent solution to economic insecurity for all American citizens who depended on their earned income for a livelihood. The recommendation of this Council, which was adopted by Congress and embedded in the first Social Security Act, was that we should set up a system of contributory social insurance which would underwrite the risks of unemployment and loss of income, due to old age. Later the program was revised to include loss of income resulting from the death of the family breadwinner. That program was to be our first line of defense against poverty and economic insecurity, and those provisions were incorporated in title II of the Social Security Act, which to this day remains the heart of our whole social security system.

Recognizing, as President Roosevelt said when he signed this act, that we can never insure 100 percent of the people against 100 percent of their risks, a second line of defense was set up through a public assistance program, operated through a system of grants to the States, which would match the funds raised by the States themselves for this purpose. Where the social security benefits are insufficient and where for any reason an individual is not covered by social insurance, his needs can be met through these various public assistance programs—old-age assistance, aid to the blind, aid to dependent children, or aid to the permanently disabled.

Through the past 25 years the wisdom of this basic decision to rely primarily on social insurance has been affirmed many times. For example, in 1948 and 1949, a special Citizens' Advisory Committee to the Senate Finance Committee was established under the late distinguished Senator Eugene Millikin, of Colorado. This committee was under the active chairmanship of the late Sumner Slichter, Lamont University professor, Harvard University, and included among the representatives of labor, management, and the public such distinguished individuals as Dr. J. Douglas Brown, dean of the faculty, Princeton University; Malcolm Bryan, of the Trust Co. of Georgia; Mr. M. Albert Linton, president, Provident Mutual Life Insurance Co.; and Marion B. Folsom, treasurer of Eastman Kodak Co., and later Secretary of the Department of Health, Education, and Welfare, and, in my opinion, one of the truly fine men who have ever served this Government.

In the unanimous report of this committee, there is the following statement:

> The Council favors as the foundation of the social security system the method of contributory social insurance with benefits related to prior earnings and awarded without a needs test. * * * Under such a social insurance system, the individual earns a right to a benefit that is related to his contribution to production. * * *
>
> Public assistance payments from general tax funds to persons who are found to be in need have serious limitations as a way of maintaining family income. Our goal is, so far as possible, to prevent dependency through social insurance and thus greatly reduce the need for assistance.

I call the Senate's attention to the fact that that recommendation does not come from some ultraliberal Member of the Senate or of the House of Representatives. The list which I have read, I hope, will be regarded as an impressive list, headed by the late Senator Eugene Millikin, a former chairman of the Senate Finance Committee, and one of the truly great brains ever to serve in the U.S. Senate. It includes the late, great economist, Sumner Slichter, whose views on economics were widely followed, and who told me one day, about a year or two ago, how he supplied several businessmen in other countries with a special letter on economic conditions in the United States, for which, he told me, they paid him extremely well, and thereby permitted him to join in all the folly he wished to in pursuing economic theories. The list also includes Marion B. Folsom, former treasurer of Eastman Kodak Co., and, as I said, one of the truly wonderful men ever to serve the country, and a man who, only a few days ago, spoke out on the subject, and a man who quite possibly has written to Members of the Senate expressing himself on this very subject, and I hope his comments and contributions may become public before the debate is concluded.

Incidentally, this same Council recommended, in 1949, that the social insurance system should be extended to cover permanent and total disability. However, the Congress at that time did not accept the advice of the Council, and added another category of public assistance for the permanently and totally disabled. This is a decision somewhat parallel to that which some are now recommending as a method to meet the problem of medical care for the aged. In only a few short years the inappropriateness of this approach became more evident, and in 1956 the Congress extended the social insurance program to cover permanent and total disability. And this program is now working with admirable success despite the dire warnings we received from the American Medical Association at that time that its adoption would mean socialized medicine in America.

If a person wanted to do so, he could call back many rich and rewarding memories, because, in a room just off the Chamber of the Senate, there was a luncheon held one day in 1956 with the members of the Finance Committee of the Senate, in which this question was carefully discussed. Only after a great deal of persuasion and discussion and giving and taking did we come out of there with a decision that we would pass the bill, and that the great and able Senator from Georgia, Mr. George, would put his name on it and permit it to come to the floor with his blessing and approval.

This decision has been reaffirmed by the groups of consultants to the Secretary of Health, Education, and Welfare in 1954 and by the Advisory Council on Social Security Financing in 1959.

My emphasis on the social insurance approach is not to decry the role of public assistance and the determination of need in each individual case that is necessary to the proper administration of any public assistance program. My point is that this must always be considered the second line of defense; and to place our chief reliance on this approach in a program to meet the needs of the people of America would be to reverse the decision so wisely made 25 years ago.

With specific reference to the bill reported by the Senate Finance Committee, H.R. 12850, the provisions of that bill for grants-in-aid to the States for meeting health needs of older people are good if taken as supplementary to a sound medical insurance system. Placing our first reliance on the medical insurance system, such as contemplated in the Anderson-Kennedy amendment, and then accepting the provisions of H.R. 12580 as supplementary to that insurance program is the only approach that is consistent with the wise decisions made by the founders of our social security system in 1935.

WHY A GOVERNMENT PROGRAM OF HEALTH INSURANCE IS NEEDED FOR OLDER PEOPLE

In the last several years a great deal of study has been given to the problem

of meeting the costs of health care for older people. Out of these studies has emerged almost universal agreement on a number of facts:

First. Insurance is the soundest method of meeting the costs of medical care for all people—young and old. The tremendous expansion of coverage that has taken place in the last 20 years attests the acceptance of that principle.

Second. Older people are more in need of insurance protection than the general population because (a) their incomes are sharply reduced at retirement age, and (b) their health needs increase on the average nearly threefold.

Third. Nongovernment insurance is not able to provide the protection for older people as well as it has for those in their working years. This is because all commercial insurance—and increasingly noncommercial such as Blue Cross and Blue Shield—must set their rates according to the degree of risk involved in insuring the group or individual covered under a given policy. With the low risk groups constantly getting the more favored rates, the high risk groups, notably the aged, are left with the choice between rates so high they cannot be paid for out of meager retirement incomes, or protection so poor that it is almost worthless.

This fact is attested by the extreme reluctance of the commercial insurance industry to reveal what actual progress has been made in extending health insurance among older people. There has been a real effort to sell such insurance, and there has been no shortage of estimates by representatives of the industry as to how well the job will be done and the proportion of the older population that will be covered by 1970 or 1980. But there are no meaningful reports on how well it is being done now. This is because there are built-in factors in competitive nongovernment insurance which make it impossible to meet the need.

Only a comprehensive, compulsory social insurance program can provide the mechanism which can spread the cost of sickness in old age over a long period of time and over the entire working population.

Any insurance system which is practical in this area must spread the costs in both these dimensions. Private insurance will never do it for the simple reason that by its nature it cannot do it. The social security mechanism is the only practical way of meeting the problem. This was all summarized in a few words from an editorial in Business Week, the issue of April 16, 1960:

> The problem basically is that the aged are high-cost, high-risk, low-income customers. Their health needs can be met only by themselves when they are young or by other younger people who are still working. The only way to handle their health problem, therefore, is to spread the risks and costs widely. And that can best be done through the social security system to which employers and employees contribute regularly.

Mr. President, that fine article from Business Week magazine is entitled "A Challenge That Can't Be Ducked." The editor of this magazine, I believe, is Elliott Bell, who was, I think, the financial adviser to former Governor Dewey. I have quoted Elliott Bell many times in the Committee on Finance favorably and approvingly, and I am very happy to quote his remarks again and to say that this man by no stretch of the imagination could be called a person influenced by the more liberal elements of the Democratic Party. He has taken care of the problem for us in his statement in a most acceptable fashion.

Mr. President, I ask unanimous consent that the entire article to which I have referred be printed in the RECORD at this point.

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

A CHALLENGE THAT CAN'T BE DUCKED

Health insurance for the aged is fast becoming the No. 1 issue facing Congress this year. And there's political dynamite in it: Any candidate suspected by the millions of old people (and those concerned about their health problems) of taking a cold or know-nothing attitude toward the issue is likely to be in serious trouble this election year.

One thing about the issue is clear: Although plenty of politicians may see it as a vote-catching device, there is nothing synthetic or phony about the problem. Everyone who has seriously studied the situation has concluded that the provision of better health care for the aged is a serious—and growing—problem. Thanks to medical progress, the number of aged is increasing rapidly. In 1930, there were 6 million people over 65 in the United States; today there are 16 million.

For far too many of these, long life has meant shrunken incomes, increased sickness, loneliness, and the shame of being a candidate for a handout from society. Health, Education, and Welfare Secretary Flemming, in his thorough report to the House Ways and Means Committee last year, concluded that three out of every four aged persons would be able to prove need in relation to hospital costs. That is to say, they would be able to prove that they simply could not afford to pay for the care they needed when taken seriously ill.

The issue, then, is not whether there is a problem but rather how to meet the problem.

TWO APPROACHES

Representative AIME FORAND, Democrat, of Rhode Island, has proposed to deal with it through a system of compulsory Federal insurance within the framework of the Social Security Act. The Forand bill would provide insurance covering 60 days of hospital care, or 120 days of combined hospital and nursing home care, together with surgical services, to all those eligible for old age insurance benefits. It would be financed, initially, by boosting social security payroll taxes one-half percent—divided equally between employees and employers.

The Forand bill has been attacked for a number of reasons by various groups, especially the American Medical Association, which sees it as the camel's nose of socialized medicine coming under the tent.

But the main weakness of the Forand bill, as specialists in the health field see it, is not that it does too much but too little. They condemn it as too narrow and as an encouragement to "hospitalitis"—the tendency, inherent in many of our present voluntary insurance programs, to put the sick into hospitals because there are no provisions for covering treatment at home or in doctors' offices.

The bill sponsored by Senator JAVITS, Republican, of New York, strikes at this weakness. As JAVITS points out, though hospitalization costs comprise a large part of an aged person's annual medical bill, the average older couple spends $140 a year on health costs unrelated to hospitalization. "One out of every six persons 65 years and older," says JAVITS, "pays over $500 in medical bills annually." Yet 60 percent of the old people have annual incomes under $1,000 and can't afford home or office care that might cut down the length of hospitalization or eliminate it altogether.

JAVITS would deal with the problem by a voluntary program that would combine Federal and State subsidies, contributions scaled to income by the aged themselves, and both commercial and nonprofit insurance companies such as Blue Cross and Blue Shield. The program would not become operative in any State until the State put up the money, arranged with the insurance carriers, and agreed to certain standards for the program.

Although the Javits bill makes a hard effort to provide a voluntary (and heavily subsidized) program, it does not appear to meet the test of practicality. The program would take a very long time to negotiate with 50 individual State governments and with insurance carriers—assuming that it would be possible at all to get them involved in a program whose costs are unpredictable.

Indeed, after studying Flemming's able report, and the arguments on all sides of this issue, we are forced to conclude that the voluntary approach simply will not do the job.

The problem basically is that the aged are high-cost, high-risk, low-income customers. Their health needs can be met only by themselves when they are young or by other younger people who are still working. The only way to handle their health problem, therefore, is to spread the risks and costs widely. And that can best be done through the social security system to which employers and employees contribute regularly. By comparison with the heavily subsidized schemes, this approach has the advantage of keeping old people from feeling that they are beggars living off society's handouts.

We do not pretend to know all the answers to the problem of enlarging the social security system to include a health insurance program for the aged. Even a modest study of the problem immediately convinces anyone of its difficulty and complexity. At this point, we don't think that the complete answer to it has emerged.

Nevertheless, no democratic government can refuse to grapple with a problem of such demonstrated urgency and importance. The issue cannot be evaded and, before it becomes a political football, the politicians of both parties should accept responsibility for finding the best possible answer in the shortest possible time.

THE QUESTION OF COMPULSION

Mr. ANDERSON. Next I come to the question of compulsion. We heard a little bit about that the other day. The question is asked, "Why do you compel these people to belong if they do not wish to belong? Why do you compel them to come under the program if they are under the social security system?"

I have not hesitated to refer to compulsory social insurance, though I am aware that in the battle of semantics which has raged around our proposals this term is considered a devastating weapon.

Nowhere has this issue been defined more clearly than in a column by Walter Lippmann which appeared in the Washington Post and Times Herald on June 16.

Mr. Lippmann, whose articles I am sure we all read, says:

> Shall it [the medical care program] be financed by compulsory insurance, which

means that throughout a persons' working life he and his employer will be taxed to provide an insurance fund for his medical needs when he is retired and is no longer earning an income? • • •

Or shall the program be financed, as the administration proposes, by charitable doles to the very poor, paid for out of compulsory taxes collected by the National and State Governments?

• • • • • •

Why does the President feel so strongly opposed to the principle of compulsory insurance for medical care to supplement the insurance, which already exists, for old age? What is wrong about its being compulsory that a man should insure himself against the needs of his old age? What is so wonderful about a voluntary system under which a man who doesn't save for his old age has to have his doctors and his hospital bills paid for by his children or public welfare funds? There is nothing un-American in the principle that the imprudent shall be compelled to save so that they do not become a burden to their families and the local charities, so that they can meet the needs of their old age with self-respect which comes from being entitled to the benefits because they have paid the cost out of their own earnings.

Mr. President, I ask unanimous consent that the entire article written by Mr. Walter Lippmann entitled "Medical Care for the Aged," published in the Washington Post and Times Herald of June 16, 1960, be printed in the RECORD at this point.

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

MEDICAL CARE FOR THE AGED

(By Walter Lippmann)

Almost everyone realizes that a great mass of the old people do not have the savings, and cannot depend upon their children, to pay for the doctors, hospitals, nursing homes, and drugs which, because they are aging, they need more than do younger people.

There are a few eccentrics, professing to be conservatives, who think that in a truly rugged individualism these ailing old people would do without medical care if they can't pay for it, or would make their children mortgage the future to pay the medical bills.

But the country is not that ruggedly obtuse to the facts of life, and accordingly both the administration and the Democratic opposition are agreed that the need, which is obvious and urgent, must be met by Government measures.

Thus, this administration has prepared a program which the Director of the Budget, Mr. Stans, says will cost $1.5 billion by 1964 and $2.5 billion by 1970. For the Democrats, Senator MCNAMARA and some 19 Senators, including KENNEDY, SYMINGTON, and HUMPHREY, have introduced a bill that would add medical insurance to the existing old-age insurance. After the first year, the cost of this program would be $1.5 billion. Thus the two programs are approximately of the same size.

But between the two programs there is a basic issue of principle. On one side are the President and his advisers. On the other side are the preponderant mass of the Democrats and also a considerable minority of the Republicans led by Governor Rockefeller. They differ essentially on how the program shall be financed.

Shall it be financed by compulsory insurance, which means that throughout a person's working life he and his employer will be taxed to provide an insurance fund for his medical needs when he is retired and is no longer earning an income? This is the principle of the McNamara bill in the Senate, as it was of the Forand bill in the House, and it has the support of the leading Democrats and of Governor Rockefeller.

Or shall the program be financed, as the administration proposes, by charitable doles to the very poor, paid for out of compulsory taxes collected by the National and the State Governments?

For reasons which he has never explained, the President regards compulsory social security taxes as unsound, socialistic, and rather un-American; on the other hand he regards compulsory taxes to pay for doles based on a means test as somehow more voluntary, sounder, more worthy of a free society and more American.

Under the McNamara bill, medical insurance would be added to the existing old-age insurance system. During his working life, each person covered by the social security system would contribute an additional amount, as would also his employer, to supplement his retirement income to include medical services.

It is true that during the first few years benefits would be received by persons who had not contributed because the system did not exist when they were earning their living. These benefits would be paid for by the younger people. But as the younger people would be buying their own insurance, there is little inequity in this. Nobody will lose anything, although those who are already too old to have been contributors to an insurance plan will benefit. In a few years everyone receiving the benefits will have paid his share.

Why does the President feel so strongly opposed to the principle of compulsory insurance for medical care to supplement the insurance, which already exists, for old age? What is wrong about its being compulsory that a man should insure himself against the needs of his old age? What is so wonderful about a voluntary system under which a man who doesn't save for his old age has to have his doctors and his hospital bills paid for by his children or public welfare funds? There is nothing un-American in the principle that the imprudent shall be compelled to save so that they do not become a burden to their families and the local charities, so that they can meet the needs of their old age with the self-respect which comes from being entitled to the benefits because they have paid the cost out of their own earnings.

The President has been led to think, he says, that compulsory insurance is "a very definite step in socialized medicine." Why? In a system of compulsory insurance the Department of Health, Education, and Welfare, which would administer the program, could and should use as its agents private organizations like the National Blue Cross Association in negotiating with hospitals and nursing homes and in dealing with claims and complaints. The system would be financed as insurance. But it would be worked not by a new Government agency but by the kind of private voluntary association which the President otherwise believes in.

In this connection it is interesting to remember that in the early 1930's when voluntary health insurance plans were inaugurated, our old friend, the American Medical Association, was declaring that they were communism and socialism and socialized medicine. Today, the American Medical Association is pointing to these same voluntary insurance plans as the solution of our present needs and the proper alternative to compulsory old age medical care insurance.

Among the opponents of medical insurance there seems to be a vague and uncomfortable feeling that it is a newfangled theory, alien to the American way of life and imported, presumably, from Soviet Russia.

The Founding Fathers were not subject to such theoretical hobgoblins. In 1798 Congress set up the first medical insurance scheme under the U.S. Marine Hospital Service. The scheme was financed by deducting from seamen's wages contributions to pay for their hospital expenses.

If that was socialized medicine, the generation of the Founding Fathers was blandly unaware of it.

Mr. PROXMIRE. Mr. President, will the Senator yield at that point?

Mr. ANDERSON. I am happy to yield to the Senator.

Mr. PROXMIRE. Mr. President, it seems to me the Senator from New Mexico is discussing the heart and soul of the difference between his social security proposal and some of the other type proposals in regard to health insurance. I think the philosophical difference is extremely important. It is a difference raised by as fine a liberal Senator as the distinguished senior Senator from New York [Mr. JAVITS] this morning, who disagrees with the Senator from New Mexico. The Senator from New York [Mr. JAVITS], and other Senators feel that the compulsion in social security is somehow, though not un-American, something which clashes with present American attitudes. That is the feeling of some toward compulsion, in using the social security approach for health insurance.

I wish to ask the Senator from New Mexico if this fundamental issue was not only settled 25 years ago but also has won an overwhelming, if not virtually unanimous, approval by all the American people? People are now compelled, whether they like it or not, if they work for a living, to save their money and to contribute into the social security system so that they can receive pensions after they retire. That was the fundamental philosophical decision which was made then; is that not correct?

Mr. ANDERSON. Yes I think it was.

I came to this city in 1936, when some of the final questions were being settled as to social insurance. At that time there were experts to whom we appealed, but they were not the members of the staff who have helped us recently, who have advised us in a very fine fashion.

Mr. President, I wish to pay tribute at this time to Mr. Robert Myers for the wonderful information he gave to us and for the speed with which he furnished it to us.

That was not the situation 25 years ago, Mr. President. Some of the experts we had available to us in those discussions could not even speak the English language. They were brought from Germany, where there had been social insurance. We had to import people from other countries, because we had no American experience on which to base our decisions. Because we had no experience, people almost without number stood up to say, "This is un-American." They started by saying, "This is socialistic. This is communistic. This is un-American. It is horrible to compel a man who wants to "fritter away" his money to save a little—to force him to save some so that he will have something in his old age. It is awful to insist

that a man has to put away a few dollars so that a child who is born blind in his family can get help, or so that a child who is born blind in the family of his neighbor can get help, because we are still our brothers' keepers. It is an awful thing."

But, somehow or other, the program was started. Before long it was not possible to find on the floor of the House or of the Senate people who would get up to say, "It is wrong to have compulsory saving for old age."

I believe there are Members of the U.S. Senate who actually contribute to the retirement fund. Why do they do so? It is because it has been proved to be a desirable and wise thing to do. It is not compulsory in the Congress, but there is compulsion in industry.

We have completely forgotten that it was considered to be so terrible for a man to be compelled to save money for his old age, to be compelled to save money for blindness or for aid to dependent children.

Within the last few years, since 1956, we have found it is not so terrible to be compelled to save for disability. That was once considered to be a terrible thing. That opened the door to the whole field of socialized medicine.

While I have had many appeals from doctors concerning the bill before the Senate, I do not think the number came close to the appeals which came to me from doctors about the disability provisions. That was real sure-enough poison in the wheels of our social service. Somehow, the program was established. Now not a single doctor is telling me how terrible it is that people who become crippled and disabled have a chance to eat with some regularity. I thank God that those doctors who have watched the program are kind enough to admit that it has not harmed us. I think they will say the same about this program.

I agree with the Senator from Wisconsin. I think the principle was settled 25 years ago, as to the question of whether compulsion is or is not desirable, by making provision for old-age assistance, for aid to the blind, for aid to dependent children, for retirement pay of all kinds, and for disability. Now, perhaps, we shall make provision for health.

Mr. PROXMIRE. There are those who oppose the position of the Senator from New Mexico, of which position I approve. I approve of the amendment of the Senator from New Mexico, and I expect to vote for it enthusiastically. Those who oppose it say they are in favor of assistance for the aged who are in ill health.

They say they would prefer to pay for the plan by a broad national tax on everybody through the taxing of income, rather than confining it to the social security system, which is a relatively and comparatively regressive tax. It seems in doing so what they fail to recognize is that what the social security does is to provide an opportunity for everyone to make his own contribution to his own retirement and to his own health so that he has a right—nobody is giving it to him—he has earned a right to receive health insurance in his old age.

Is it not true that if we rely on the kind of proposal made by those who oppose this approach—in other words, a broad national tax—that what will happen is that we shall wait a long, long time before there is anything like the kind of comprehensive, full and adequate health insurance program for all the American aged who need it?

I should like to complete the question by asking also how long we would have to wait for an adequate pension system if instead of having a social security tax, we had relied on general revenues to provide the kind of social security pension which our people are receiving today and blessing?

Mr. ANDERSON. I think that those who argue for dipping into the Federal Treasury to take care of payments under the proposal should be consistent and go down one road or the other all the way. If they believe that the approach of applying a payroll tax on a pay-as-you-go basis for health for the aged is wrong, then they should also seek to remove all the rest of the social security taxes and be absolutely consistent. They should seek to make all such payments from the Federal Treasury.

They know, of course, that they will not get the kind of money from the Federal Treasury that would be needed. If they came in and asked for billions of dollars that would be required from the Federal Treasury, we would unbalance the budget, and we would have to face large deficits year after year. We would, therefore, either defeat the program by having Congress repeal it or by the amount of pressure we would get to make social security payments. So they will not go that route at all. They will not take a step down that disastrous path. They simply say that rather than have this procedure adopted, we will take a little of this other system.

I say to the Senator from Wisconsin that we tried that with disability. We limped along for a few years unable to face up to it, and then in 1956 we did face up to it.

I wish that those who sponsored that legislation would take the same attitude on the pending legislation. They are exactly comparable. It would be very nice if we had it that way.

If the Senator does not mind, I would like to deal with this precedent of extending new benefits under OASI to persons already retired. One of the big arguments that will be made, and one of the arguments that was made in the committee, was that through a payroll tax and paying immediate benefits we would give some health protection to people who had not paid anything for it, those who are already retired and who are 68 years of age or over. They will get some money and they will not pay anything for it.

If the proponents of the plan wished to be consistent, why did they not follow that policy with reference to disability? It is an interesting question, and we wonder why they did not.

PRECEDENTS FOR EXTENDING NEW BENEFITS UNDER OASI TO PERSONS ALREADY RETIRED

The Anderson-Kennedy amendment, in providing the new medical insurance benefits to persons who have already retired, is following the precedent always followed by the Congress in liberalizing old-age, survivors, and disability insurance. New or improved benefits have always been extended without additional contributions on their part to persons who had already retired or lost their husbands or become disabled. And the estimated cost resulting from this policy has each time been included in cost estimates and has been met by higher contribution rates for those still at work.

First. Three examples exist in connection with disability benefits: (a) The new disability benefits enacted in 1956 were made available to 300,000 persons already disabled. Contribution rates were increased by one-fourth percent each for employers and employees, and placed in a separate disability fund, as the Anderson-Kennedy bill proposes; (b) in 1958, their dependents became eligible, and so did certain other disabled workers; (c) the present Finance Committee bill, like the House bill, extends disability benefits to persons under 50 and their dependents even though the disability occurred before 1956.

It is satisfactory to do it that way for disability. It is all wrong to do it in some other way if a physician writes a letter and says, "I do not like it. I think that is socialized medicine."

Second. Increases in monthly cash benefits were made available to millions of beneficiaries each time benefits were improved for persons currently employed. The following table shows the number of beneficiaries who, without further contributions, immediately received the advantage of cash benefit increases through the amendments enacted in the years shown—based on number of monthly benefits in current-payment status at end of year, Social Security Bulletin, Annual Statistic Supplement, 1958, page 13:

	Million
1950	3.4
1952	5.0
1954	6.9
1958	12.4

Yes, we will add 9 million people who are eligible for benefits under this program. We put in 12.4 million in 1958. That was financially sound. That was fiscal responsibility. But if we propose a payroll tax now, that does not dip into the Federal Treasury, that is a very bad socialistic scheme.

As a result of the 1950 amendments, the average benefit for retired workers rose from $26.36 in August to $46.62 in September 1950, an increase of 77 percent, or nearly $140 a year.

In 1958, the average for workers already retired was estimated by the Senate Finance Committee to be $4.75 a month, or $57 a year. This is about three-fourths the cost of the proposed medical insurance benefits.

The effects of the cash benefit increases is illustrated by the case of a worker who retired in 1940 with the

average benefit for that year of $22.60 a month. By now his benefit has become $55. His wife or widow has received proportionate increases. Allowing for changes in prices, his benefit check had increased in purchasing power about 17 percent by December 1959—Social Security Administration, Research and Statistics Note No. 8, March 8, 1960.

Unlike commercial insurance, social insurance is directed to meeting social goals related to the general welfare. The old-age, survivors, and disability program does not make benefits directly proportionate to earnings and contributions. It has always been more liberal to low-income groups in regard to the proportion of lost earnings that are replaced. It has also had liberal eligibility requirements for newly covered groups. The trust fund, and the contributions to it, have met resultant costs.

Awhile ago I asked to have printed in the RECORD some editorials from Business Week and the Washington Post. I ask unanimous consent at this time that there be printed in the RECORD at this point of my remarks an article from the New York Times entitled "Wider Use for Social Security" under date of June 13, 1960.

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

WIDER USE FOR SOCIAL SECURITY

A convincing case for using the Federal social security system to finance health insurance for older people has been made by Nationwide Insurance. It is persuasive not only because of the arguments used but also because of its source.

Nationwide has had a unique experience in giving the public protection. Founded by a small group of Ohio farmers in 1926 as a cooperative automobile insurance concern with a capital of $10,000, it has become one of the largest insurance operations in the country. With assets of more than $350 million it gives many kinds of coverage in 20 States through more than 3 million outstanding policies.

The directors of Nationwide have stated in a formal resolution that the health costs of older people are not being met by insurance, that those over 65 haven't either the income or the assets to cover those expenses, that Nationwide favors the use of the social security principle to help meet their needs and, more specifically, that it will support "appropriate legislation" to provide basic health insurance to those eligible for Federal social security benefits.

A memorandum ably summarizes the statistical and historical evidence for the stand Nationwide has taken. It emphasizes a point which seems to be generally overlooked in the current discussions. It claims that, far from damaging the interest of private insurance companies, the companies "would have a broader, sounder market for voluntary insurance among our older people by building on the basic provisions of social insurance legislation."

The Nationwide memorandum also points out that before the establishment of the social security system in 1935 the medical societies and many insurance companies opposed the program for most of the same reasons they now oppose the social insurance approach to health care for the aged. But the three decades of experience since then have shown that the minimum social security pensions "have made possible a widespread development of private plans in recent years." We hope that the interests now opposing this extension of the social security system will prove to be as wrong as they were in 1935.

Mr. ANDERSON. Mr. President, I ask unanimous consent that an article from the New York Times of Tuesday, May 10, 1960, entitled "Health Aid for the Elderly," be printed at this point in my remarks.

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

HEALTH AID FOR THE ELDERLY

The administration's program of health insurance for those over 65 has laid the main issues right on the line. They are: first, the use of the Federal social security mechanism versus State administration with Federal subsidies and, second, compulsion versus freedom of choice.

Under the administration plan the various States would be authorized to provide financial aid to elderly people in meeting the costs of hospital and medical care, either directly or through private agencies. The Federal Government would share the costs of the whole operation with the States. Participation by individuals would be voluntary, but limited to those whose incomes were less than $2,500 in the previous year (couples $3,800). On the other hand, the widely supported Forand bill provides that the entire operation be carried on by the Federal Government as part of the well-established old-age and survivors insurance system, with eligibility for all those eligible for regular OASI benefits.

We believe that the arguments for using social security are overwhelming. Governor Rockefeller has done well to say that the administration plan could result in "a very serious fiscal situation, very high costs and cumbersome administration" and to urge that medical care for the aged be an added health feature of the social security system, with those who benefit contributing to their own protection.

The relatively high expense, per person covered, of the administration plan has two chief causes. First is the fantastic cost of setting up and operating new machinery of administration in possibly as many as 50 different States, and second, the expense involved in checking on the incomes of millions of beneficiaries to prove eligibility—both at the start and, as incomes change, in the future too. And the complexity and diffusion of administration and control would be little short of bewildering.

As for the issue of compulsion, it vanishes with just a little thought. The only compulsion involved in the Forand plan would be that of paying slightly increased social security taxes. Beneficiaries would have a wide choice of hospitals approved by the Government as part of the program. (Under those circumstances who wouldn't want to accept the benefits?)

As a matter of fact, the administration bill involves the same, but a less obvious, kind of compulsion. Taxpayers as a whole—including those not given protection—would be compelled to cover the costs of State and Federal subsidies. The bogey of "socialism" in social security health protection is also easy to dispel. Under the Forand bill neither hospitals nor surgeons taking care of beneficiaries would be under Government control.

There are many positive advantages in using social security. For example, it would avoid what amounts to a means test for eligibility—something abhorrent to Americans—and would automatically relate payments to ability to pay without investigation. Also, it would take effect nationally at once, while State cooperation might be far from unanimous and also slow in coming.

The administration bill, however, offers substantially more benefits than does the Forand measure. But, except for persons on relief, they couldn't be had until the subscribers themselves had paid $250 (couples $400) for health care, in addition to their $24 enrollment fee. And, after that, they would have to pay 20 percent of all their subsequent expenses. The alternative of purchasing health insurance from private agencies, even with a 50–50 assist from the governments up to $60, would also be expensive. It looks as if the voluntary plan would be used most by those who need it least.

A satisfactory measure would have to be less costly than the administration plan—but provide more protection than does the Forand bill—if possible financially. And the Forand measure doesn't cover the 4 million or so people over 65 who are not getting social security. It is unfortunate that so little time remains in the present session of Congress to hammer out a plan that will meet the need and the phenomenal public demand. If that can't be done, this matter should surely be made a must for the next Congress when it meets.

Mr. ANDERSON. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point in my remarks an article from Life magazine under date of April 25, 1960, entitled "Age, Health, and Politics"; and an editorial from the Washington Post of February 20, 1960.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

[From Life, Apr. 25, 1960]

AGE, HEALTH, AND POLITICS

The hottest political potato so far in this election year is this question: Are Americans over 65 entitled to Federal help to meet their hospital and doctor bills?

The Forand bill, which would raise $1 billion for such care by a one-half of 1 percent boost in the social security tax, has produced floods of favorable mail and given the Democrats an unexpected issue. Republicans, while granting the need for aid, are trying to find a more private, voluntary alternative. Since the issue is important, let's try to separate its social realities from its politics and facts from principles.

Unquestionably, many older Americans (15.8 million are over 65) are in real need. The average $72 a month they draw from social security scarcely provides food and shelter, much less for the medical expenses which increase with age. Few are in a position to meet the cost of chronic illness from which many suffer. Yet even to get charity care—itself inadequate in quantity and often inferior in quality—they must suffer the indignity of a pauper's oath.

Can their need for medical aid be provided by private, voluntary Blue Cross-type plans? These are expanding, but can never meet the whole need. Premiums for the aged as a separate group are prohibitively high. The least burdensome method of insurance is for the whole society to spread the costs over the whole working life cycle. The cheapest and most logical way of doing this, whether by the Forand bill or a better one, is by extending the existing system of social security.

To provide this, aid need not be socialized medicine, as opponents claim, since payments could be made through private channels and patients select their own doctors and hospitals as before.

The first question of principle is whether this form of aid will undermine the private duty of providing for one's own old-age through old-fashioned virtues like foresight and thrift. Being a floor, not a ceiling, it need not do so. Individuals will still have plenty of incentive to save for the future, though less fear of it.

Another question of principle is whether it is the proper function of a free government to offer special help to its older citizens. That principle was accented when social security itself became effective in 1937. The presumption against any extension of Federal activity and expenditure, though Jeffersonian in origin, is now championed, though weakly, by the Republicans, who don't want to be tagged as enemies of the aged. But an extension of an established system like social security is not a violation of principle. But there is also an issue of cost.

Not even the Democrats can extend the welfare state without reference to the price tag. Enough spending bills were introduced in Congress last year to add $50 to $60 billion to our existing $78.4 billion budget if passed. Priorities, therefore, have to be determined. Health aid to the aged can be provided, but it may mean fewer schools, highways or other needs which may also be urgent. A related question is whether aid to the aged can be done without renewed inflation. The aged, on small and fixed incomes, have been the chief sufferers from inflation, and this is a good reason for giving social security a high priority. By the same token, any aid program that feeds inflation would defeat its own purposes and fool its beneficiaries. So the costs of any plan adopted must be carefully limited and controlled.

Doubtless the Forand bill can be improved. Some $200 million could be saved simply by raising the eligible age from 65 to 68. Moreover, many oldsters able and eager to work could better provide for their own security if the $1,200 limitation were raised on the income they may earn without forfeiting social security pensions.

But in principle, such aid is proper public business. The issue is therefore inevitably and properly a political one. It should be decided according to the Nation's sense of justice, urgency, and choice of priorities in the use of scarce resources—as interpreted by the Nation's elected representatives in Congress.

[From the Washington Post, Feb. 20, 1960]

RETIREMENT NIGHTMARE

Everywhere in its travels around the country, Senator McNAMARA's Subcommittee on Problems of the Aged and Aging heard anxiety expressed by older citizens as to how they would pay for medical care in their retirement. How can anyone with foresight, old or young, fail to be anxious about this problem? While a man is employed, he can enjoy the protection of some sort of group or private insurance program to cover medical and hospital bills if he becomes ill. The chances are, however, that when he retires he will no longer enjoy such protection; yet this is the time, obviously, when he will need it most—when, indeed, he is certain to need it sooner or later, which is what makes the cost of such private insurance prohibitively high for the aged.

The McNamara subcommittee came to the conclusion that this problem should have top priority for legislative consideration in 1960 and recommended in its report an expansion of the system of old-age, survivors, and disability insurance to include health service benefits for all persons eligible for OASDI. We think this conclusion is inescapable. The essence of it is embodied in the Forand bill which would cost about $1 billion a year to be financed with one-fourth of 1 percent increase in social security taxes. Like other old age benefits, this would be paid for by a citizen throughout his wage-earning years, with a matching contribution by his employer. It would relieve retirement of one of the worst of its nightmares.

That the American Medical Association would offer its usual doctrinaire opposition to this proposal was as much to be expected as a bill from a doctor after a visit to his office. Senator McNAMARA has observed that the AMA had "nothing to offer but tired abuse." This is not, by the wildest flight of the most neurotic fancy, socialized medicine or political medicine. It is simply a system, if the AMA could but calm its nerves enough to realize it, which, like Blue Cross or Group Hospitalization or any other insurance program, would enable a patient to go to the doctor and the hospital of his choice and pay the bills resulting from the care he needs in old age. It would help doctors, hospitals, and medicine in general. And it would enable American men and women to retire in their old age with more security and self-respect.

Mr. ANDERSON. Mr. President, I have taken a great deal of time, and I intend to take some more. Some question has been raised about the medical care provisions of the committee bill. The medical care provisions of the bill approved by the committee are substantially better than those of the House bill. But the approach is nevertheless a public assistance approach. States would be permitted to be less severe in their tests of medical indigency than the tests they now impose for such payments, but the Federal program assumes some proof of poverty or a means test. The specific wording of the bill is:

> An eligible individual means any individual (1) who is 65 years of age or over and (2) whose income and resources, taking into account his other living requirements, as determined by the State, are insufficient to meet the cost of his medical service.

This wording involves no substantial change from the present authority in title I, the old-age assistance provision. The important part of the Finance Committee addition to the bill is the liberalization of the matching grants formula. But additional money will not itself bring forth necessary State action. And the proposal will not overcome the inherent limitations of public assistance as compared with social insurance.

If social insurance is added to the committee bill, as my amendment proposes, the majority of aged persons will not have to turn to public assistance, but the minority who do will have better care. The Finance Committee bill is a useful supplement if the major burden is carried by social insurance. Then the minority who need aid on the basis of an income test can secure it more liberally. But without health benefits financed through OASDI, most States cannot be expected to provide sufficient funds to pay for adequate medical services either to present old-age recipients or to the proposed additional group of the medically indigent.

Any approach involving a means test and based on Federal grants to the States will not provide the kind of protection which the majority of the aged want and deserve in this Nation today.

Because it does not provide assured payments as a matter of right, it fails to promote peace of mind or early preventive care.

Through reliance on a needs and income test, it fails to safeguard the savings, independence, and dignity of the individual.

It is of assistance only as dependency occurs instead of helping prevent it.

The Finance Committee has done well to integrate into title I all the proposed provisions for medical care through Federal-State matching grants on a means-test basis. This avoids the confusion and inefficiency that might have resulted from the House bill. It also removes any doubt that the increased payments for medical care would be administered by the State and local welfare agencies.

They would need thousands of new employees to do the job properly, but they already have great difficulty in securing adequate, well-trained staffs. Our elderly citizens do not want to have their income, other resources, and living requirements inquired into by overburdened employees of welfare agencies.

The task of making such a check would be especially difficult in the case of elderly persons who move from State to State.

The medical care program in the committee bill will not automatically become effective. The States must take positive action to provide additional funds. In many States, perhaps in the great majority, additional legislation will be required before a new type of medical cost can be paid for or before a new kind of test of poverty can be applied.

A few fortunate States may be able to give more liberal assistance to their elderly citizens on October 1, but many will have to wait until after their legislatures have taken action next year.

If they fail to act, then the elderly citizens will have gained nothing. My amendment makes hospital benefits available on July 1 of next year to 9 million aged persons without the need for action by 50 State legislatures and Governors.

The fact Federal money is made available does not necessarily result in State action. Under the present old-age assistance provisions, 23 States and the District of Columbia fail to take advantage of all the Federal funds that are offered to them for use for their aged citizens.

Experience through many years of effort indicates that in most if not all States, it is very difficult to secure passage of liberalizing amendments and necessary appropriations. Many States now have tests of need, of residence, of relatives' responsibility, and liens that are severe and that are the result of their own choice. More Federal funds will not change these policies in a manner satisfactory to our retired citizens who have striven throughout their long working lives to achieve independence and self-respect.

The 1958 amendments to the Social Security Act established an Advisory

Council on Public Assistance which, as requested by the Congress, has submitted a substantial report. That document contains recommendations relevant to the problem under consideration. It refers to "the serious gaps and inequities that still remain in coverage, in adequacy of public financial assistance and in availability of high quality services." Its comments on unmet medical need justify increased Federal grants for this purpose. But the Council also warns:

> Improvements in medical care should not be accomplished by reducing money payments to recipients.

The Council report also points out:

> Not many States provide assistance for comprehensive medical care. Some pay only for a single item.

Even in regard to cash payments, the Council found that "less than one-half the States fully meet need by their own standards for any of the federally aided categories." Total unmet need among aged recipients is estimated at $222 million a year, not counting medical care.

If a progressive State is considering establishing an adequate program, the usual arguments will be made that higher taxes will drive business elsewhere and that high payments will attract dependent people. The same barriers to adequacy under a State-by-State approach will be encountered as in other social welfare programs.

Taxes will be as compulsory under the assistance programs as the contributions are for social insurance. The OASDI contributions are uniform throughout the country and are borne by persons during their working years.

It has been argued that Federal funds financed from general revenues are more progressive than the social insurance payroll tax. But 58 percent of State revenues are based on taxes, such as sales taxes, which fall very heavily on people with low incomes, including the aged. An increase in these taxes, such as would be necessary in practice, would cause additional numbers of aged persons to have to turn to public assistance.

The criticism of the payroll tax can readily be met by raising the wage-base ceiling above $4,800 a year or even removing it entirely. The accompanying increase in maximum benefits would overcome the lag of benefits behind rising earnings.

The States are already having difficulty meeting the needs of expanding populations for education, recreation, roads, and many types of community facilities. They cannot easily provide the additional funds that would be required to take advantage of the new Federal matching grants unless my amendment is added.

Now I should like to speak briefly on the amendment itself.

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

Mr. ANDERSON. I yield.

Mr. PROXMIRE. I should like to have the Senator yield at this point on the benefits, which I consider to be one of the strong points of the amendment. As I understand, it would to some extent reduce the total cost of illness to all the American people, because the amendment provides for preventive care. Is that correct?

Mr. ANDERSON. Yes; indeed it does.

Mr. PROXMIRE. Much more so than the bill would without the Anderson amendment added to it.

Mr. ANDERSON. Yes; I believe so.

Mr. PROXMIRE. Is it not true that it is also designed to cut down the excessive use of hospitals, the indiscriminate use of hospitals, at a time when we have great difficulty in providing an adequate number of hospital beds?

Mr. ANDERSON. Yes. The amendment suggests that a person can get adequate home care. I think that is very important.

Mr. PROXMIRE. The individual would pay the first $75. That would discourage malingering or chiseling by those who might abuse the system, by those who would simply loaf in the hospital. It would do so by charging the hospitalized for at least a part of the cost.

Mr. ANDERSON. That is correct.

Mr. PROXMIRE. In what way would the Senator's amendment relieve the financial burden on the States?

Mr. ANDERSON. The people who will take advantage of the social security provisions are not going to make claims under other parts of the act. I believe that is important. Two million people are on social security in New York State, and 22,000 are on social security in New Mexico. These are people who would not necessarily and probably would not ever come to the State to ask for any special form of assistance. However, if we provide that in order to get any help from the Federal Treasury they must be found to be medically indigent, then we must turn all the workers, case aids, and relief agencies to the task of examining into the question of whether these people are medically indigent. They may be medically indigent one month and not the next month.

Mr. PROXMIRE. The amendment of the Senator from New Mexico is a careful and prudent amendment. It would economize and eliminate chiseling and waste in the use of hospitalization; it would provide for preventive care, thereby reducing the total cost of illness to all Americans, and it would relieve to a significant extent the burden on the States.

Mr. ANDERSON. Yes.

Mr. George Meany, president of the AFL–CIO, has written to every Member of the Senate urging support for the Anderson-Kennedy amendment to provide health benefits for the aged as a part of the social security system.

I ask unanimous consent that Mr. Meany's letter be printed in the RECORD at this point in my remarks.

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

> On behalf of over 13 million American workers and their families, I urge you to support the Anderson-Kennedy amendment which will be offered as an addition to the Finance Committee social security bill. In the matter of health care for the aged this bill is limited to some slight improvements in the present public assistance program and the creation of a new "medically indigent" class. It would provide medical services only as a public charity and only on proof of poverty, and then only in States that agree to participate, and only if matching funds from the Federal Treasury are appropriated by the Congress.
>
> The Anderson-Kennedy amendment would provide health benefits as a matter of earned right under the tried and tested social security system which requires no funds from the Federal Treasury or from the States. With this addition to the committee bill, we would be providing health care both for those in the social security system and for those who do not presently qualify. By adding such a social security provision, we would reduce the number of people who would have to look to public assistance for medical care, with its hateful means test.
>
> This is one of the most vital issues ever to come before the U.S. Senate. We can take a small step forward, or we can take significant action and bring real security with dignity to the lives of our senior citizens.
>
> We have just celebrated the first 25 years of social security in America. The most fitting tribute we can pay to the foresight of the Congress 25 years ago is to build now upon our sound system of social insurance. The Anderson-Kennedy amendment is the way to do it.

Mr. ANDERSON. Mr. President, a few days ago, Mr. James E. Stuart, president of the Blue Cross Association, wrote to me urging me to modify my amendment so as to permit the Secretary of the Department of Health, Education, and Welfare to employ private nonprofit organizations to pay hospitals for services rendered to beneficiaries under the act.

Dr. George Baehr, special medical consultant of the health insurance plan of Greater New York, and former president of the New York Academy of Medicine, wrote a letter to me in opposition to that suggestion. I ask unanimous consent that Dr. Baehr's letter may be placed in the RECORD at this point.

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

> AUGUST 4, 1960.
>
> Hon. CLINTON P. ANDERSON,
> *U.S. Senate, Washington, D.C.*
>
> DEAR SENATOR ANDERSON: In a letter dated August 2, 1960, Mr. James E. Stuart, president of the Blue Cross Association, urged you to modify your proposed amendment to H.R. 12580 so as to permit the Secretary of the Department of Health, Education, and Welfare to employ private nonprofit organizations to pay hospitals for services rendered to beneficiaries under this act.
>
> I write in opposition to this suggestion—unless all of the Blue Cross plans throughout the country and their present sponsoring agency—the Blue Cross Association were to be united into a homogeneous, nationwide, nonprofit organization established under Federal charter comparable to that of the American National Red Cross.
>
> The following are my reasons for opposing the recommendations of the Blue Cross Association:
>
> 1. Multiplicity of local Blue Cross plans which differ greatly from one another in operating costs, premium rates, and scope of benefit coverage.
>
> 2. Lack of control of the Blue Cross Association over the independent local Blue Cross plans.
>
> 3. Absence of control by Blue Cross plans, over rising hospital costs.

4. Inability of Blue Cross plans to curb unnecessary utilization of hospital facilities and other hospital abuses.

5. Absence of any power of Blue Cross to regulate hospital standards and quality of hospital care.

Under the above circumstances, Blue Cross or any other private insurance company would only serve as an unnecessary middleman to receive and pay hospital bills for OASI and then submit claims to the Secretary of the Department of HEW for reimbursement. This would tend to increase administrative costs without compensating advantages. The middleman, acting as a fiduciary agent for the Government, would feel no obligation to exercise any restraint upon the claimant hospitals whose lay and medical representatives comprise the majority of the board of directors of the Blue Cross plans.

It is my opinion that the Government agency which pays bills on behalf of its beneficiaries directly is better able to enforce hospital standards and curb hospital abuses.

I would be pleased to be recorded as supporting your proposed amendment to H.R. 12580 in all its provisions.

Sincerely yours,

GEORGE BAEHR, M.D.,
Special Medical Consultant, Health Insurance Plan of Greater New York.

FACT SHEET ON ANDERSON-KENNEDY AMENDMENT

Mr. ANDERSON. Finally, I should like to read a fact sheet on the Anderson-Kennedy amendment:

1. Number of persons eligible for benefits, July 1, 1961, 9.2 million. This is three out of four of all persons aged 68 and over and nearly three out of five aged 65 and over.

2. Cost in first full year of operation: about $80 per person, a total of $700 million, or one-third of 1 percent of taxable payrolls.

3. The proposed contributions will exceed benefit payments by one-third of a billion dollars a year. The new medical insurance account is estimated to equal $1 billion by the end of 1962 and $2 billion in 1965.

4. The maximum contribution by any one wage earner will be $12 a year or 23 cents a week. For persons with earnings below $4,800, it will be less.

Mr. President, a great many organizations have written to me endorsing the amendment and making recommendations. I see no point in including a complete list of these organizations in the RECORD. Nevertheless they represent impressive testimony that these organizations realize that the social insurance principle is well established and proper in this case.

I hope the amendment will be supported on that basis.

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

Mr. ANDERSON. I yield.

Mr. PROXMIRE. Would the Senator's amendment be added to the bill?

Mr. ANDERSON. Yes.

Mr. PROXMIRE. It would strike nothing from the bill. Is that correct?

Mr. ANDERSON. It would strike nothing at all. It accepts all there is in the bill. It says that the work of the Finance Committee is good, but this will make it useful, and it will place primary reliance on the insurance system, and will allow the other provisions in the bill, which cost about $130 million, to become supplementary to it.

Mr. PROXMIRE. This is a point which has been puzzling a number of Senators, and I have received no reliable answer. The Forand bill, as I understand, provides for this kind of health insurance at the age of 65. The McNamara proposal, the Kennedy proposal, and the Humphrey proposal, all of which, I presume, at one time or other, were checked with the responsible officials in the Department of Health Education, and Welfare, provided for benefits at 65 not 68 and thereby covered millions more. At that time they were said to be actuarially sound with the same social security tax the Senator from New Mexico now proposes.

The amendment of the Senator from New Mexico—which I trust, because I rely completely on his word; I am sure it is always very good—as I understand, has been trimmed down because it is impossible to provide these kinds of benefits beginning at age 65 without having a much heavier payroll tax than one-half of 1 percent.

Was there some kind of revision on the part of the actuaries who created this tax and this change in the situation?

Mr. ANDERSON. No. I think the revision is on the part of the individuals who made the proposals. If we included all the items which were included in the Forand bill, we would include, not a fourth from the employer and a fourth from the employee, but I think we would have to include four-tenths from the employer and four-tenths from the employee; perhaps more than that.

Mr. PROXMIRE. It is my understanding that the original Forand bill provided one-fourth from the employee and one-fourth from the employer.

Mr. ANDERSON. But the cost estimate was revised when it was discovered not to be actuarily adequate.

Mr. PROXMIRE. It was my understanding that the McNamara bill also provided for one-fourth from the employer and one-fourth from the employee.

Mr. ANDERSON. The McNamara bill provides for service in a somewhat different fashion, but the rates are the same. There is nothing particularly wrong with the McNamara bill, the Humphrey bill, or any other bill. It was simply a decision which some of us reached that we would prefer to go a little shorter on the number of hospital days. We have used the exact figure which the administration itself used—120 hospital days. In my original proposal provision was made for 365 hospital days. I am persuaded that that figure is too high. Most of us accepted the revised figure, suggested by the Senator from Illinois [Mr. DOUGLAS], and came down to a figure which would be fully met by the levies we would produce. In other words, .43 percent will go for hospital care; .01 percent for nursing home; .05 percent for diagnostic outpatient hospital services.

Mr. PROXMIRE. It is my understanding that it was to be a more substantial, drastic change; that in view of the new actuarial figures, the Forand bill or the McNamara bill contains revised estimates of how much each proposal would cost, from one-half of 1 percent to eight-tenths of 1 percent, the cost to be divided equally. In other words, the employer would have to pay four-tenths of 1 percent and the employee four-tenths of 1 percent, in order to make either program actuarially sound. But to have provided for that contribution would have meant such a drastic increase that it was decided to take the approach of the Senator from New Mexico.

Mr. ANDERSON. That is correct. It is necessary to decide whether we want to get all of heaven in the first year or try to find out if a certain principle should be used. Even though it does not cover everything that may be desirable now, it is probably better to wait and see what is most desirable.

Mr. PROXMIRE. Many Senators felt that people should be covered at the age of 65. It was felt that this coverage should be provided almost at once. We have great confidence in Mr. Myers. I have relied on him in the past. I know he is a very competent person, as are the other actuaries, but we felt that this is a completely new field. No one really knows about it. The same kind of assurance cannot be given as can be given with respect to social security benefits. We do not know how many people will be ill, especially under the preventive programs. We do not know what changes will take place in medical science.

So it is a kind of vague estimate. We wondered whether this was a firm, widely approved estimate, or if it was simply an estimate of one person, which may be overly conservative.

Mr. ANDERSON. No. It is a firm, widely approved estimate. The reason age 68 was used was that the average age of retirement is now 68. We thought that instead of fishing around for an age, say, age 75 or age 73, we should take the average age at which persons now actually retire. Since people will die anyway, we said we would start with age 68 and see how the plan worked.

Mr. PROXMIRE. I thank the Senator from New Mexico.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

What is the pleasure of the Senate? If no Senator wishes to address the Senate at this time, the Senate will proceed in accordance with the order previously entered.

Mr. GORE. 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. JOHNSON of Texas. 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. JOHNSON of Texas. Mr. President, I understand that the distinguished Senator from Tennessee has a very brief statement to make. When he concludes his statement, we shall, under the order previously entered, go over until Monday, at 10 o'clock.

Mr. GORE. Mr. President, today the junior Senator from New Mexico [Mr. ANDERSON] delivered in the Senate an exceptionally able and forceful address on the subject of medical care and hospitalization for the elderly of today and tomorrow, with particular emphasis upon the problems of tomorrow. The problems of tomorrow loom in geometric proportions.

I trust that before a vote on this bill is reached, Senators will afford themselves an opportunity to read the able address delivered by the junior Senator from New Mexico.

I also call attention to the statement of the minority views, which have been printed in connection with the committee report, beginning on page 274. It will be found that those of us, members of the Finance Committee, who are proposing an amendment to the pending bill have stated at considerable length our views. It would be appreciated if the other Members of the Senate would do the minority members of the committee the honor of studying our views with respect to this particular piece of proposed legislation.

Mr. President, it is my purpose on Monday or Tuesday to address the Senate at greater—but, I hope, reasonable—length upon this subject.

However, today I wished to call attention, at this point in the RECORD, to the exceedingly forceful and able address delivered by the distinguished junior Senator from New Mexico [Mr. ANDERSON], and also to the minority views, which are printed in connection with the committee report.

Mr. PROXMIRE. Mr. President, at this point will the Senator from Tennessee yield to me?

Mr. GORE. I yield.

Mr. PROXMIRE. I wish to join the distinguished junior Senator from Tennessee in commending the Senator from New Mexico [Mr. ANDERSON] for the excellent quality of his presentation in favor of his amendment.

I think the Senator from New Mexico was absolutely correct when he anticipated that the heart of the opposition to the amendment is based upon some kind of a vague feeling that this is a radical, costly, expensive, new departure, that it is going to be wasteful and extravagant, and that it is the road to socialism.

The Senator from New Mexico quoted from Business Week in approving the approach now under consideration. The Senator from New Mexico pointed out that the most thoughtful and conservative people in American life who are also informed and expert on this matter approved this approach. The Senator from New Mexico, above all, showed that this is an efficient, businesslike approach, an approach that will do the job, and will do it at modest cost.

About all, running through the presentation of the Senator from New Mexico, was the fact that the Anderson approach is the American way, because it permits the people who will benefit to pay for the system themselves—no handout, no charity, no all-powerful state, no Big Brother, but an individual contribution and an individual benefit, in exactly the way the social security system has proven itself in a full generation of 25 years.

I agree with the statement I have heard from several persons that it is perhaps the finest presentation anybody has made on a bill that has been before the Senate in a long, long time. I was delighted I had the privilege and opportunity to be on the floor of the Senate to hear it.

I thank the Senator from Tennessee for yielding to me.

SOCIAL SECURITY AMENDMENTS OF 1960

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 12580), the social security amendments of 1960.

Mr. YOUNG of Ohio. Mr. President, it is my happy personal recollection that 25 years ago I was a Member of the Congress that overwhelmingly enacted the

most humane and advanced social legislation in our Nation's history—the Social Security Act.

I have stated before, and I shall again, that this is one of the many imprints Franklin D. Roosevelt has left upon the pages of our Nation's history, an imprint that we hope and believe will endure forever.

Also, it is a happy recollection that later, as a member of the Committee on Ways and Means of the House of Representatives, I helped draft the present liberalized and expanded social security program. In fact, some of the paragraphs that are now in the Social Security Act were originally in my own handwriting and produced as 25 of us, Republicans and Democrats alike, sat in a nonpartisan and a nonpolitical manner, in our shirt sleeves, and helped draft the amended and liberalized social security law during the 81st Congress.

Mr. President, America has never been a Nation content to stand still and rest on the laurels of the past.

It has been our tradition and our history always to move forward, always to take newer and greater steps in the interest of the welfare of the American people. Piecemeal, patchwork and after-the-fact legislation has proved to be inadequate to meet the needs of our elderly citizens. We must learn to anticipate needs, not to be tangled in the confusion of interpreting them long after they have swept onto the scene.

Mr. President, in my judgment, the legislative proposal reported from the Committee on Finance and now before the Senate, will not meet, nor does it seriously attempt to meet, the needs of the day. It represents, however, a step in the right direction. The same is true with regard to the proposed substitute offered by the distinguished senior Senator from New York [Mr. JAVITS]. Frankly, I do not particularly like the approach of the substitute proposal, but I intend to be present and to listen to all of the arguments made for and against it before the vote is taken.

The bill before us at least recognizes the need for a medical care plan for the aged. I suppose this is in itself somewhat of an achievement, considering the tremendous opposition to the concept from the American Medical Association and from other "ice age" oriented groups.

In speaking in this manner of the American Medical Association, Mr. President, I am not referring to the fine professional men who are the physicians and surgeons of the United States. I am referring to the House of Delegates of the American Medical Association, the little group of willful men in control of the American Medical Association who operate one of the most powerful lobbies in Washington, D.C.; men who are not truly representative of the physicians and surgeons of this country.

The fact is that in my State of Ohio, in the neighborhood State of Pennsylvania, in the State of New Jersey, and I believe in the State of New York, and elsewhere, physicians and surgeons on every occasion, when a referendum has been taken on the question, "Do you desire to join the social security system?" have voted in every instance in the affirmative as they did in Ohio by 68 percent, expressing the will of the rank and file of the medical men of the country to join the social security system. Despite this, the reactionary House of Delegates of the American Medical Association is constantly lobbying to prevent the inclusion of physicians and surgeons under the beneficient provisions of our social security law.

In fact, we have reached the situation where practically the only group of professional men in the United States not included within the social security system are the physicians and surgeons.

Mr. President, I am one who believes that our social security system should be made universal, that it should apply to all employees and to all self-employed. We should provide that upon retirement or upon disability those who are covered by the social security program will receive not a mere handout but an adequate sum, in order that, with whatever little savings they have been able to acquire during lifetimes of constructive effort, they may live in some comfort and with dignity.

The simple fact, Mr. President, is that medical expenses rise with a person's years. At the same time, for most people, the ability to meet those needs declines rapidly once the person is off the payroll as an employee.

Mr. President, it is a unique circumstance that in the other body a bill has been introduced to permit physicians and surgeons to be covered by social security on an optional basis instead of on a compulsory basis. Think of that sort of outrage which is sought to be perpetrated upon our social security system, which all of us desire to continue to be actuarially sound.

Our social security system was actuarially sound and is actuarially sound.

Of course, this proposal for optional coverage for physicians and surgeons will not get to first base. It will be shelved in the Committee on Ways and Means of the House of Representatives, as it should be. Assuming any group of professional men could get away with going into the social security system on an optional basis instead of on a compulsory basis, all the young men in that profession would not be at all interested in doing so. Naturally they would wait until they became 63½ years of age to join the social security system, and then would soon share in its benefits.

If the medical profession really has the audacity to claim it is entitled to that treatment, where would we stop? Why should not a garage mechanic or anyone else be entitled to go into the system on a voluntary basis instead of on a compulsory basis? Within 6 months' time the social security system would no longer be actuarially sound.

Mr. President, we sometimes lose sight of the fact that we are dealing with people, with human beings instead of mere statistics. In this expanding system of safeguards against the hazards, the cruelties, and the penalties of old age new concepts of security and human dignity are involved, as well as a new relationship between the individual and his Government.

The hope we all cherish is an old age free from care and want. To that end men and women toil patiently and live closely, seeking to save something for the day when they can earn no more. The dignity of every American is involved in the legislative proposals which we in the Senate shall be considering during the present week.

The bill before us, as reported from the Committee on Finance of the Senate, provides a "means test," sometimes called a "needs test," which would be applied before an individual could receive some of the benefits. A sick, elderly person would be forced to acknowledge publicly that he himself could not afford to take care of his medical and surgical needs before he could receive some of the benefits under the act. In effect, he would be receiving charity, a handout from our good Uncle Sam.

Mr. President, something deep inside a person is offended if, after a lifetime of productive effort, all a retired or disabled person gets is a handout.

Charity should never be the answer of American intelligence and sense of justice to the problems of unemployment and indigent old age.

The German Chancellor Bismarck, has been regarded by some people as the one who originated the first social security system. The fact is that Thomas Paine, the American Revolutionary War patriot, in 1795, while recuperating from an illness in the home of the U.S. Ambassador to France, James Monroe, wrote:

> To preserve the benefits of what is called civilized life and to remedy at the same time the evil which it has produced, ought to be considered as one of the first objects of reform legislation.

He then proposed to create a national fund out of which a sum would be paid each year to every person living at the age of 50 years.

It is noteworthy that in revolutionary times, 50 years of age was considered rather old. Just as noteworthy, in 1870, at the time that Otto von Bismarck was Chancellor of Germany, it was considered that 65 was elderly, and that the German Government should step in and with a social security program help the aged man of 65.

In the Revolutionary War period age 50 was considered old. In 1870, 65 was considered old. I know that the distinguished junior Senator from Kansas [Mr. CARLSON], who is now presiding in the chair, will agree with the junior Senator from Ohio, who has personally exceeded 65 by some years, that 65 is not so old any more. As a trial lawyer who over the years has tried many, many personal injury lawsuits involving damages claimed for deaths or permanent injuries, and who has introduced in evidence time and again the latest life insurance expectancy tables, I say that in our lifetime we have seen the life expectancy of Americans climb and climb, so that a man or woman in his or her fifties has a life expectancy far exceeding the life expectancy of some years past. As soon as medical science discovers controls and

cures for cancer and heart disease our life expectancy will shoot even further upward.

I am happy to say that there is every reason to believe that we are on the verge of making those discoveries.

Tom Paine, back in the Revolutionary period, proposed that there be established a national fund that would provide the sum of 15 pounds per annum. He wrote, "This is not charity but a right, not a bounty but justice." We can say that today of the social security system of our country. At that time Tom Paine, the pioneer, was advocating 15 pounds a year, which I estimate was a little over $5 per month.

Mr. President, I have digressed for a moment from what I had intended to say to point out that our American social security system was not obtained from Bismarck of Germany, but that it can be traced directly to an essay of Thomas Paine, written in 1795.

The concept of our social security system applies to all alike. The wealthy and the poor are equal before it.

All the millions of people who are covered are policyholders in the greatest insurance plan ever devised.

I recall distinctly that when we were attempting to liberalize and extend this act in the Committee on Ways and Means of the House of Representatives, shortsighted executives, the presidents of various life insurance companies, appeared before the committee and said that we were destroying private enterprise, and that we were resorting to state socialism.

Executives of insurance companies truly know now that the social security program, which was devised first by Franklin D. Roosevelt, enacted into law by the Congress of the United States in 1935, and signed on August 14, 1935, by President Roosevelt, has caused the individuals covered to be security minded, to give thought—which frankly I was not giving at that time—to an old age free from care and want. At that time I was living from day to day, happily. However, nowadays, due to the social mindedness and social security consciousness of young and old alike the business of the private insurance companies of the United States has increased tenfold. They have all prospered.

Some members of the house of delegates of the American Medical Association, the reactionary group heading the association, still talk about socialized medicine and about state socialism when they refer to the social security law which we enacted in the Congress 25 years ago. It is noteworthy that some at that have sneeringly referred to this measure as a product of the New Deal and as New Deal legislation which should never have been enacted. When the Grand Old Party, of which I am not a member, had a President and control of both branches of the Congress throughout 1953 and 1954 no attempt was made to repeal this or any other so-called New Deal law, and no candidate for the Presidency of the United States would even think of criticizing our social security system and urge its repeal. It is a part of the fundamental law of our Nation and it will endure forever for the welfare of all Americans.

It is not a mere pension system. Rather, it is a national insurance plan, an old-age and survivors and disability system, not in competition with, but complementary and supplementary to, private insurance plans. The benefits an individual receives from it are rightfully his, not by reason of charity, but by reason of his premiums paid during his economically productive years.

It is partly because of that, Mr. President, that I look with some degree of apprehension on the pending legislative proposal reported by the Committee on Finance. I do not like to have any individual in this country, whether 65 years of age or 68 years of age, when calamity comes into the home, when surgery or hospitalization is necessary, to be obliged to take a means test, or to sign an affidavit as to his need. The thing to do is to place this program under our social security system and to keep that system actuarily sound. It is reported by actuaries of the Department of Health, Education, and Welfare that the system could be kept actuarily sound by increasing the premium by one-fourth of 1 percent each year for employer and employee, and by three-eighths of 1 percent being added to the premium of covered self-employed.

My view is that this is the philosophy which should apply to all medical care for the aged. It should be made an integral part of our social security system. Medical care should be the right of an elderly citizen for which he has paid and provided for in his earlier years. The Federal Government would be doing nothing more than providing the insurance system where private industry cannot do the job adequately. To do otherwise would be to scuttle our concept of social security.

Mr. President, the committee proposal, it seems to me, is fiscally unsound. While it offers little, in some instances no more than $12 a month, it provides no means for raising the revenue for the pitiful additional benefits it offers.

Incidentally, how much medical care will $12 a month bring?

In reality, the pending proposal, while it has many meritorious features, is not the kind of truly national plan I should like to have carry forward our social security system to greater heights, and at the same time continue it on an actuarily sound basis.

First, it relies on action being taken by the individual States before the Federal Government can participate. We would have 50 separate and distinct programs of medical care for the aged if and when all the States adopted some plan or other.

Secondly, the plans would vary from State to State. We are saying to our elderly citizens, who may desperately need surgical care and extended hospital treatment, "If you live in such and such a State, you will receive some help, small though it may be, but if you get sick in another State, then you may not receive any help."

For example, let us assume that the State of Hawaii adopted a program under this act. To a resident of Hawaii we would say, "Since you live in the State of Hawaii, you get such and such an amount." We would say to a person living in a State with a less adequate plan, "Since the general assembly of your State is not as liberal as the State of Hawaii or some of the other States, you will receive a lesser amount." It seems to me to be rather archaic in the space age to adopt this approach toward the health and welfare of our aged.

That part of the bill which provides medical care for the aged, as reported from the Committee on Finance, offers empty promises to some Americans. By innuendo, at least, it refutes the principles on which our social security system is based and detracts from the fundamental American concept of the dignity of the individual.

The distinguished junior Senator from New Mexico [Mr. ANDERSON] has introduced an amendment supplementary to the committee proposal which is inestimably more suited to handle this problem. It would make medical care for those 68 and over presently covered by social security a part of our overall social security program. The amendment offered by the Senator from New Mexico would provide increased benefits for hospitalization and for medical care and nursing. It would provide the basic needed benefits; namely, hospitalization up to 120 days, nursing home care up to 240 days, nursing and other health services at home up to 360 days, and outpatient diagnostic service.

These are the benefits which American people need and want. The proposal which comes to us from the Committee on Finance has many meritorious aspects, but I hope that on the floor of the Senate, as we proceed throughout this week, we shall by amendment to the committee bill further improve and expand the benefits which the aged men and women of our country are entitled to receive.

Of course, any proposal we enact, whether it be the committee proposal or the one offered by the Senator from New Mexico, will not be socialistic, despite statements made by a few reactionary members of the house of delegates of the American Medical Association, who have wormed themselves into power over the physicians and surgeons of the country, and who maintain a powerful lobby in Washington. Americans enjoy, will continue to enjoy and have, the opportunity to be attended by the doctors of their choice.

Lest anyone think that I, a professional man myself, have any grievance against physicians and surgeons, which of course I do not, I wish always to have physicians and surgeons decide for themselves the right to accept or refuse to attend an individual. For example, if they choose not to go out at night, to be taken from their homes, and compelled to go a great distance to attend a sick person; that should be a matter for the physician or surgeon to decide for himself.

Those who oppose this plan as restrictive are blind to the fact that it helps provide for the future medical and

surgical needs far more in keeping with our American ideals than handouts from the Public Treasury. Private plans are inadequate and the costs are excessive.

Mr. President, there are salutary amendments to the Social Security Act contained in the legislative proposal before us, which I believe will help strengthen our social security system. Notable among them are three in which I have taken a special interest. While I shall hurry along in my remarks today, I may speak briefly on them a little later on, and may have something further to say on other meritorious aspects of the pending legislative proposal.

In the past we have dealt unrealistically and without imagination with the problem of disabled workers.

Disability is no less tragic at 30 than at 50, no less final in destroying the ability to work and earn a decent living. I am happy to see that the present bill eliminates this requirement and provides for benefits to disabled workers covered by social security regardless of age.

This is proper, of course, when a physician attends a workcr who has paid his premium into the social security system, whether that worker is 30 years old, 35 years old, or whatever his age may be. If he has paid his premium in a sufficient number of periods to be covered by social security, and if doctors agree that he is permanently and totally disabled, and will never again be able to be gainfully employed, it is wrong to provide that such a disabled person may not receive any retirement benefit until he attains the age of 50, if he lives that long. I am happy that this problem has been taken care of in this proposal.

Then, also, increasing the earnings limitation from $1,200 a year to $1,800 a year is a step in the right direction. Personally, I hope that, perhaps, on the floor of the Senate we may compromise this matter further by increasing the amount from $1,800 to $2,400, at least, to enable many recipients of social security to enjoy greater dignity and comfort and a more decent standard of living. It is really a cruel punishment to deny those who wish to work and adequately supplement their incomes, the right to do so. It was their work and money which built this fund and which has helped to maintain it actuarially sound to this good hour. Of course, it is unrealistic to provide, as the present law docs, that if they earn more than $1,200 a year, they cannot receive their retirement benefits.

Another provision would allow men to retire at the age of 62, if they chose to do so. I cannot understand why anyone would so choose. However, if a worker or a self-employed person chooses to retire at age 62, then it appears to me to be sound to permit him to do so and to reduce the benefits accordingly. This is actuarially sound, and is permitted for women today. Here is another forward-looking amendment to the present social security law. I hope it will be adopted.

Apart from medical care for the aged, there is one glaring deficiency, it seems to me, in the committee proposal. In the bill as it came from the House compulsory coverage under the act was extended to physicians and surgeons. The Committee on Finance deleted this provision on the ground that it could not ascertain definitely whether a majority of physicians wished to come under this provision.

It appears to me that there may have been a feeling among some of the members of the Committee on Finance, which I share to an extent—and I am sorry to say I am not a member of that committee. although I hope to be, because I enjoyed very much my service on the House Committee on Ways and Means—that so long as physicians and surgeons of the United States choose to be represented by that small, reactionary group at the top of the American Medical Association, then it serves them right not to be included in the beneficent provisions of the social security program. However, while I may have that thought, I conclude, more properly, that it is not right to punish the physicians and surgeons simply because they are misrepresented at the top. Wherever a referendum has been taken, doctors have expressed a desire to be included within the compulsory coverage of social security.

I am sorry I did not bring it to the Senate Chamber with me today, but I have in my office a large, bulging file containing telegrams and letters I have received from physicians and surgeons living in Ohio, urging me, their public servant in Washington, to try my humble best—and I shall try—to have the physicians and surgeons included within the Social Security Act. Those communications are surprising. The views of those physicians and surgeons are exactly contrary to the views of that little clique which is in charge of the American Medical Association; that little clique whose thinking dates back to pre-William McKinley times, and who are not properly representative of the views of the physicians and surgeons of the Nation.

Ten years ago, after I had been defeated for reelection as Representative at Large, I resumed the practice of law in my home city of Cleveland, Ohio. The Cuyahoga County Bar Association, comprised of some 1,800 members, some years later, honored me by electing me as its president. During that time, it was my privilege to come before the Committee on Finance of the U.S. Senate. I remember distinctly that the chairman of the committee, the distinguished senior Senator from Virginia [Mr. BYRD] was present a part of the time when I was testifying. I remember also that the distinguished junior Senator from Louisiana [Mr. LONG], who is present in the Chamber today, was present throughout the time I gave testimony. He listened intently to my testimony, although I cannot say that I persuaded him. I believe it was mentioned at that time by the distinguished Senator from Louisiana that I was the very first president of any bar association in the United States to appear before a committee of Congress and to urge that self-employed lawyers be included under social security; and that had the lawyers of the Nation chosen to appear before the House Committee on Ways and Means and the Senate Committee on Finance in previous years, self-employed lawyers might have been included in the act, together with other self-employed persons, before they actually were.

I do not claim that my effort had anything to do with the result, but the fact is that the view of the distinguished Senator from Louisiana [Mr. LONG] and other members of the committee prevailed, and lawyers were, a few months afterward, included under social security.

Because of the reactionary clique at the head of the organization claiming to represent the physicians and surgeons of the United States, it seems to me that physicians and surgeons are the only group of professional men who are not included in social security. It is my hope, that, perhaps, on the floor of the Senate during this week the law may be amended to include them. It would be a rebuke to the clique at the head of the American Medical Association. More than that, it would afford proper recognition of the fact that all self-employed men and women, in any profession or in any line of work, should be included; that our social security system should be made universal and apply to all self-employed persons, in addition to persons who are employees.

Mr. LONG of Louisiana. Mr. President, will the Senator from Ohio yield?

Mr. YOUNG of Ohio. I yield to the distinguished Senator from Louisiana.

Mr. LONG of Louisiana. The Senator from Ohio was most gracious in his reference to me.

Permit me to say that while the Senator from Ohio was serving as president of his bar association, he did an outstanding job in educating the lawyers of his State on the benefits available under social security and how the benefits compared to the price to the lawyer.

Prior to that time, most lawyers had not realized that, from an insurance point of view, there was available two, or perhaps four, times as much protection under social security as under private insurance plans. As the Senator from Ohio then pointed out to us on the committee, he saw to it that lawyers were appointed to study both sides, and to conduct a debate, and to show both sides of the argument. I believe the result was that at a meeting attended by a great number of lawyers in his State, the lawyers—including the two who had debated on the side against coverage—voted unanimously in favor of coverage. The Senator from Ohio knows as well as I do that those who had been assigned the duty of collecting the facts against coverage and presenting them and taking that side of the argument would be very likely to realize that the overwhelming argument favored coverage.

The junior Senator from Louisiana was one of those who told the doctors, on occasion, that he would not vote to have them placed under social security unless and until they were prepared to accept it. If and when the doctors of my State or the majority of the doctors of the Nation make it clear that they are

ready for coverage under the social security system, I am prepared to vote for such coverage for them.

But certainly in the past on the committee I have taken the attitude that I was not prepared to vote for coverage for the doctors until they indicated they favored it. I felt it would be better to leave things the way they were until the doctors became sufficiently educated about the matter to take a stand similar to that taken by the lawyers, who have desired coverage under social security—particularly after they better understand the cost as compared to the benefits. I believe that eventually that will be the case insofar as the doctors are concerned; but it will take a little time.

Mr. YOUNG of Ohio. Mr. President, I appreciate the courtesy and helpfulness of the Senator from Louisiana in making the statement he has just made.

The distinguished Senator from Louisiana certainly manifests great intelligence and an excellent recollection. Attending, as he has, so many meetings of the Senate Finance Committee over the years, and being regarded as one of the hardest working members of that committee, it strikes me as unusual when he recalls the fact that the bar association of which I was president did, indeed, hold a referendum. We held a debate on the subject of whether lawyers should be included within the provisions of the social security system; and following that debate—where the usual arguments were made, such as "state socialism," and "socialized medicine," our association and the lawyers of Ohio did vote overwhelmingly in favor of being covered by the social security system. Approximately 70 or 80 percent of them were in favor of joining the social security system; and the Cuyahoga Bar Association, of which I was then president, voted unanimously to ask the Congress to include self-employed lawyers within the social security system. We were included.

Now, Mr. President, the physicians and surgeons of the country have likewise evidenced, whenever a poll has been taken, their wish to be included. Certainly the distinguished Senator from Louisiana and I agree that they will be included, regardless of whether they are actually included this year.

I assure the distinguished Senator from Louisiana, whom I hold in the highest admiration and respect, that I realize full well that he, likewise, wants our social security system to be applied universally—to all employed and all self-employed, regardless of their occupation or profession. I realize that he, too, is insistent that the system remain actuarially sound—as do all thoughtful citizens.

Mr. President, a moment ago I referred to the position now being taken by the American Medical Association in regard to having doctors and surgeons covered by the social security system. Mr. President, it is my belief that this antiquated and reactionary organization does not speak for the great majority of doctors who desire to be included under the act and who have publicly expressed this desire in polls and otherwise. In fact, it speaks only for a small group of willful doctors who have the time to devote to its activities, rather than to practicing medicine.

Mr. President, insofar as amendments to the Social Security Act are concerned, this bill, while not fully satisfactory, is at least an improvement upon existing legislation.

It is my fervent hope that we shall accept the amendment of the distinguished junior Senator from New Mexico [Mr. ANDERSON], and thereby have a truly realistic program under a streamlined and up-to-date social security system.

Mr. President, I have taken more time than I intended to take on this subject. At this point let me express, finally, my very fervent hope that the Senate, when it votes later in the week, will vote to accept the amendment which has been offered by the distinguished junior Senator from New Mexico [Mr. ANDERSON]. It is also my hope that we will adopt other amendments which will improve and expand this great system, of which all of us are so proud; and that, as the end result of our efforts during this session of Congress, we shall pass and shall send to the White House a truly realistic act which will provide an up-to-date social security program, actuarially sound. Such a bill will take care of the elderly men and women of the Nation, men and women who no longer are able to be gainfully employed. In particular it will take care of them when the calamity of unexpected, prolonged illness or of hospitalization and surgical care comes into their homes, because, Mr. President, we believe that colossal debt should not be the penalty that American men and women should have to pay when these tragedies occur.

Mr. President, I yield the floor.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill, H.R. 12580, the social security amendments of 1960.

Mr. WILLIAMS of Delaware. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WILLIAMS of Delaware. Is there pending any amendment to the bill?

The PRESIDING OFFICER. The bill is open to amendment.

Mr. WILLIAMS of Delaware. Mr. President, this bill has been fully debated. This is the second day it has been under consideration. If no Senator wishes to offer an amendment, I am wondering why we cannot proceed to the disposition of this bill by having the third reading.

We hear rumors that some Senators who had amendments printed may have decided not to offer those amendments. Some of these amendments that are at the desk have been submitted by Senators on both sides of the aisle; but if there is no disposition on the part of their sponsors to offer them I ask for the third reading of the bill.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. LONG of Louisiana. Mr. President, I agree with what the Senator from Delaware has said. There is no other Democrat on the floor at present. I find myself in the somewhat embarrassing position of perhaps having to suggest the absence of a quorum, although it seems to me Senators who wish to offer amendments in the nature of a substitute ought to offer them, and if they are opposed to the bill, they ought to be on the floor to speak in opposition or to offer amendments.

After I suggest the absence of a quorum, I do hope we may insist that Senators who wish to offer substitutes either speak or discuss their substitutes or vote. I am ready to vote.

Mr. WILLIAMS of Delaware. I hear rumors around the cloakroom that some Senators are thinking seriously of not offering these amendments that have been proposed. Perhaps they would rather vote for the bill as it was reported by the committee, which, frankly, I think should be done.

I feel very strongly that if Senators who have proposed these amendments are not interested enough to be on the floor, and present them they should not delay the Senate.

I renew my request to have the third reading of the bill and proceed to a vote.

Mr. LONG of Louisiana. Mr. President, I find myself very much in sympathy with the position the Senator from Delaware has taken, but I believe we should perhaps offer some opportunity to Senators who want to offer amendments or substitutes, or to oppose the bill, to be present. So I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PROUTY in the chair). Without objection, it is so ordered.

The bill is open to further amendment.

Mr. ANDERSON. Mr. President, I call up my amendment to H.R. 12580.

The PRESIDING OFFICER. The amendment of the Senator from New Mexico will be stated.

The LEGISLATIVE CLERK. The Senator from New Mexico [Mr. ANDERSON] proposes an amendment identified as "8-17-60—A."

The PRESIDING OFFICER. Does the Senator from New Mexico desire to have his amendment read in full or printed in the RECORD?

Mr. ANDERSON. I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

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

The amendment offered by Mr. ANDERSON is as follows:

MEDICAL INSURANCE FOR THE AGED

SEC. 604. (a) Title II of the Social Security Act is amended by adding after section 225 the following new section:

"MEDICAL INSURANCE BENEFITS

"Entitlement to benefits

"SEC. 226. (a) (1) Every individual who—

"(A) has attained the age of sixty-eight, and

"(B) is entitled to monthly insurance benefits under section 202,

shall be entitled to have payment made under this section on his behalf for inpatient hospital services, skilled nursing home services, home health services, and outpatient hospital diagnostic services, furnished in the United States on or after whichever of the following days is the latest: (i) the first day of the month in which he attains the age of sixty-eight, (ii) the first day of the first month for which he becomes entitled to benefits under section 202, (iii) in the case of inpatient hospital services July 1, 1961, or (iv) in the case of all other services, January 1, 1962.

"(2) For purposes of this subsection, an individual shall be deemed entitled to monthly benefits under section 202 for the month in which he died if he would have been entitled to such monthly benefits for such month had he not died in such month.

"Limitations on payment for services

"(b)(1) Payment for services furnished an individual may be made only in accordance with the provisions of subsection (e) and only if—

"(A) written request is filed for such payment in such form, in such manner, within such time, and by such person as the Secretary may by regulation prescribe, and

"(B) such services are furnished after referral by a physician who certifies in writing (and recertifies, where such services are furnished over a period of time, in such cases and with such frequency as the Secretary may by regulation prescribe) that such services (other than outpatient hospital diagnostic services) are or were required for his medical treatment or that in the case of outpatient hospital diagnostic services, such services are or were required for diagnostic study; except that such referral shall not be required for inpatient hospital services in case of an emergency which makes such referral impracticable.

"(C) with respect to inpatient hospital services for a continuous period in excess of thirty days, such services are furnished after the need for continued hospitalization has, in such cases and at such intervals as the Secretary may by regulation prescribe, been reviewed by a hospital committee that includes two or more physicians.

"(2) Payment for inpatient hospital services furnished an individual during any benefit period shall be reduced (but not below zero) by a deduction equal to $75.

"(3) Payment under this section for services furnished an individual during a benefit period may not be made for any inpatient hospital services, skilled nursing home services, or home health services after one hundred and eighty units of services have been furnished to him in any such period. For the purpose of this paragraph a unit of service shall be equal to each day on which inpatient hospital services are furnished to him, each two days on which skilled nursing home services are furnished to him, or each three visits during which home health services are furnished to him. Nor may payment under this section for services furnished any individual during a benefit period be made for—

"(A) inpatient hospital services furnished to him during such period after such services have been furnished him on one hundred and twenty days during such period;

"(B) skilled nursing home services furnished to him during such period after such services have been furnished him on two hundred and forty days after transfer from a hospital;

"(C) home health services furnished to him during such period after such services have been furnished to him during three hundred and sixty-five visits in such period.

"(4) For purposes of this section, a 'benefit period' with respect to an individual means a period—

"(A) beginning with the first day (not included in a previous benefit period) in which such individual both is furnished any of the following services: inpatient hospital services, skilled nursing home services, home health services, or outpatient hospital diagnostic services and is entitled to have payment made under this section with respect thereto, and

"(B) ending with the three hundred and sixty-fourth day following such first day.

"Review of determinations

"(c) Any individual (other than a provider of services) dissatisfied with any determination made by the Secretary as to whether he is entitled to have payment made under this section for services furnished him, or as to the amount of such payment, shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205(b) with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

"Description of medical insurance benefits

"(d) For the purpose of this section—

"(1) The term 'inpatient hospital services' means the following items furnished to a hospital inpatient: bed and board in the hospital in semiprivate accommodations unless they are unavailable, or other accommodations are required for medical reasons, or other accommodations not more expensive than semiprivate are occupied at his request; and such nursing, and other services, such use of hospital facilities, and such drugs, supplies, and appliances, as are customarily furnished by the hospital for the care and treatment of inpatients while in the hospital; including ambulance services medically required, whether or not furnished by the hospital; and including laboratory, diagnostic X-ray, anesthesiology, physiotherapy, and other ancillary services which are customarily furnished to inpatients either by the hospital or by another person under agreement with the hospital; but excluding clinical medical and surgical services except those rendered in the course of an approved program of medical teaching;

"(2) The term 'skilled nursing home services' means the following items furnished to an inpatient by a skilled nursing facility after transfer from a hospital and which are certified by a physician as being required in connection with the condition or conditions for which he was hospitalized; (A) skilled nursing care provided by a registered professional nurse or a licensed practical nurse; (B) such medical and other services as are generally provided by skilled nursing home facilities; and (C) bed and board in connection with the furnishing of such skilled nursing care;

"(3) The term 'home health services' means (A) professional nursing care by a registered professional nurse or a licensed practical nurse in a place of residence maintained as an individual's home, prescribed by a physician and provided through a visiting nursing agency; and (B) part-time homemaker services physical and occupational therapy, medical social services, dietary counseling, ambulance service and similar allied services in an individual's home, prescribed by a physician and provided through a homemaker service agency.

"(4) The term 'outpatient hospital diagnostic services' means diagnostic X-ray and laboratory services, and such other services, drugs, and supplies as are generally provided by hospitals to outpatients for the purpose of diagnostic study;

"(5) The term 'hospital' means an institution which (A) is operated in accordance with the laws of the jurisdiction in which it is located pertaining to such facility and in accordance with standards established by the authorities responsible for such standards in such jurisdiction; (B) is primarily engaged in providing diagnostic and therapeutic facilities for surgical and medical diagnosis, treatment, and care of injured and sick persons by or under the supervision of physicians or surgeons; (C) maintains adequate medical records; and (D) continuously provides twenty-four-hour nursing service rendered or supervised by registered graduate nurses. The term 'hospital' shall not include a tuberculosis or mental hospital;

"(6) The term 'skilled nursing facility' means a facility which (A) is operated to provide skilled nursing services in accordance with the laws of the jurisdiction in which it is located pertaining to such facility and in accordance with standards established by the authorities responsible for such standards in such jurisdiction; (B) has beds for the care of patients who require continuing planned medical and nursing care; (C) is under the continuous supervision of a registered nurse or physician; (D) is operated in connection with a hospital or has medical policies established by one or more physicians (who are responsible for the execution of such policies) to govern the skilled nursing care and related medical care and other services which it provides; (E) maintains adequate medical records; and (F) continuously provides twenty-four-hour nursing service by registered graduate nurses or licensed practical nurses;

"(7) The term 'visiting nurse agency' means a public or other nonprofit agency operated in accordance with medical policies which are established by one or more physicians (who are responsible for supervising the execution of such policies) and which govern the visiting nurse services it provides;

"(8) The term 'homemaker service agency' means a public or other nonprofit agency that employs personnel to furnish home help services to convalescent, or acutely or chronically ill, aged persons; and

"(9) The term 'physician' means an individual (including a physician within the meaning of section 1101(a)(7)) licensed to practice surgery or medicine by the State in which he provides surgical or medical services.

"Agreements with providers of services

"(e)(1) The Secretary of Health, Education, and Welfare shall, at the request of any hospital, skilled nursing facility, visiting nurse agency, or homemaker service agency (hereinafter and in subsection (c) referred to as a 'provider of services'), enter into an agreement with such hospital, facility, or

agency for payment for services furnished to individuals entitled to have such payment made under this section. Each such agreement shall contain such provisions, not inconsistent with the provisions of this section, as may be mutually agreed to by the Secretary and such provider of services.

"(2) Any agreement entered into pursuant to paragraph (1) shall provide that—

"(A) the provider of services will not charge any individual (or any other person) for services for which such individual is entitled to have payment made under this section, and will make adequate provision for return of any moneys incorrectly collected from such individual or other person;

"(B) the Secretary will pay to any provider of services the reasonable cost of services specified in subparagraph (A) (less the deductions provided for in subsection (b)(2), but only if the provider of services furnishes such information at such time and in such form as the Secretary may by regulation require; the Secretary shall determine such reasonable costs and in making such determinations is authorized to use such method or methods of estimating as he may by regulation prescribe;

"(C) no payment will be made to any provider of services for any service which such provider is obligated by a law of, or a contract with, the United States to render at public expense;

"(D) where a provider of services furnishes to an individual at his request services which are described in subsection (d), and are in excess of or more expensive than that usually encompassed by the service so described, the Secretary shall pay to such provider of services only the equivalent of the reasonable cost of the service usually so encompassed and that the provider of services may charge such individual for any additional cost of the service furnished at such request; and

"(E) such agreement may be terminated by (i) the provider of services at such time and upon such notice to the Secretary and to the public as the Secretary may specify by regulations and (ii) the Secretary at such time and upon such notice to the provider of services as may be specified by regulations, but only after the Secretary has determined that such provider of services is not complying substantially with the provisions of such agreement or that such provider no longer substantially meets the provisions of subsection (d) and has notified such provider of such determination.

"(3) Nothing in this section shall—

"(A) preclude the Secretary from making payment for the reasonable cost of services furnished to an individual eligible to receive such services by any hospital which is not a party to an agreement under this subsection but only if (i) such services were emergency services and (ii) the Secretary would be authorized to pay for such services had the Secretary and such hospital entered into an agreement under this section;

"(B) preclude providers of services to be represented by an individual, association, or organization authorized by such provider of services to act on its behalf;

"(C) be construed to give the Secretary supervision or control over the practice of medicine, the manner in which medical services are provided, or over the administration or operation, the selection, tenure, or compensation of personnel of any hospital, skilled nursing home, visiting nurse agency, or homemaker service agency which has entered into an agreement under this section.

"(4) Where an agreement under this section between a provider of services and the Secretary has been terminated, the Secretary may, notwithstanding any other provision of this section, enter into another agreement under this section with such provider but only if such provider conforms to the standards set forth in subsection (c) and the Secretary determines that another agreement with such provider will effectuate the purposes of this section.

"(5) The Secretary shall from time to time determine the amount to be paid to each provider of services under an agreement with respect to the services furnished and shall certify such amounts to the Secretary of the Treasury, except that such amount may be reduced or increased, as the case may be, by any sum by which the Secretary finds that the amount paid to such provider of services for any prior period was greater or less than the amount which should have been paid to it for such period. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment from the medical insurance account, at the time or times fixed by the Secretary, in accordance with such certification.

"FREE CHOICE BY PATIENT

"(f) Any individual entitled to have payment made under this section for services furnished him may obtain inpatient hospital services, skilled nursing home services, home health services, or outpatient hospital diagnostic services from any provider of services which has entered into an agreement with the Secretary and which admits such individual or undertakes to provide him services.

"MEDICAL INSURANCE BENEFITS ADVISORY COUNCIL

"(g) For the purpose of advising the Secretary in the formulation of policy and the promulgation of regulations in connection with the administration of this section, there is hereby created a Medical Insurance Benefits Advisory Council which shall consist of a chairman and twelve appointed members to be appointed by the Secretary, after February 1, 1961, and before April 1, 1961. The chairman shall serve at the pleasure of the Secretary. Not less than four of the appointed members shall be representatives of the general public, and the remainder of the appointed members shall be persons who are outstanding in the fields pertaining to hospitals and health activities. Each appointed 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, and the terms of office of the members first taking office shall expire, as described by the Secretary at the time of appointment, three at the end of the first year, three at the end of the second year, three at the end of the third year, and three at the end of the fourth year after the date of appointment. An appointed member shall not be eligible to serve continuously for more than two terms but shall be eligible for reappointment if he has not served immediately preceding his reappointment. The advisory council is authorized to appoint such special advisory and technical committees as may be useful in carrying out its functions. Appointed members of the advisory council and members of its advisory or technical committees, while serving on business of the advisory council, shall receive compensation at rates fixed by the Secretary, and shall also be entitled to receive an allowance for actual and necessary travel and for subsistence expenses while so serving away from their places of residence. The advisory council shall meet as frequently as the Secretary deems necessary. Upon request of four or more members, it shall be the duty of the Secretary to call a meeting of the advisory council.

"RULEMAKING POWERS OF THE SECRETARY

"(h) The Secretary shall have the power and authority to make rules and regulations and to establish procedures, not inconsistent with the provisions of this section, which are necessary or appropriate to carry out such provisions, and shall adopt reasonable rules and regulations to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right of individuals to medical insurance benefits hereunder. The Secretary is authorized to utilize the services of appropriate public or private agencies in obtaining information to assist him in performing his functions under this section."

MEDICAL INSURANCE ACCOUNT

(b)(1) Section 201 of the Social Security Act is amended by redesignating subsections (b), (c), (d), (e), (f), (g), and (h) as (c), (d), (e), (f), (g), (i), and (j), respectively.

(2) Section 201 of such Act is further amended by adding after subsection (a) the following new subsection:

"(b) There is hereby created in the Federal Old-Age and Survivors Insurance Trust Fund an account to be known as the medical insurance account. For the fiscal year ending June 30, 1961, and for each fiscal year thereafter, out of moneys appropriated to the trust fund pursuant to subsection (a), there shall be credited from time to time to the medical insurance account in such trust fund, amounts equal to the sum of—

"(1) the amounts determined by multiplying one-half of 1 per centum by the amounts of wages (as certified to the Secretary of the Treasury for purposes of paragraph (3) of subsection (a)) paid after December 31, 1960, and

"(2) the amounts determined by multiplying three-eights of 1 per centum by the amounts of self-employment income (as certified to the Secretary of the Treasury for purposes of paragraph (4) of subsection (a)) for any taxable year beginning after December 31, 1960."

(3) Subsection (c) (redesignated as (d) by paragraph (1) of this subsection) of section 201 of such Act is amended by inserting after "Trust funds" in paragraph (2) the following: "(including the operation and status of the medical insurance account in the Federal Old-Age and Survivors Insurance Trust Fund)"; by inserting "(including the amounts credited to the medical insurance account)" after "Trust funds" in paragraph (3) as amended by section 701(b) of this Act; by inserting "(including the amounts credited to and the charges made against the medical insurance account)" after "Trust funds" the first time it appears in the penultimate sentence of such subsection; by inserting "(including the future amounts to be credited to and the future charges to be made against the medical insurance account)" after "Trust funds" the second time it appears in such sentence; and by inserting "(including the medical insurance account)" after "Trust funds" the third time it appears in such sentence.

(4) Section 201 of such Act is further amended by adding after subsection (f) (redesignated as (g) by paragraph (1) of this subsection) the following new subsection:

"(h)(1) After the close of each fiscal year, the Secretary of the Treasury shall determine the average of the amounts in the medical insurance account during such year for purposes of determining the amount of interest that should be credited to such account from the interest that was credited to the Federal Old-Age and Survivors Insurance Trust Fund during such fiscal year. There shall be credited to the account from the amounts appropriated to the Federal Old-age and Survivors Insurance Trust Fund an amount for interest which is in the same ratio to the interest credited to the Federal Old-Age and Survivors Insurance Trust Fund for such fiscal year as the average of the amounts in the medical insurance account during such fiscal year is to the average of

the amounts in the Federal Old-Age and Survivors Insurance Trust Fund during such fiscal year.

"(2) The proper share of the proceeds from the sale or redemption of any obligations in the Federal Old-Age and Survivors Insurance Trust Fund which are credited to such trust fund shall be credited to the medical insurance account."

(5) Subsection (g) (redesignated as (1) by paragraph (1) of this subsection) of section 201 of such Act is amended by striking out the last two sentences of paragraph (1) and inserting in lieu thereof the following: "After the close of each fiscal year, the Secretary of Health, Education, and Welfare shall analyze the costs of administration of this title incurred during such fiscal year in order to determine the portion of such costs which should be borne by each of the trust funds (including the cost which should be charged against the medical insurance account) and shall certify to the managing trustee the amount, if any, which should be transferred from one to the other of such trust funds (including the amount that should be charged in the Federal Old-Age and Survivors Insurance Trust Fund against the medical insurance account) in order to insure that each of the trust funds (including such account) has borne or has been charged with, as the case may be, its proper share of the costs of administration of this title incurred during such fiscal year. The managing trustee is authorized and directed to transfer any such amount from one to the other of such trust funds in accordance with any certification so made."

(6) Subsection (g) (redesignated as (1) by paragraph (1) of this subsection) of section 201 of such Act is further amended by inserting immediately preceding the period at the end of paragraph (2) the following: ": from the payment made from the Federal Old-Age and Survivors Insurance Trust Fund the Medical Insurance Account shall be charged with such amounts as the managing trustee determines as necessary for such account to bear a proper share of such payments."

(7) Subsection (h) (redesignated as (j) by paragraph (1) of this subsection) of section 201 of such Act is amended by inserting immediately preceding the period at the end thereof the following: "and in the case of payments required to be made under section 226, such payments shall be charged against the funds credited to the Medical Insurance Account."

AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954: CHANGES IN TAX SCHEDULES, SELF-EMPLOYMENT INCOME TAX

SEC. 605. (a) Section 1401 of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income) is amended to read as follows:

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows—

"(1) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1961, the tax shall be equal to 4½ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1960, and before January 1, 1963, the tax shall be equal to 4⅞ 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, 1962, and before January 1, 1966, the tax shall be equal to 5⅝ 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, 1965, and before January 1, 1969, the tax shall be equal to 6⅜ 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, 1968, the tax shall be equal to 7⅛ percent of the amount of the self-employment income for such taxable year."

TAX ON EMPLOYEES

(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 312(a)) received by him with respect to employment (as defined in section 3121(b))—

"(1) with respect to wages received during the calendar year 1960, the rate shall be 3 percent;

"(2) with respect to wages received during the calendar years 1961 and 1962, the rate shall be 3¼ percent;

"(3) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be 3¾ percent;

"(4) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be 4¼ percent; and

"(5) with respect to wages received after December 31, 1968, the rate shall be 4¾ percent."

TAX ON EMPLOYERS

(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

"SEC. 3111. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(h))—

"(1) with respect to wages paid during the calendar year 1960, the rate shall be 3 percent;

"(2) with respect to wages paid during the calendar years 1961 and 1962, the rate shall be 3¼ percent;

"(3) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be 3¾ percent;

"(4) with respect to wages paid during the calendar years 1966 to 1968, both inclusive, the rate shall be 4¼ percent; and

"(5) with respect to wages paid after December 31, 1968, the rate shall be 4¾ percent."

STUDIES AND RECOMMENDATIONS

SEC. 606. (a) Section 702 of the Social Security Act is amended by inserting "(a)" after "702"; by adding at the end thereof the following:

"In connection with such study and recommendations, the Secretary shall institute and conduct appropriate demonstration programs relating to the health needs of such individuals and the manner and means by which such needs may be fulfilled. The Secretary is authorized to provide for the carrying on of such research studies pertaining to health care and the administration of such care as may be recommended by the advisory council designated pursuant to section 226(g). Such research studies may be carried on directly by the Department of Health, Education, and Welfare, by others under contract negotiated for, or grants made by the Secretary, for such purpose."

(b) The Secretary shall carry on studies and develop recommendations to be submitted to the Congress not later than January 15, 1963, relating to (1) the adequacy of existing facilities for health care of the aged; (2) methods for encouraging the further development of efficient and economical forms of health care for the aged which are a constructive alternative to inpatient hospital care; (3) the feasibility of adding supplementary types of medical insurance benefits for the aged within the financial resources provided by this Act; and (4) the effects of the initial deductible of $75 upon beneficiaries, hospitals, and the financing of the program.

Mr. ANDERSON. Mr. President, the amendment is the one which I discussed at some length on Saturday afternoon. Very few Senators were present at that time. I do not intend to repeat at any great length what I said then, but I again wish to remark that the amendment is offered as an addition to the bill as reported by the Senate Finance Committee. It is not a substitute for any of the amendments presented by the Senate Finance Committee or any of the provisions contained in the bill, but instead it establishes a fully financed social insurance program on a contributory basis.

I listed in the RECORD of Saturday the numbers of people who might be involved in this plan in the various States, showing that in New York State, for example, more than 1 million people would be covered under the amendment, that in Illinois approximately 550,000 people would be covered, and that in other States there would be correspondingly large numbers.

I was happy to point out that it involves some very essential services. It would reduce the number of hospital days permitted by the original amendment from 365 to 120. It proposes to cut out the second $75 contribution in a year, and that change would make possible the addition of some other services. In-hospital services are made available. Skilled nursing home services would be available up to 240 days in 1 benefit year. Home health services, which would involve nursing and other home nursing services, would be permitted up to 360 visits within the benefit year.

Finally, as a fourth provision, outpatient, diagnostic hospital services would be provided.

One of the points which I had hoped Senators would remember is that we had the problem with reference to disability. We had a report from an advisory committee suggesting that we adopt disability on a pay-as-you-go basis with contributions.

Congress decided that was not the wise course and adopted another program in 1950. But by the year 1956 Congress saw that was not the wise course, and it put disability on a pay-as-you-go basis for the establishment of a fund. The very same principle which motivated the Senate Finance Committee to take that action in 1956 should have moved the Senate Finance Committee to take a comparable action with reference to medical care in 1960. I wish that the same voices might have been raised in support of the program now as were raised in 1956. It is true that we do not easily adopt measures of this type. It is true that in 1956 we had to have long,

long conferences of the majority members of the Senate Finance Committee, and those conferences were held.

I referred on Saturday afternoon to the fact that a caucus was held in the office of the Secretary of the Senate in which the principle embodied in the amendment was considered for a long time, and it was finally agreed that the committee would bring forth a bill containing a provision for contributions.

That same wise procedure, it seems to me, might have been followed in this regard and it might not require the intervening, intermediate steps of trying to take the required money out of the Federal Treasury first, and then some years later come back and do the same thing we did with respect to disability, namely, to put the program on a pay-as-you-go basis.

If we were to follow the principle we learned on the subject of disability, we would have that type of bill from the Finance Committee at this time, I am sure.

It is true that the proposed program will cost some money. There are no bargain days or bargain basements or special discount stores in this field of health. We cannot get a satisfactory program for $130 million. It will cost at least $700 million the first year, and eventually $1 billion.

That is why we have tried to say we might as well face the problem now instead of waiting several years and then saying the program is too much of a burden on the Treasury, and that we must put it on a pay-as-you-go basis. The amendment which has been introduced on behalf of the Senators stated will provide for payment of one-quarter percent by both employer and employee. These payments will provide a surplus the first year of 1961 of perhaps $300 million, and start off a separate fund, as was so wisely done in 1956 on the previous program relating to injuries.

I hope that the Senate will spend some time on the amendment. I believe the Senator from New York [Mr. JAVITS], when he arrives, will have a substitute for the amendment which he desires to present. I hope we may have some discussion of it throughout the day.

I also hope that we may reach a prompt vote. But I do know that the program which was laid down relies upon the social security program as a first line of defense, and public assistance as a first line of defense, and public assistance as a second line of defense. If the amendment is not adopted, we have in the bill before us only a second line of defense, and we shall have omitted the first line of defense that we think should be included.

Mr. AIKEN. Mr. President, will the Senator yield

Mr. ANDERSON. I yield.

Mr. AIKEN. I have been discussing the proposed amendment of the Senator from New Mexico, and the question arose as to whether, if the holder of a social security card was earning, we will say, $10,000 or $12,000 a year, but was otherwise qualified for benefits under the amendment of the Senator from New Mexico, he would be disqualified because of his earnings. Could he still earn any amount and qualify for benefits, or is there a limitation on earnings involved in the amendment?

Mr. ANDERSON. There is a limitation on earnings involved in the tax, but there is no provision in the bill which requires that if a man earns $1,000, another $2,000, and another $3,000, and still a fourth man earns $10,000, the man earning $10,000 must be separated from the others. A man who earns $500,000 as head of a great corporation is covered for social security benefits now, even though he may be drawing that large salary.

Mr. AIKEN. Up to the amount of $4,800.

Mr. ANDERSON. Yes. Payments are deducted from his earnings on the basis of $4,800. He is not protected beyond $4,800. The tax is on only $4,800 of his pay.

Mr. AIKEN. If he had a social security card, but even after the age of 68 he was earning $10,000, $15,000, or $20,000 a year, would he still qualify for the health benefits under the amendment of the Senator from New Mexico?

Mr. ANDERSON. Surely.

Mr. AIKEN. Then earnings under the amendment make no difference.

Mr. ANDERSON. There is no means test involved in the amendment.

Mr. AIKEN. There is no means test. I thank the Senator.

Mr. ANDERSON. There is no means test, because we learned very quickly in the disability program that the means test was not a satisfactory test, and we did not put the program on the basis of means. As I tried to point out the other day, we have learned by long experience how some of the past programs have worked. I remarked on Saturday that I had been administrator under the FERA, SERA, CWA, and the WPA, and under the National Youth Administration. We learned in those early 1930's that a program started as a public assistance program is thereafter proposed on a pay-as-you-go basis. We adopted a social security program. We can still have various types of assistance which will constitute a second line of defense, but the primary line that must be depended upon is the payroll tax.

We have followed that principle consistently in every step we have taken. Even when we wavered from it, as we did in connection with disability, we soon came back to it. In other words, we can dodge around it for awhile, but we have to come back to it eventually. It is the identical experience we had with aid to children and aid to the blind, and so forth.

Mr. AIKEN. If a man earns $10,000 or $15,000 a year, and is 68 years of age, and not entitled to social security benefits, is it true that he would not qualify under the Senator's amendment?

Mr. ANDERSON. He would be barred, unless he is entitled to social security benefits. He may be entitled to benefits and still not receive cash payments because of the earnings limitation. But he is still covered under my amendment.

Mr. CASE of New Jersey. Mr. President, will the Senator yield?

Mr. AIKEN. I can use $10,000 as an example, or I can use $4,000, if that suits the situation better. If a man has never had social security, would he qualify under the Senator's amendment?

Mr. ANDERSON. He would not qualify if he has not gained entitlement to social security benefits.

Mr. CASE of New Jersey. To qualify for benefits under the Senator's amendment it would be necessary to be entitled to benefits under section 202, would it not?

Mr. ANDERSON. Yes.

Mr. CASE of New Jersey. Section 202 benefits are not payable if the person has an income of $1,200 a year.

Mr. ANDERSON. A person may earn up to $1,200 a year under present law without suffering any reduction in retirement benefits. If H.R. 12580 is passed that limitation will be $1,800. Benefits are not stopped, but only proportionately reduced.

Mr. CASE of New Jersey. Yes. So that a person getting over $1,800 a year, under the amendment, or over $1,200, as now, would not receive any benefits.

Mr. ANDERSON. No; that is not correct. The important point I was trying to bring out is that we do not single out individuals. We put them in the social security system. If they are entitled to benefits under social security they will be covered regardless of the income limitation with reference to retirement payments.

Mr. CASE of New Jersey. We are trying to clarify what the bill does.

Mr. AIKEN. I was trying to find out what it does.

Mr. KERR. Mr. President, I would be happy if the Senator from New Jersey and the Senator from Vermont would give me their attention, because I should like to ask some questions along the line of their inquiries of the Senator from New Mexico. When would the Senator's amendment become effective?

Mr. ANDERSON. On January 1, 1961.

Mr. KERR. I thought there was a date in the amendment of July 1, 1961, and another date of January 1, 1962.

Mr. ANDERSON. Well, we did some revising, but I do not believe we changed those dates.

The tax becomes effective on January 1, 1961.

Mr. KERR. If the Senator will examine his amendment, I am sure he will find that the tax becomes effective January 1, 1961, but I do not believe the benefits become effective until July 1, 1961, or January 1, 1962.

Mr. ANDERSON. I am looking at section 604:

> The first day of the month in which he attains the age of sixty-eight; the first day of the first month for which he becomes entitled to benefits under section 202; in the case of inpatient hospital services July 1, 1961, or in the case of all other services, January 1, 1962.

Mr. KERR. That is, insofar as hospital services are concerned, benefits would become effective July 1, 1961, and all other services not until January 1, 1962.

Mr. ANDERSON. I think that is correct.

Mr. KERR. With reference to the application of the law, no one not under social security would benefit by the Senator's amendment. Is that correct?

Mr. ANDERSON. That is correct. I believe the provisions of the House bill as amended by the Senate committee would take care of the other people.

Mr. ANDERSON. Yes, but I am talking about the Senator's amendment.

Mr. ANDERSON. Yes.

Mr. KERR. With reference to those who are eligible, that is, if they are on social security and 68 years of age, they would be eligible for the benefits of the Senator's amendment whether their income was $1,500 a year, $900 a year, or $100,000 a year.

Mr. ANDERSON. That is what I said to the Senator from Vermont, and I believe that is a correct statement. There is no limitation in the amendment dependent on a man's earnings.

Mr. KERR. That is correct, and that is as I understand the Senator's amendment. I am not criticizing it; I am trying to get into the RECORD what it would do. It would make anyone on social security, over 68 years of age, eligible for its benefits, regardless of how much the person earned; but no one not on social security would be eligible for the benefits, regardless of how little he earned.

Mr. ANDERSON. That is right, because they have made no contribution to the fund. This is a separate fund we are speaking about for social security individuals.

Mr. AIKEN. Is it not true that anyone who had social security credit would be eligible for benefit, even if he had an income of $100,000, but if he were actually earning over $1,800 would he not be disqualified?

Mr. KERR. He would not be eligible for cash benefits, but would be for hospital benefits, provided he were over age 68.

Mr. AIKEN. He would get the benefits regardless of income, but there would be some limitation based on earnings.

Mr. KERR. The limitation that applies is with reference to cash payments, but not with reference to benefits for hospital and doctor care, as I understand the amendment. The Senator from New Mexico said that the amendment was similar to the program we put into effect for the disabled.

Mr. ANDERSON. Yes.

Mr. KERR. To whom were the benefits available under the disability amendment?

Mr. ANDERSON. The Senator from Oklahoma ought to know about it. He had a great deal to do with the writing of it.

Mr. KERR. Yes; I had a great deal to do with it. If the Senator will permit me to refresh his memory, I will ask him if it is not a fact that under the disability amendment the benefits were available only to those who made themselves eligible with a certain amount of personal contribution to the fund.

Mr. ANDERSON. It seems to me we started with one type of fund, in 1950, and there was some money available in it.

Mr. KERR. When did we adopt the disability amendment which would make benefits available to a worker 50 years of age or older who may become disabled?

Mr. ANDERSON. In 1956.

Mr. KERR. That is my recollection.

Mr. ANDERSON. We had enacted a provision previously, in 1950.

Mr. KERR. I thought the Senator's remarks were addressed to the provision we adopted in 1956.

Mr. ANDERSON. That is right. We started with a program in 1950. Then subsequently we changed it in 1956, by adding a payroll tax. We put it on a payroll tax basis.

Mr. KERR. With limited benefits to those who qualified as workers, and who had made a contribution to the social security fund themselves.

Mr. ANDERSON. Because we had a previous fund with money in it.

Mr. KERR. The 1956 amendment, which the Senator said was similar in principle, did not make provision for anyone disabled who did not qualify for the benefits by having a certain number of quarters of contribution to the OASI fund.

Mr. ANDERSON. I shall not argue that question. I simply say that when we reached the item of disability, we recognized that the same pay-as-you-go principle had to be adopted which we are trying to adopt here.

Mr. KERR. We adopted a pay-as-you-go principle, and we adopted a program for the disabled, but we did not make the benefits available to millions of people who had made no contribution to the social security fund.

Mr. ANDERSON. In this case, we will take care of a few people who are past the age of 68 and who are making no contributions today. All the people under 68 will be making a contribution. I believe the number who will have made no contribution is less than 500,000.

Mr. KERR. All under 68 will make a contribution, or all under 65?

Mr. ANDERSON. All under 65.

Mr. KERR. In other words, as of now, or as of the effective date of the Senator's amendment, the benefits which would be provided beyond the effective date, which would be July 1, 1961, with reference to hospital benefits, and January 1, 1962, with reference to all other benefits, apply not simply to those making contributions to the fund, but among the people who would be eligible on the effective dates of the Senator's amendment would be those who had made no contribution to the medical care fund.

Mr. ANDERSON. I think some persons who will benefit under the Senator's amendment, which is already in the bill, will have made no contribution.

Mr. KERR. I shall be glad to discuss that point. I am trying to identify the provisions of the Senator's amendment.

Mr. ANDERSON. Precisely because they were below 65. If we are to take care of the aged, we have to take care of the aged on an even basis.

Mr. KERR. That is what the Senator from Oklahoma thinks; and that is the reason he offered his amendment.

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

Mr. ANDERSON. I had intended to yield the floor, but I am happy to yield to the Senator from Tennessee.

Mr. GORE. The bill which the committee reported provides only for those in States which provide matching funds, and who later go to the welfare office and successfully claim they are poverty stricken.

Mr. ANDERSON. Who say that they are medically indigent.

Mr. GORE. What does "medically indigent" mean?

Mr. ANDERSON. It means a man can pay his board; that he can have money for the movies; but that he cannot pay the hospital. I say that is a brand-new type of indigency in this country, one which I think will become completely unsatisfactory to the people. It puts a means test on people who have means. It puts a property test on people who have property. They may have property, but they can go to the welfare office and say, "But I can't go to a hospital. I can't pay my hospital bills. I can't have nursing home care later on. Therefore, I am a pauper medically. But I am not a pauper from the standpoint of income."

I do not understand how one would feel who said, "I am medically indigent, but I am perfectly able to pay all the rest of my bills."

Mr. GORE. Did I hear the amendment which the able Senator from New Mexico has offered, and of which I am a cosponsor, criticized because it would provide benefits to those who have paid into the social security fund, but who have not paid a tax which has not been levied, on the ground that somebody was getting something for nothing? Was the Senator's amendment criticized on that basis?

Mr. ANDERSON. Precisely. That, of course, is the situation that obtained with all the rest of the bill, in the amendment of the Committee on Finance, which has been adopted. It is right to do it if it is done in the committee's bill; it is wrong if we do it in this amendment.

Mr. GORE. There is a big difference, though. In the case of the Senator's amendment, a person who has paid into the social security fund would become eligible for this additional category of benefits which would be added to the social security program. That benefit would be by right, and an old person would not be subject to humiliation, if he asserted his poverty.

Mr. ANDERSON. I agree with the Senator. I only say—and it is true—that for a short period of time a few persons who have not contributed will be getting money from the fund. But that happened in the beginning of the Social Security Act. People drew unemployment compensation when they had made very trifling payments into the fund.

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

Mr. ANDERSON. I yield.

Mr. KERR. Does the Senator from New Mexico say that when the Social

Security Act was made effective, it was available to no one who had not earned at least six quarters' compensation?

Mr. ANDERSON. No; I say that people who had made trifling contributions to the fund nevertheless received unemployment compensation. I stand on that statement. Does the Senator from Oklahoma contradict it?

Mr. KERR. No; but that is the point which the Senator from Oklahoma makes. Under the amendment of the Senator from New Mexico, millions of people would be entitled to draw from the social security medical program who had made no contributions to the social security medical care fund.

Mr. GORE. But they will have made contributions to the fund, and the amendment would add an additional category of benefits to which they would be entitled.

Mr. ANDERSON. They have made a contribution previously. They have met the qualifications. The fund now has over $20 billion in it. This proposal might take $1 million or $2 million out of it. At least, it would not go broke.

If the system for paying interest were changed from the one we have, it would be possible to pick up a good many million dollars. Money is credited to the social security fund on the 1st and 15th of each month. Interest is lost all the rest of the time.

I received a figure the other day in the amount of $25 million. That is probably all the money which may be taken in the first year of this proposal. It is perfectly all right to chisel the fund of $20 million for one particular purpose, but it is awful to take a few million dollars to pay persons who had reached the age of 68, and who, as a matter of fact, wanted and needed some medical care.

Mr. GORE. Mr. President, will the Senator yield one further time? Then I shall desist.

Mr. ANDERSON. I yield.

Mr. GORE. This amendment provides social insurance. It is security based on the mass contribution of the people. It is security based upon actuarial soundness. I ask the Senator: Does not the amendment meet the test, based on the contributions and the benefits, of actuarial soundness?

Mr. ANDERSON. Completely. It will take a half percent to do this. The first year it will probably take only $700 million, and the fund will collect $1 billion. It will get a little cushion, a nest egg, which will take care of such people as we are talking about. Thereafter, year after year, the money will be collected by a payroll tax. This proposal is actuarially sound. No one has disputed that fact.

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

Mr. ANDERSON. I yield.

Mr. AIKEN. I do not believe we have quite clarified the meaning of the wording in the Senator's amendment. I asked the division whether earnings had anything to do with qualifying a person over age 68 for benefits from the proposed legislation. On page 2 of the Senator's bill, under the heading "Medical Insurance Benefits," and subheading "Entitlement to Benefits," I read from section 226(a)(1):

> Every individual who—
> (A) has attained the age of sixty-eight, and
> (B) is entitled to monthly insurance benefits under section 202.

Under section 202, as I understand, anyone earning more than $1,800 a year could not qualify for benefits. I think that ought to be clarified, because from my inquiries from official sources, we find it is also a question as to what it means already as to whether a man earning $40,000 a year could still qualify or not.

Mr. ANDERSON. Earnings do not have any reflection on entitlement. Does the Senator think they have? A person may be entitled to benefits under section 202, but due to the earnings limitation he may not receive cash payments.

Mr. AIKEN. Entitlement to social security benefits regardless of earnings?

Mr. ANDERSEN. Yes.

Mr. AIKEN. The law today provides that a person cannot earn more than $1,200. The bill, as I understand, provides that he cannot earn more than $1,800. If I had my way, I would take off that limitation completely; but I do not have my way.

Mr. ANDERSON. The point is that a man who earns more than $1,800 a year, or $1,200 now, is entitled to Social Security benefits, but he is not receiving them because of some other earnings he has, and the entitlement he has, which qualifies him in that respect, entitles him to medical benefits.

Mr. AIKEN. On earned income.

Mr. ANDERSON. On earned income.

Mr. AIKEN. I know personally some judges in my State—I could name them, but I shall not do so—who have retired—perhaps have retired under Social Security—who go to work for 18 months, or whatever number of quarters is required, for someone else, in order to qualify for Social Security. However, that qualifies them after they have reached a certain age. I simply wanted to make certain that anyone earning more than $1,800 would not be disqualified, even though he might be entitled to it.

Mr. ANDERSON. I tried to say, two or three times, that I am sure that the person who is entitled to it draws it, under this provision. I do not believe any provision to the contrary is included in this measure. I realize that it is necessary for us to make use of the drafting service; but if this measure contains a provision about which I do not know, I shall be very much surprised.

But certainly this measure does not include any provision to the effect that reduced medical care benefits shall be received by one who is making a salary of $15,000 or $20,000 a year.

Mr. AIKEN. Then do I correctly understand that a social security cardholder who has been earning $4,800 a year and has been paying the tax on it during the time this law has been on the books would receive the same amount as that received by a social security card holder who has been earning $2,500 a year and has been paying the tax on it over a 15-year period during the time the law has been on the books?

Mr. ANDERSON. Yes, that is clear.

Mr. AIKEN. It is clear, is it?

Mr. ANDERSEN. Yes.

Mr. AIKEN. Perhaps the other may become a little cleared as the debate proceeds.

Mr. CHURCH. It is my understanding that under the committee bill, the medical benefits would not be confined to those who are on public assistance, but would include others—those who are medically indigent. Is it the understanding of the Senator that, under the committee's bill, the declaration of medical indigence which would qualify these additional persons is something like the declaration that a veteran must make when he seeks to obtain hospitalization in a veterans' hospital for a non-service-connected disability? That problem has caused endless difficulty in the administration of the veterans' hospital program.

Mr. ANDERSON. I believe the same general principle applies to both. It is rather hard to establish what a medically indigent person is; but it is difficult to establish what an indigent person is; but it is difficult when the law includes a new category which would result in the American people being told, "You may have plenty of money, and you may own a $20,000 home, and you may have a good annual income; but now you say to us that if you were suddenly asked to pay a $2,000 medical bill, you might have to mortgage your house. Therefore, you are medically indigent."

Of course that person might be able to reduce his television payments, or something else, and then not be medically indigent.

As I tried to point out the other day, one of the problems in which we became involved when we were discussing the provision of relief, one time, was whether relief included a home; and I think someone raised the question of whether a proper home included lace curtains. The Administrator ruled that lace curtains should not be included. But there was much opposition, and finally we included lace curtains.

So the application of the definition of the term "medically indigent" to needy people will very likely vary from State to State.

Mr. CHURCH. I agree with the Senator, and I think this particular provision is open to very serious abuse.

Mr. CLARK. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). Does the Senator from New Mexico yield to the Senator from Pennsylvania?

Mr. ANDERSON. I yield.

Mr. CLARK. My understanding is that the Democratic Convention adopted, as part of its platform, the following plank:

> We shall provide medical care benefits for the aged as part of the time-tested social security insurance system. We reject any proposal which would require such citizens to submit to the indignity of a means test—a "pauper's oath."

The Senator's amendment complies with that plank in our platform, does it not?

Mr. ANDERSON. Yes, it does; and I wish to tell the able Senator from Pennsylvania about the situation when that particular part of the platform was under consideration. I speak now as a member of the committee which held the first hearings; and then we had a drafting committee, of which I was a member, which worked for several days, in a closed room, on the platform; and then I was part of the speakers' group which handled the platform at that point; and, so far as I know, not one Democrat in any part of the hall rose and objected to that provision. When the platform was brought before the full Democratic Convention, there was objection to certain parts of the platform; but some of our friends very eloquently pleaded for this part of it, and no one objected to this part of the platform.

Mr. CLARK. That is my recollection, too.

Mr. ANDERSON. However, it is remarkable to note what some persons will do when such matters face them later on.

Since it is obvious that this way is the way in which this matter will ultimately have to be handled, I think it better to proceed in this way now.

Mr. CLARK. The committee bill does not conform to the Democratic platform, does it?

Mr. ANDERSON. No. However, of course, one has a right to say that the platform perhaps will commit subsequent Members of Congress, but not necessarily the present Members of Congress.

Mr. CLARK. The Javits proposal does not conform to the platform, does it?

Mr. ANDERSON. It is not yet before us.

Mr. CLARK. But it is clear that it does not conform to the platform, is it not?

Mr. ANDERSON. Yes.

Mr. CASE of New Jersey. Mr. President, I think it clear that there should not be a means test. But what concerns me about the Senator's amendment is that it does not state how the "medically indigent" requirement would be applied.

Mr. KERR. Mr. President, if the Senator will yield, let me say that the term "medically indigent" is not included in this proposed legislation.

Mr. CASE of New Jersey. But we understand it is an expression that is used in connection with the bill.

Mr. KERR. But it is not accurate to say the term is to be found in the bill; and I hope that both the proponents and the opponents of the bill will be mindful of the fact that the term is not used in this bill, and no provision of the bill would justify the use of that term.

Mr. CASE of New Jersey. I accept the comment the Senator from Oklahoma has made.

Mr. KERR. It was the purpose of the framers of the amendment to eliminate entirely the possibility that that term might be determinative in the minds of Senators.

Mr. CASE of New Jersey. I understand that; but I also find——

Mr. ANDERSON. I can only say that while we were discussing it in the committee, the term "medically indigent" was used time after time after time, as I am sure the Senator from Tennessee and other Senators who were there will recall.

Mr. CASE of New Jersey. My question is why the Senator from New Mexico puts his proposal on top of the other one, instead of substituting his proposal and also a provision to take care of the objection being made to the committee bill, rather than to proceed in the other way.

Mr. ANDERSON. On Saturday, I spent nearly 2 hours, here on the floor, trying to explain why that is so. Let me put the matter in this way: In the first place, although we do not criticize the committee amendment, it may involve some delay, and perhaps may never be accepted.

Many States do not provide for any medical care. Fifteen or more States make only a trivial provision as regards medical care. Other States, such as Louisiana have fine hospital benefits; but not every State does.

Therefore, some of us felt that in all the States of the Union, those who qualify under social security and who reach age 68 would be better served by this provision, without the requirement that the States dig up some more money.

I point out to the Senator from New Jersey, who is a stanch friend of social security legislation, that 30 of the Governors who recently attended the Governors' conference spoke out specifically against the provision of the committee report, and asked that this provision for health care for the aged be made on a pay-as-you-go basis.

Mr. CASE of New Jersey. I understand that.

Mr. ANDERSON. I understand the Senator's point of view. I only state that the Governors had this problem before them.

I have to concede that the provision of the bill is very liberal, and the formula worked out by the Senator from Oklahoma should be an inducement to the States to put up the necessary money. But regardless of whether such an inducement is created, some of the States are "up against the gun" as regards raising more money; and today 15 or more of the States still have very low payments of this sort.

Mr. CASE of New Jersey. I appreciate the Senator's explanation. However, severe criticism has been made of the committee bill by students of this subject. They criticize the committee bill on the ground that it would introduce a new concept—whether it be called medically indigent or something else. They are opposed to that, because, in their judgment, not only would it be socially bad, but it might be almost impossible of administration.

I am thinking immediately of the people in my own State who administer the old-age and survivors program. It has been very well administered and has, I think, worked extremely well. Their concern with the committee bill is very great indeed. What troubles me, and what I press on the Senator from New Mexico is, Why keep it? Why not revise it at the same time we are doing it for those who are now on old-age and survivors insurance, a program which, in my judgment, is much better?

Mr. ANDERSON. That is a fair question, and I think I should answer it. I think the principal reason, in my own mind, for doing that was that the committee bill, particularly the amendment offered by the Senator from Oklahoma, the Senator from Delaware, and other Senators, provided some Federal matching money for those States which were trying to match under public assistance cases. It is true an additional number might come in. I believe the estimate was there might be 10 million who might come in, and maybe 500,000, or perhaps 1 million, would ask for assistance. Personally, I think when those individuals ask for assistance, the States are going to be reluctant to allow persons who are fairly well fixed financially to plead poverty in order to get medical care. The States might turn them down, or establish standards sufficiently high to keep them out. I thought it better to take the Senate language we now have than to toss it out and write a new provision in it.

This matter will go to conference. If there is any overlapping that has to be adjusted, if these other amendments should go into the bill, then the conferees can deal with it. But the amendment was adopted by the Senate committee, and was adopted in 5 seconds, without a vote or discussion of any kind. Therefore, it is in the bill, and I would rather go to conference with it than without it.

Mr. CASE of New Jersey. The Senator from New Jersey appreciates the courtesy of the Senator and the time he has taken to give this explanation of it. It is a troublesome matter, and I would like to see it worked out in a different way, if it could be done.

Mr. ANDERSON. I still recognize it is a troublesome matter. We spent quite a bit of time discussing how it might be handled. Many Senators felt there might be conflicts, as the Senator from New Jersey feels. Whatever the Senate does, the final decision goes to the conference with the House, and all these amendments will be in conference with the House. We may find some better solution than now proposed, but for the present I feel the bill is better with the Kerr-Frear amendments in it than without them.

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

Mr. ANDERSON. I yield to the Senator from Tennessee.

Mr. GORE. I should like to say to the distinguished Senator from New Jersey that, as one of the cosponsors of the Anderson amendment, I earnestly hope that the social insurance principle of providing medical care and hospitalization for our aged citizens, with this beginning, will be broadened and extended until many of the people who will be eligible for old-age assistance or public

assistance under the committee bill will no longer be required to take a means test.

Perhaps we can never reach the period when some of our citizens will not need public charity, but I surely hope that the beginning which the Anderson amendment would provide for the principle of social insurance with medical care and hospitalization can be broadened until those dependent upon public charity will be reduced to a much smaller number than will be covered under the committee amendments.

Mr. CASE of New Jersey. Mr. President, will the Senator yield so I may make a comment?

Mr. ANDERSON. Yes.

Mr. CASE of New Jersey. I appreciate the comment of the Senator from Tennessee. I have very strong feeling on this subject. I think, however, we ought to do that now, and not "mess up" the operation of the public assistance programs nationallly. In many States, particularly in New Jersey, it is going to get us off on the wrong track, and delay, rather than expedite, putting into effect this health program for our older people on an insurance basis across the board.

Mr. ANDERSON. I appreciate the comment of the Senator from New Jersey, for whom I have tremendous respect. It bothers him because it bothered me, and it bothered the Senator from Tennessee.

Mr. GORE. As a matter of fact, in committee I offered an amendment as a substitute for what was finally approved by the committee to do that which the Senator from New Jersey suggests. But we must start from where we are, and not from where we wish we were.

Mr. ANDERSON. I can say to the Senator from New Jersey that I, as well, offered an amendment, very similar to the one before us, as a substitute for the one which is proposed. But we have to operate by a majority on these matters, and there were 12 votes one way and 5 votes the other way.

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

Mr. ANDERSON. I yield to the Senator from Texas.

Mr. YARBOROUGH. I thank the distinguished Senator from New Mexico for this very great effort to extend the coverage contained in the committee amendment that will grant some type of medical care to some of our elderly people as a matter of right, and not as a matter of charity. I think such aid should be granted to our citizens as a matter of right, and we should not force an individual to endeavor to get medical care on the basis of charity, which is detrimental to the character of an individual and to the higher instincts of man.

My question to the Senator is directed more to the committee amendment than his amendment, because it goes back to the earnings that a social security recipient may be allowed before his social security payments are cut off.

Under the law as it now stands, as I understand it, if a person on social security earns more than $1,200 a year, his social security payments are reduced, and are reduced on a ratio of a certain amount for each $80. A recipient is cut out of 1 month's pay for each $80 that his annual earnings exceeds the sum of $1,200. Is that correct?

Mr. ANDERSON. The Senator is entirely correct.

Mr. YARBOROUGH. From letters I have received and from what I have heard on visits in my State and other parts of the country, the greatest complaint, not only from the social security recipients, but from civic organizations that are interested in the problems of the aged, is the law against retired persons earning money.

Is it not a fact that if a person getting social security payments has an income of $30,000 a year solely from investments, the social security payments would not be cut 1 red cent?

Mr. ANDERSON. That is correct.

Mr. YARBOROUGH. The committee has endeavored to improve this condition by raising the annual earnings allowed to $1,800 a year without reducing social security benefits to retired persons. I have a bill pending raising that amount to $2,400. I contemplate offering it as an amendment.

I ask the Senator if it would not be beneficial to raise the amount that a person who is drawing social security payments may earn to $2,400 rather than have the limitation become $1,800.

Mr. ANDERSON. We tried every kind of scale we could imagine, inside the committee. I had a proposal which called for $2,000. The Senator from Indiana [Mr. HARTKE] had the figure of $3,600, and had others all the way down to about $1,800. The able Senator from Kansas [Mr. CARLSON] pointed out that the senior Senator from Kansas [Mr. SCHOEPPEL] had a figure of $1,800. We had figures all over the landscape.

We did what legislators sometimes have to do. We tried to find some compromise figure which we could use as a first step. We hit upon $1,800, because that represented a 50-percent increase. We thought that was pretty good.

Personally, I would have liked to go to the $2,000 figure which I suggested but a majority of the committee felt that we should settle upon the figure of $1,800. This is partly a recognition of the increase in the cost of living, and it is partly a move in the direction the Senator is now mentioning; namely, a desire to free the people so that they can make some additional money.

This will be tested. It will be watched carefully by the social security people. I believe the Senator will find that the $1,800 move is a good move, and it may lead to a bigger move, which the Senator himself contemplates.

Mr. YARBOROUGH. Actually, since the $100 per month limitation on earnings was established, has not the cost of living increased so much that the increase to $1,800 would virtually be taken up by the increase in the cost of living since the $100 per month limitation was put into effect many years ago?

Mr. ANDERSON. The figures which I saw indicate, I think, not all of it would be used up for the cost-of-living increase.

Mr. YARBOROUGH. That is my recollection.

Mr. ANDERSON. There is some freedom, but not much.

Mr. YARBOROUGH. I commend the distinguished Senator from New Mexico for his work in bringing the figure up to $1,800. The Senator mentioned the different figures offered, from $1,800 to $3,600. I regret that the compromise was on the basis of the lowest figure suggested. I wish it had been a little higher, at least $2,400.

Mr. ANDERSON. I do not wish to have the Senator from Texas give me credit for this. I am sure that every member of the Committee on Finance is in favor of increasing the amount. It is simply a question of how far we ought to go.

Mr. YARBOROUGH. In the committee report there is the statement:

> Under the committee's bill a beneficiary would lose 1 month's benefits for every $80 (or fraction thereof) by which his annual earnings exceed $1,800. There would be no change in the provision of existing law which guarantees that no benefits will be lost for any month in which a beneficiary earns $100 or less and does not render substantial services in self-employment.

Why was not the monthly limitation raised from $100 a month to $150 a month, as the annual limitation was raised from $1,200 to $1,800?

Mr. ANDERSON. I think the best answer is that the amendment simply did not do it, I am sorry to say. We might as well be frank about it. The members of the Committee on Finance are not absolutely perfect. It may be more logical to do this as the Senator from Texas has suggested, but we did not do so. Therefore, it is presented on this basis.

Mr. YARBOROUGH. In order to give protection, if the matter involved 1 month only instead of the whole year, if a person worked 1 month for $150 but did not earn $1,800 for the year, for that month he would receive a deduction, under the language of the report; is that not correct?

Mr. ANDERSON. I am afraid the Senator from Texas is not correct, but I simply say this was a point which did not occur to us. We were in a hurry. There was pressure to get the bill reported. We spent our time talking about the level and not about all of the refinements afterward.

Mr. YARBOROUGH. That is a minor detail, which we can cure by amendment.

Mr. ANDERSON. One of the great problems, when one starts to amend one section of a bill, is that one does not always recognize all of the sections which ought to be amended.

Mr. YARBOROUGH. I am not being critical. I hope that can be cured.

Mr. ANDERSON. The Senator has brought up a good point.

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

Mr. ANDERSON. I yield to the Senator from Kansas.

Mr. CARLSON. I appreciate very much the fact that the Senator has brought to our attention the increase in the earnings limitation from $1,200 to

$1,800. If the Senator from Texas will give me his attention, I think it has been well stated that every member of the Senate Committee on Finance wished to do something in this field. There was no question on that. The question related to the amount, as the Senator from New Mexico has mentioned.

One thing which I trust the distinguished Senator from Texas will keep in mind, if he desires to suggest that we increase the amount to $2,400, is that we learned the increase from $1,200 to $1,800 will cost the social security fund $400 million a year. If we should increase the amount to $2,400, if I remember the figure correctly, the cost will be $1.1 billion.

Mr. ANDERSON. That is very close.

Mr. CARLSON. That also enters into the picture.

Mr. YARBOROUGH. I thank the distinguished Senator from Kansas for his contribution.

It seems to me there is a grave inequity involved, when a person reaches the age of 65, if he retires under social security. His payments, we will say, are $12.50 a month. People cannot live on that. People may subsist, and may not starve, but they cannot live on a normal standard of living of people who have homes and who have to pay taxes at the present rate of school district taxes in America. The Federal Government is doing nothing with regard to supporting schools. School taxes are very high in most districts in America. These people have to pay high taxes if they live in their own homes. They cannot live on such an amount unless they are willing to give up, to move into an old person's home. They have extremely difficult times living on $111 or $112 a month. Most of those who are able try to supplement their earnings. Some have saved some money or have other income. If they have saved enough money or if they have enough other income, they can draw as much as $20,000 a month from dividends—stock dividends, bond interest, coupons, and so on—and not have their social security payments cut one red cent. However, if these people should earn $110 a month, then the social security payments are cut because they are earning too much money.

This puts a premium upon not working, to stop people who wish to help pay their own way from working, in the American spirit. It is said, "If you go out to earn some money we will dock your social security payment." That is unjust.

Mr. ANDERSON. I think perhaps I gave the Senator from Texas the wrong impression awhile ago. If a person should earn $112 in a single month he would not be docked for that, unless he should earn more than $1,800 in the year. A person can earn $200 in a month, or $250, or $200. The $100 a month provision does not apply to it, so long as the person does not earn $1,800 per year. Or even after he reaches this amount, if in any one month he earns less than $100 he would be entitled to a check for that month.

Mr. GORE. Neither applies to the medical care and hospitalization aid contained in the Senator's amendment.

Mr. ANDERSON. That is correct.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from South Dakota?

Mr. ANDERSON. I yield. I am trying to yield the floor.

Mr. CASE of South Dakota. I think section 211, which would increase the earned income limitation from $1,200 to $1,800 is one of the least publicized but one of the most important features in the bill as reported. I say that with conviction, because in both the 85th Congress and the 86th Congress, in January, as soon as possible after the Congress convened, I introduced bills to accomplish this very thing.

The language which is used in at least the first paragraph of section 211 in the amendment is identical, I believe, with the language of S. 699, which I introduced in the 1st session of the 85th Congress, on January 17, 1957, a part of the legislative day of January 3, the first day of the session. I also introduced S. 638 on January 23, 1959, in the 1st session of the 86th Congress, the present Congress.

I am certainly in favor of increasing the earned income limitation, and I think the merits of it have been well covered by the Senator from Texas. Later in the day, as soon as I can be recognized, I desire to speak further on this subject.

Mr. ANDERSON. I thank the Senator.

Mr. CASE of South Dakota. I thank the Senator for yielding.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H.R. 12580) the Social Security Amendments of 1960.

Mr. YARBOROUGH. Mr. President, I send to the desk an amendment to H.R. 12580, and ask that it be printed.

The purpose of this amendment is to add Texas to the list of States which are permitted to divide State and local retirement systems into two parts for purposes of obtaining social security coverage under Federal-State agreement.

The State and local employees covered by a retirement system are generally excluded from coverage under social security except where the members of a retirement system by a majority vote elect to take social security coverage for the entire group. This is the present situation in Texas. Many States, by specific listing in the Social Security Act, are, however, allowed to divide their State and local retirement systems into the two groups of those desiring and those not desiring the additional coverage provided by social security.

The inclusion of Texas among these States so listed would permit complete freedom of choice for every Texas State and local employee now covered by a retirement system, who would not otherwise be eligible for social security coverage.

In other words, if Texas is included, it would give to employees in Texas privileges which are already enjoyed by employees in many other States, with each employee being able to elect whether or not he wishes to come under the Federal system.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. LONG of Louisiana. It is my understanding that the chairman of the committee, as well as a majority of the committee, is in agreement with the Senator's amendment, and that there will be no serious resistance to it. Therefore, I suggest to the Senator that there is no need of printing it. If he will permit it to lie at the desk, then at such

time as he is in a position to call it up, he will be able to do so, and I am sure it will be agreed to.

Mr. YARBOROUGH. I accept the suggestion of the Senator from Louisiana, and I request that the amendment be not printed. I have spoken to the chairman of the committee about it.

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

Mr. YARBOROUGH. Many Texas public employees, particularly schoolteachers, are very desirous of this amendment as it is their only practical way now of obtaining social security coverage. So far as can be determined, all interested groups in Texas favor the passage of the amendment.

The amendment would not affect the existing exclusion of policemen and firemen from social security coverage.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H.R. 12580), the Social Security Amendments of 1960.

Mr. CASE of South Dakota. Mr. President, a parliamentary question.

The PRESIDING OFFICER. The Senator from South Dakota will state it.

Mr. CASE of South Dakota. What is the pending business?

The PRESIDING OFFICER. The amendment of the Senator from New Mexico [Mr. ANDERSON] is the pending business.

Mr. CASE of South Dakota. Would it be in order for me to offer a perfecting amendment at this time?

The PRESIDING OFFICER. The Senator may do so.

Mr. CASE of South Dakota. I offer an amendment in the nature of a perfecting amendment.

The PRESIDING OFFICER. Is that an amendment to the Anderson amendment?

Mr. CASE of South Dakota. No; it is to the bill.

The PRESIDING OFFICER. Then it would not be in order unless it were to the pending Anderson amendment.

Mr. CASE of South Dakota. Is not the Anderson amendment a substitute for the bill?

The PRESIDING OFFICER. The Chair understands it is not.

Mr. CASE of South Dakota. In that case, I shall withhold the amendment temporarily, but I should like to be recognized to speak on the bill.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. CASE of South Dakota. Mr. President, I desire to call attention to what I regard as one of the most important and least publicized sections of the bill, namely, section 211, which is entitled "Increase in the Earned Income Limitation," and which appears at page 100 of the bill reported by the committee. This paragraph would permit persons between the ages of 65 and 72 to increase the amount of their earnings from $1,200 to $1,800 without forfeiting their entitlement to social security benefits.

I have long advocated amending the Social Security Act to this effect. In fact, I first introduced such a proposal on January 7, 1957, the bill being known as S. 699. While several other bills were also introduced during that session to increase the annual test of earnings, my bill appears to have been the first to propose an increase to the $1,800 figure which is included in the committee bill.

I again introduced such a bill at the beginning of this Congress, and it is known as S. 638. Therefore, I take some small pride in having had a role in initiating this particular amendment, even though I am not a member of the committee.

Mr. President, I ask unanimous consent to have printed at this point in my remarks the portion of the committee bill which appears at page 100 of the present committee bill, and is entitled "Increase in the Earned Income Limitation," being lines 14 through 24 of section 211.

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

INCREASE IN THE EARNED INCOME LIMITATION

SEC. 211. (a)(1) Paragraphs (1) and (2) of subsection 203(e) of the Social Security Act are each amended by striking out "$1,200" wherever it appears therein and inserting in lieu thereof "$1,800", and (2) such paragraphs and paragraph (1) of subsection (g) of such section are each amended by striking out "$100 times" wherever it appears therein and inserting in lieu thereof "$150 times".

(b) The amendments made by subsection (a) shall be effective, in the case of any individual, with respect to taxable years of such individual ending after 1960.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the text of S. 699, of the first session of the 85th Congress, which I introduced on January 17, 1957, being the legislative day of January 3, 1957.

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) (1) paragraphs (1) and (2) of subsection (e) of section 203 of the Social Security Act are amended by striking out "$1,200" wherever it appears therein and inserting in lieu thereof "$1,800", and (2) such paragraphs and paragraph (1) of subsection (g) of such section are amended by striking out "$100" wherever it appears therein and inserting in lieu thereof "$150".

(b) The amendments made by subsection (a) shall be effective, in the case of any individual, with respect to taxable years of such individual ending after the month in which this Act is enacted.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the text of S. 638, which I introduced on January 23, 1959, during the first session of the present—the 86th—Congress.

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) paragraphs (1) and (2) of subsection (e)

of section 203 of the Social Security Act are amended by striking out "$1,200" wherever it appears therein and inserting in lieu thereof "$1,800", and (2) such paragraphs and paragraph (1) of subsection (g) of such section are amended by striking out "$100" wherever it appears therein and inserting in lieu thereof "$150".

(b) The amendments made by subsection (a) shall be effective, in the case of any individual, with respect to taxable years of such individual ending after the month in which this Act is enacted.

Mr. CASE of South Dakota. Mr. President, it will be evident that the text of the two bills which I introduced in the opening days of both the 85th Congress and 86th Congress is identical with the substitute provisions of section 211 of the bill now reported by the committee.

It has been said that some 600,000 persons over the age of 65 will be affected by the proposed change. The impact of the bill upon my own State of South Dakota can only be estimated in terms of the overall figures. However, based upon the fact that South Dakota has a somewhat larger percentage of its total population in the age group of 65 and over than has the Nation as a whole, it seems to me probable that there should be approximately 22,500 persons in South Dakota who would profit by this increase in earnings which is permitted.

When the Social Security Act was passed in 1935, Congress, upon the advice of the Economic Security Council, included a provision excluding from benefits persons who were gainfully employed. Just how this was to be defined was not specified, but a major purpose of the provision was clear: it was to encourage older persons to get out of the labor market and make way for young workers.

Today we no longer have that purpose. On the contrary, the Federal Government is now spending millions of dollars each year trying to help those older persons who are able and willing to continue as active, working contributors to our country's welfare.

In this situation the present, absurdly low $1,200 limitation on earnings under social security is an anomaly. Little wonder that our aging citizens tend to develop bad cases of cynicism long before they reach senility. They hear the Government saying to them in one voice: "Please work if you can, we need your skills, your talents, your experience, and wisdom." But in a slightly louder voice—the voice of the law—they hear: "Certainly, you can work. But don't work much, or earn much, or you won't receive a penny of those social security benefits you have been counting on."

Mr. President, the limitation on earnings was set at $1,200 in 1954. Many persons thought it was too low then; and, as I have previously set forth, I introduced bills, in January of 1957, and again in January of 1959, to do exactly what section 211 of this bill now proposes to do. In view of the wage and the price levels which exist in this country today, the $1,200 limitation on earnings is certainly too low now; and there should be general support for the provision to increase the limitation to $1,800, as included in the bill reported by the Finance Committee.

This increase will not eliminate the inequities of the retirement test; but it will alleviate them. In general, under present law, a worker begins to lose benefits when he earns more than $1,200 annually. When he earns as much as $2,080, he is subject to the loss of all of them. Under the proposed amendment, social security beneficiaries will be able to earn a more respectable $2,680 a year before losing all benefits. There will then unquestionably be more incentive for persons to keep on working after they reach retirement age.

Mr. President, recently, when I was at home during the recess of Congress, I had this hardship of the present law brought very forcefully to my attention when I visited an old friend, a No. 1 carpenter; in fact, he is a cabinetmaker. He was called on to do some work for a person in my home town of Custer. My cabinetmaker friend found that by the time he had gotten the rough part of the work well under way, he had reached the earnings limitation provided by the law. But at that point he was reaching the part of the work where his skill as a cabinetmaker was definitely called for. As a result, at that intricate point in the work, my cabinetmaker friend either had to turn the job over to another worker or had to abandon the work for the time being; and in the latter case, the man who was having the work done would have had to wait until the next calendar year began. Certainly, it seems ridiculous that a skilled cabinetmaker would have to do that. I told him that we had pending legislation to correct such a situation; and he certainly hoped it would be enacted. And I hope it will be, too.

All of us are aware of how expensive it is simply to provide for necessities, these days. It seems incredible, therefore, that we tell an older worker that when he earns $2,080 a year, we will cut off all his benefits, because theoretically he is not retired and does not need them.

Let us use this $2,080 amount and build up a hypothetical example. Let us say that both the worker and his wife are over age 65, and that this income is subject to no income taxes, either Federal or State, but is, however, subject to the 3-percent social security tax on earnings. They start out with $173.33 a month, from which is deducted $5.20 for social security. We allow them $60 a month for housing, another $60 for food—a very modest amount, I may say—$11 each for medical and dental care, and $10 each for clothing and personal needs. I am not saying these amounts are really adequate; but with care and luck, and perhaps with a garden, they might be enough to get along on.

But where is our couple now? They have already accounted for $162 for bare necessities. They have left, only $6.13, which they must divide among costs for transportation, church contributions, postage stamps, light bulbs, reading matter, and the like. I think that balancing this budget might be a job which even our Bureau of the Budget would be loath to tackle.

When Congress assumed the responsibility of establishing an earnings limitation, I believe it also assumed the responsibility of gearing it, and keeping it geared, to our economy as a whole. Since the $1,200 earnings limitation was set, however, wages have increased by about 20 percent. Personal income in the United States increased a total of 6 percent, in the 1 year between 1958 and 1959. We do not, I am sure, begrudge these increases, and the improvement in well-being that they entail, to our people. But we are by law begrudging our social security beneficiaries similar improvements in their well-being, by neglecting to increase a wage limitation that is wholly out of keeping with economic realities.

In other words, in effect we are saying to the social security beneficiaries, "You cannot increase your earnings in keeping with the increased earnings of the economy as a whole."

For the older worker concerned, the low-retirement-test provision can entail some very unpleasant alternatives. He may feel forced to restrict his work activities. Worse, he may offer his services for substandard wages; or he may seek a floor-sweeping job, rather than the office job he is capable of performing, simply to keep his earnings low. Any of these alternatives means frustration for the individual, and waste for society as it does in the specific case of the cabinetmaker-carpenter to whom I previously referred.

Earlier I referred to the fact that an estimated 600,000 workers would benefit immediately from the $600 increase in the retirement test provided in the committee bill. This could be argument enough for adopting the proposal. But this proposal is one of national benefit, not only individual benefit.

Our national strength is directly tied to the strength of our people. Our country's productivity is dependent upon the productivity of each of our workers. If a person can work more, produce more, earn more, he should be encouraged to do so, and not simply be told that he must "go on the shelf."

There is, I am happy to observe, strong congressional and public support for changing the present retirement test. In the neighborhood of 100 bills which would affect the existing provision have been introduced in the House and in the Senate. Some of these bills would eliminate the retirement test altogether. Most of them, taking into recognition the very high cost of such a step, provide only for an increase.

Not long ago, a cross section of American adults of all ages were questioned by Gallup poll reporters on the subject of the retirement test. Sixty-seven percent said they thought the law should be changed. Only 23 percent were in favor of keeping it in its present form.

Every Member of Congress must have received, as I have, hundreds of letters, urging us to do something to correct a law which most of our older people regard as unjust, ridiculous, and unsound in principle.

Public opinion is strongly behind the proposed action; and, as a noted American author of the 19th century observed:

Public opinion is stronger than the legislature, and nearly as strong as the Ten Commandments.

No one, I suggest, knows this better than do the Members of Congress.

Our actions should, and must, be guided by the great American public. The needs of our people must not be violated by law.

The Social Security Act was enacted to meet obvious need. In the 25 years of its existence, Congress has seen fit to amend it in many ways, to meet the new and changing demands of a dynamic society.

Now, as in 1939, 1950, 1952, and 1954, it is necessary to bring the retirement test provisions up to date to meet the needs of our older people who are eager for an opportunity to help themselves, their families, and their country. I sincerely hope that, whatever other changes may be made in the pending bill, the proposal of the Finance Committee to let people in ages between 65 and 72 help themselves will survive.

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

Mr. CASE of South Dakota. I yield to the Senator from Kansas.

Mr. CARLSON. I commend the Senator from South Dakota for his active interest in an amendment, which was adopted unanimously by the Finance Committee, which would permit an increase in earnings from $1,200 to $1,800 a year as the exempt wages of those who are on social security payments. I think there was a general feeling in committee that this was not only a timely amendment, but that it was needed.

There was considerable discussion of increasing the amount from $1,200 to $1,800. The committee also voted on removing any limitation on the amount a person could earn. After voting on varying amounts, the committee unanimously agreed that $1,800 was the point where we ought to stop.

I had the pleasure and privilege of offering that provision, which was adopted, which increased the exemption from $1,200 to $1,800. I think the Senate should be very careful about increasing the amount. As a matter of fact, I am hopeful we can hold it in conference, because this proposal is going to cost the fund $400 million. The figure of $2,400 a year was suggested. If my memory serves me correctly, that exemption would cost $1 billion. It is very important that we keep the fund actuarially strong, or as strong as possible. Therefore, we cannot accept a higher figure without giving consideration to an increase in the rates to be contributed.

As a matter of fact, in considering the proposals, thought was given to the possibility of an additional increase in the tax both on the employer and employee. So it is one of the considerations we must keep in mind in dealing with this question.

I commend the Senator from South Dakota, because he has had a very active interest in this question for many years. It is an amendment we are happy about and hope to see become law.

Mr. CASE of South Dakota. I appreciate very much the kind remarks of the Senator from Kansas. I am interested in his report that this particular proposed change in the law was supported unanimously by the Committee on Finance. I also find a little personal gratification, I suppose, in the fact that the figure which was proposed in the motion made by the Senator from Kansas, namely, $1,800, happens to be identical with the figure which I proposed in a bill which I introduced in January 1957, and again in January 1959.

I recognize that this bill, like most proposed legislation, and particularly measures dealing with figures like these, has the complication, which the Senator from Kansas has mentioned, of the impact on the Treasury, and, in turn, the impact on other related taxes, income taxes, and so forth. It evidences how complicated legislation is, particularly in the field of revenue.

However, to have the figure of $1,800 be the magic figure, so to speak, and to win the unanimous vote of the Committee on Finance, gives me a little comfort, because that was the figure I used in the two bills which I introduced, as I said, in January, at the opening of the 85th Congress, in 1957, and again in 1959, at the opening of this Congress.

I merely wish to add that I have thought possibly some of the estimates of the Treasury were a little bit on the pessimistic side as to the effect of any change on the Treasury. Actually, especially when it is proposed to enter the field of medical aid, it seems to me it is entirely possible that there will be some savings to the Treasury by reason of the fact that if people between the ages of 65 and 72 are able to increase their own earnings, their call upon the medical aid program which may be established will be lessened thereby.

I am sure most people between the ages of 65 and 72 who are able to earn the money necessary to meet their medical costs would rather provide for it themselves than call upon a cooperative plan of the Federal and State treasuries to supply that aid as a grant, or something of that kind.

So from every standpoint, Mr. President, it seems to me this particular change in the present law, namely, to increase from $1,200 to $1,800 the amount of earnings permitted as the retirement test, is justified; and I hope that section 211 as proposed in the bill will survive both action on the floor of the Senate and the conference between the Senate and the House.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The question is on agreeing to the amendment of the Senator from New Mexico.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H.R. 12580), the Social Security Amendments of 1960.

Mr. KEATING. Mr. President, I send to the desk, for printing under the rule, an amendment to House bill 12580 to provide that taxes imposed under the Federal old-age and survivors insurance system will not be imposed on account of service performed by individuals who have attained age 65. The amendment reads as follows:

At the end of the reported bill, insert the following new title:

"TITLE VIII—FEDERAL OLD-AGE AND SURVIVORS INSURANCE

"System tax for persons over 65

"SEC. 801. That, effective with respect to service performed after the calendar quarter in which this Act is enacted, section 3121(b) of the Internal Revenue Code (relating to the definition of employment) is amended (1) by striking out "or" at the end of paragraph (16), (2) by striking out the period at the end of paragraph (17) and inserting in lieu thereof "; or", and (3) by adding the following new paragraph: "(18) Service performed by an individual who has attained the age of sixty-five."

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. KEATING. Mr. President, this amendment is one of several in which I am interested, which would benefit our rapidly growing group of senior citizens.

Mr. President, social security was originally conceived of as a primarily self-supporting Government-run plan for old-age insurance. On this premise, it seems to me that after a man has paid social security taxes for many years and after his employer has paid a like amount, when the employee reaches retirement age he should be able to receive the benefits of those payments, and not be forced to continue to pay taxes to the Federal old-age and survivors insurance fund.

Under our social security laws, when a man reaches age 65, he is eligible for benefits. If he elects to continue to work, and thereby sacrifices all or a part of his benefits, he is still faced with the fact that any additional taxpayments he makes do not serve to increase his benefit level to any significant ex-

tent. He is being taxed because he is working; for if he were not working, he would not be taxed. This is obviously wrong; and, for this reason, I am hopeful the Senate will promptly act on my amendment.

Mr. President, in the same sense, I have long felt that another unfair element in our present social security system is the earnings limitation on persons over 65 years of age.

The earnings limitation problem has been met in part by the pending bill, wherein the committee has adopted an amendment to increase the limit on the amount which such persons are entitled to earn without losing their benefits from $1,200, or $100 a month, to $1,800.

It has long been my feeling that we should provide a much higher limitation than this. I am hopeful that we shall eventually do so. In my mind, there should be no penalty for a person who works after he has reached age 65.

Perhaps the step being taken in this bill is all that is possible at the moment. Social security is essentially an insurance system, and it seems to me that it places an undue penalty on older persons who wish to work. They are told that if they continue to work beyond a certain point, they lose their benefits. This is not right and I fully believe should be changed as soon as we possibly can.

The amendment I have sent to the desk is related to a somewhat similar subject. It concerns the provisions of the Social Security Act which state that a person over 65 years of age shall not be taxed if he continues to work.

The present situation penalizes one who continues to work after reaching age 65. He is taxed for working, but is relieved of the tax if he stops working.

I hope that at the appropriate time we may be able to discuss this matter further, and that the Senate will take favorable action upon it.

Mr. DIRKSEN. Mr. President, has the Senator from New York concluded? If he has, I wish to suggest the absence of a quorum.

Mr. KEATING. Yes; I yield.

Mr. DIRKSEN. Then, 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. DIRKSEN. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

Mr. DIRKSEN. I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

LIMITATION OF PRESENT $1,200 ANNUALLY IN EARNINGS NEEDS TO BE INCREASED TO $1,800

Mr. RANDOLPH. Mr. President, in the proposals pending, there is rather wide agreement that the $1,200 limitation on earnings should be increased to $1,800. I listened with interest to the comments made by the Senator from New York [Mr. KEATING] on this subject.

I ask unanimous consent to place in the RECORD at this point as a part of my remarks, a copy of S. 3255, which I introduced several months ago, dealing with the need for the increase from $1,200 to $1,800. I also ask the privilege of having printed a statement which was given to the press at that time in reference to the bill I have just mentioned.

There being no objection, the bill and statement were ordered to be printed in the RECORD, as follows:

S. 3255

A bill to amend title II of the Social Security Act to increase to $1,800 the annual amount individuals are permitted to earn without deductions being made from the insurance benefits payable to them under such title.

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That (a)(1) paragraphs (1) and (2) of subsection (e) of section 203 of the Social Security Act are amended by striking out "$1,200" wherever it appears therein and inserting in lieu thereof "$1,800", and (2) such paragraphs and paragraph (1) of subsection (g) of such section are amended by striking out "$100 times" wherever it appears therein and inserting in lieu thereof "$150 times".

(b) The amendments made by subsection (a) shall be effective, in the case of any individual, with respect to taxable years of such individual ending after 1960.

STATEMENT

U.S. Senators JENNINGS RANDOLPH and ROBERT C. BYRD of West Virginia are cosponsors of a bill, Senate 3255, introduced by the former to increase to $1,800 the annual amount individuals between the ages 65 and 72 would be permitted to earn without suffering deductions from insurance benefits payable to them under the Social Security system.

Under existing law the limitation is $1,200, and Senators BYRD and RANDOLPH said few citizens between 65 and 72 years can maintain an adequate standard of living on $1,200 plus social security benefits.

"Everyone is familiar with the inflationary pressures which have especially forced hardships on people with fixed incomes or pensions," they said, adding:

"Rising costs of food, rent, and medical care have been particularly harsh on our elderly citizens.

"Many social security recipients between ages 65 and 72 are able and willing to work and are in need of income in excess of the old-age insurance benefits for which they are eligible.

"We must not deny to our senior citizens the right to earn at least the minimum wage in their golden years before penalizing them for earning more."

Mr. JAVITS. Mr. President, I call up my amendment designated, "8-20-60—A," which I offer for myself and Senators COOPER, SCOTT, AIKEN, FONG, KEATING, KUCHEL, PROUTY, and SALTONSTALL, as a substitute for the Anderson amendment, and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, at the end of the bill, to add the following——

Mr. JAVITS. Mr. President, I ask unanimous consent that the reading of the amendment may be dispensed with. The amendment has been printed. I have explained it in full.

The PRESIDING OFFICER. Without objection, the reading of the amendment is dispensed with.

The amendment offered by Mr. JAVITS for himself and other Senators is as follows:

At the end of the bill, add the following:

SEC. 801. The Social Security Act is further amended by adding at the end thereof the following new title:

"TITLE XVI—MEDICAL BENEFITS FOR THE AGED

APPROPRIATION

"SEC. 1601. For the purpose of assisting the States to improve the health care of aged individuals of low incomes by enabling them to secure, at cost reasonably related to their incomes, protection either against the expenses of preventive and diagnostic services and short-term illness treatment or against long-term illness expenses, there are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine. The sums made available under this section shall be used for making payments to States with State plans submitted by them and approved under this title.

"State plans

"SEC. 1602. The Secretary shall approve a State plan under this title which—

"(a) provides for establishment or designation of a single State agency to administer or supervise the administration of the State plan;

"(b) provides that each eligible individual (as defined in section 1605(a)) who applies therefor (and only such an individual) shall be furnished whichever of the following he may elect:

"(1) preventive, diagnostic, and short-term illness benefits, which, for purposes of this title, shall consist of payment on behalf of an eligible individual of the cost incurred by him for the following medical services rendered to him to the extent determined by the attending physician to be medically necessary (but subject to the limitations in section 1606)—

"(A) inpatient hospital services for not to exceed twenty-one days in any enrollment year, except that at the request of the individual days of skilled nursing-home services may be substituted for any or all of such days of inpatient hospital services at the rate of three days of skilled nursing-home care for one day of inpatient hospital services;

"(B) physicians' services furnished outside of a hospital or skilled nursing home, on not more than twelve days during any enrollment year;

"(C) ambulatory diagnostic laboratory and X-ray services furnished outside of a hospital or skilled nursing home to the extent the cost thereof is not in excess of $100 in any enrollment year;

"(D) organized home health care services for not more than twenty-four days in any enrollment year; and

"(E) such additional medical services as the State may elect (subject to the limitations in clauses (E) (vi) and (vii) of paragraph (2) and to the limitations in section 1608); or

"(2) long-term illness benefits, which, for purposes of this title, shall consist of payment on behalf of an eligible individual of 80 per centum of the cost above the deductible amount incurred by him for the following services (hereinafter in this title referred to as 'medical services') rendered to him to the extent determined by the attending physician to be medically necessary (but subject to the limitations in section 1606)—

"(A) inpatient hospital services for not to exceed one hundred and twenty days in any enrollment year;

"(B) surgical services provided to inpatients in a hospital;

"(C) skilled nursing home services;

"(D) organized home health care services;

"(E) such of the following services as the State may elect (subject to the limitations in section 1608)—

"(i) physicians' services;

"(ii) outpatient hospital services;

"(iii) private duty nursing services;

"(iv) physical restorative services;

"(v) dental treatment;

"(vi) laboratory and X-ray services to the extent the cost thereof is not in excess of $200 in any enrollment year;

"(vii) prescribed drugs to the extent the cost thereof is not in excess of $350 in any enrollment year; and

"(viii) inpatient hospital services in excess of one hundred and twenty days in any enrollment year; or

"(3) private insurance benefits, which, for purposes of this title, shall consist of payment on behalf of such individual of one-half of the premiums of a private health insurance policy for him up to a maximum payment for any year of $60;

"(c) provides for granting an opportunity for a fair hearing before the State agency to any individual whose claim for benefits under the plan has been denied;

"(d) provides for payment of enrollment fees, payable annually or more frequently, as the State may determine by eligible individuals applying for long-term illness benefits or diagnostic and short-term illness benefits under the plan, the amounts of such fees to be determined by a schedule established by the State and approved by the Secretary as providing fees the lowest of which is equal to not less than 10 per centum of the per capita cost for the enrollment year involved of the benefits provided and the remainder of which vary in relation to the income (as defined in section 1605(b)) of the individuals;

"(e) includes provisions for individuals who, for the enrollment year involved, would not be eligible individuals but for the provisions of section 1605(a)(2);

"(f) includes such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including—

"(1) 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, or compensation of any individual employed in accordance with such methods;

"(2) methods to assure that the applications of all individuals applying for benefits under the plan will be acted upon with reasonable promptness;

"(3) methods relating to collection of enrollment fees for long-term illness benefits or diagnostic and short-term illness benefits under the plan, except that the State may not utilize the services of any nonpublic agency or organization in the collection of such fees, and

"(4) methods for determining—

"(A) rates of payment for institutional services, and

"(B) schedules of fees or rates of payment for other medical services,

for which expenditures are made under the plan;

"(g) sets forth criteria, not inconsistent with the provisions of this title, for approval by the State agency, for purposes of the plan, of private health insurance policies;

"(h) provides that no benefits will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2, aid to dependent children under the State plan approved under section 402, aid to the blind under the State plan approved under section 1002, or aid to the permanently and totally disabled under the State plan approved under section 1402 (and for purposes of this paragraph an individual shall not be deemed to have received such assistance or aid with respect to any month unless he received such assistance or aid in the form of money payments for such month, or in the form of medical or any other type of remedial care in such month (without regard to when the expenditures in the form of such care were made));

"(i) provides safeguards which restrict the use or disclosure of information concerning applicants for and recipients of benefits under the plan to purposes directly connected with the administration of the plan;

"(j) includes (1) provisions, conforming to regulations of the Secretary, with respect to the time within which individuals desiring benefits under the plan may elect for any enrollment year between the types of benefits available under the plan and may apply for the benefits so elected for such year and (2) to the extent required by regulations of the Secretary, provisions, conforming to such regulations, with respect to the furnishing of benefits described in paragraph (1) or (2) of subsection (b) to eligible individuals during temporary absences from the State;

"(k) provides for establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for any persons, institutions, and agencies, providing medical services for which expenditures are made under the plan; and

"(l) provides 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. Notwithstanding the preceding provisions of this section, the Secretary shall not approve any State plan under this title unless the State has established to his satisfaction that the medical or any other type of remedial care, together with the amounts, if any, included in old-age assistance in the form of money payments on account of their medical needs, for recipients of old-age assistance under the State plan approved under title I will be at least as great in amount, duration, and scope as the diagnostic and short-term illness benefits included under the State plan under this title.

"(m) makes provision (1) authorizing employees' pension or welfare funds to contribute to the payment of enrollment fees under the plan for or on behalf of eligible members or beneficiaries of such funds, (2) authorizing employers (including the State or any political subdivision thereof when acting as an employer) to contribute to the payment of their employees' enrollment fees under the plan, and (3) permitting any employee, or member or beneficiary of an employees' pension or welfare fund, to authorize his employer (including the State or any political subdivision thereof when acting as an employer) or trustee or other governing body of such fund to deduct from his wages or from such fund, as the case may be, an amount equal to his enrollment fees under the plan and to pay the same to the State agency administering the plan.

"Payments

"SEC. 1603. (a) From the sums appropriated therefor, each State which has a plan approved under section 1602 shall be entitled to receive, for each calendar quarter beginning with the quarter commencing July 1, 1961, an amount equal to (1) the Federal share for such State of the total amounts expended during such quarter by the State under the plan as long-term illness, diagnostic and short-term illness, or private insurance benefits, plus (2) 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.

"(b) Payment of the amounts due a State under subsection (a) shall be made in advance thereof on the basis of estimates made by the Secretary, with such adjustments as may be necessary on account of overpayments or underpayments during prior quarters; and such payments may be made in such installments as the Secretary may determine. Adjustments under the preceding sentence shall include decreases in estimates equal to the pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered by the State or any political subdivision thereof, with respect to benefits furnished under the State plan, whether as the result of being subrogated to the rights of the recipient of the benefits against another person, or as the result of recovery by the recipient from such other person, or because such benefits were incorrectly furnished, or for any other reason.

"(c) For purposes of subsection (a), (1) expenditures under a State plan in any calendar year shall be included only to the extent they exceed the amount of the enrollment fees collected in such year under the State plan, and (2) expenditures under a State plan for preventive diagnostic and short-term illness benefits or for long-term illness benefits in excess of $128 multiplied by the number of individuals enrolled for benefits under such plan in such year shall not be counted.

"*Operation of State plans*

SEC. 1604. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of any State plan which has been approved under section 1602, finds—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 1603; 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 parts of the State plan not affected by such failure) until the Secretary is satisfied that there is no longer any such noncompliance. Until he is so satisfied, no further payments shall be made to such State (or payments shall be limited to parts of the State plan not affected by such failure).

"*Eligible individuals*

"SEC. 1605. (a) For the purposes of this title, the term 'eligible individual' means, with respect to any enrollment year for any individual, an individual who—

"(1)(A) is 65 years of age or over,

"(B) resides in the State at the beginning of such year, and

"(C) meets, with respect to such year, the income requirements of subsection (b); or

"(2)(A) resides in the State at the beginning of such year, (B) was an eligible individual for the preceding enrollment year, and (C) paid enrollment fees under the plan for the preceding enrollment year, or had a private health insurance policy and the State made payments under the State plan toward the cost of the premiums of the policy during such year.

"(b) For the purposes of this title, the income requirements of this subsection are met by any individual with respect to any enrollment year if, for his last taxable year (for purposes of the Federal income tax) ending before the beginning of such enrollment year—

"(1) he did not pay any income tax, or

"(2)(A) his income did not exceed $3,000 in the case of an individual who, at the beginning of such enrollment year, was unmarried or was not living with his spouse, or

"(B) the combined income of such individual and his spouse did not exceed $4,500 in the case of an individual who, at the beginning of such enrollment year, was married and living with his spouse.

"(c) The term 'income' as used in subsection (b) means the amount by which the gross income (within the meaning of the Internal Revenue Code of 1954) exceeds the deductions allowable in determining adjusted gross income under section 62 of such Code; except that the following items shall be included (as items of gross income):

"(1) Monthly insurance benefits under title II of this Act.

"(2) Monthly benefits under the Railroad Retirement Acts of 1935 and 1937, and

"(3) Veterans' pensions.

Determinations under this section shall be made (in the manner prescribed by the Secretary by regulations) by or under the supervision of the State agency administering or supervising the administration of the plan approved under section 1602.

"Benefits

"SEC. 1606. Subject to regulations of the Secretary—

"(a) (1) Except as provided in paragraph (2), the term 'medical services' means the following to the extent determined by the physician to be medically necessary:

"(A) Inpatient hospital services;

"(B) Skilled nursing-home services;

"(C) Physicians' services;

"(D) Outpatient hospital services;

"(E) Organized home care services;

"(F) Private duty nursing services;

"(G) Therapeutic services;

"(H) Major dental treatment:

"(I) Laboratory and X-ray services; and

"(J) Prescribed drugs.

"(2) The term 'medical services' does not include—

"(A) services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases; or

"(B) services for any individual who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.

"Inpatient Hospital Services

"(3) The term 'inpatient hospital services' means the following items furnished to an inpatient by a hospital:

"(1) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

"(2) Physicians' services, nursing services, and interns' services; and

"(3) Nursing services, interns' services, laboratory and X-ray services, ambulance service, and other services, drugs, and appliances related to his care and treatment (whether furnished directly by the hospital or, by arrangement, through other persons).

"Surgical Services

"(c) The term 'surgical services' means surgical procedures provided to an inpatient in a hospital, other than those included in the term 'inpatient hospital services', including oral surgery, and surgical procedures provided in an emergency in a doctor's office or by a hospital to an outpatient.

"Skilled Nursing-Home Services

"(d) The term 'skilled nursing-home services' means the following items furnished to an inpatient in a nursing home.

"(1) Skilled nursing care provided by a registered professional nurse or a licensed practical nurse which is prescribed by, or performed under the general direction of, a physician;

"(2) Such medical supervisory services and other services related to such skilled nursing care as are generally provided in nursing homes providing such skilled nursing care; and

"(3) Bed and board in connection with the furnishing of such skilled nursing care.

"Physicians' Services

"(e) The term 'physicians' services' means services provided in the exercise of his profession in any State by a physician licensed in such State; and the term 'physician' includes a physician within the meaning of section 1101(a)(7).

"Outpatient Hospital Services

"(f) The term 'outpatient hospital services' means medical and surgical care furnished by a hospital to an individual as an outpatient.

"Organized Home Health Care Services

"(g) The term 'organized home health care services' means—

"(1) visiting nurse services and physicians' services, and services related thereto, which are prescribed by a physician and are provided in a home through a public or private nonprofit agency operated in accordance with medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern such services; and

"(2) homemaker services of a nonmedical nature which are prescribed by a physician and are provided, through a public or private nonprofit agency, in the home to a person who is in need of and in receipt of other medical services.

"Private Duty Nursing Services

"(h) The term 'private duty nursing services' means nursing care provided in the home by a registered professional nurse or licensed practical nurse, under the general direction of a physician, to a patient requiring nursing care on a full-time basis, or provided by such a nurse under such direction to a patient in a hospital who requires nursing care on a full-time basis.

"Physical Restorative Services

"(i) The term 'physical restorative services' means services prescribed by a physician for the treatment of disease or injury by physical nonmedical means, including retraining for the loss of speech.

"Dental Treatment

"(j) The term 'dental treatment' means services provided by a dentist, in the exercise of his profession, with respect to a condition of an individual's teeth, oral cavity, or associated parts which has affected, or may affect, his general health. As used in the preceding sentence, the term 'dentist' means a person licensed to practice dentistry or dental surgery in the State where the services are provided.

"Laboratory X-ray Services

"(k) The term 'laboratory and X-ray services' includes only such services prescribed by a physician.

"Prescribed Drugs

"(l) The term 'prescribed drugs' means medicines which are prescribed by a physician.

"Hospital

"(m) The term 'hospital' means a hospital (other than a mental or tuberculosis hospital) which is (1) a Federal hospital, (2) licensed as a hospital by the State in which it is located, or (3) in the case of a State hospital, approved by the licensing agency of the State.

"Nursing Home

"(n) The term 'nursing home' means a nursing home which is licensed as such by the State in which it is located, and which (1) is operated in connection with a hospital or (2) has medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern the skilled nursing care and related medical care and other services which it provides.

"Miscellaneous definitions

"SEC. 1607. For purposes of this title—

"Federal Share

"(a)(1) The 'Federal share' with respect to any State means 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that (A) the Federal share shall in no case be less than 33⅓ per centum nor more than 66⅔ per centum, and (B) the Federal share with respect to Puerto Rico, the Virgin Islands, and Guam shall be 66⅔ per centum.

"(2) The Federal share for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgations.

"(3) As used in paragraphs (1) and (2), the term 'United States' means the fifty States and the District of Columbia.

"Deductible Amount

"(b) The 'deductible amount' for any individual for any enrollment year means an amount equal to $250 of expenses for medical services (determined without regard to the limitations in clause (A) or (E) (vi) or (vii) of section 1602(a)(2)) which are included in the State plan and are incurred in such year by or on behalf of such individual, whether he is married or single, except that, in the case of an individual who is married and living with his spouse at the beginning of his enrollment year, it shall be an amount equal to $400 of expenses for medical services (so determined) incurred in such year by or on behalf of such individual or his spouse for the care or treatment of either of them, but only if application of such $400 amount with respect to such individual and his spouse would result in payment under the plan of a larger share of the cost of their medical services incurred in such year. Subject to the limitations in section 1608, the $250 amount referred to in the preceding sentence may be reduced for any State if such State so elects; and in case of such an election the $400 amount referred to in such sentence shall be proportionately reduced.

"Enrollment Year

"(c) The term 'enrollment year' means, with respect to any individual, a period of 12 consecutive months as designated by the State agency for the purposes of this title in accordance with regulations prescribed by the Secretary. Subject to regulations prescribed by the Secretary, the State plan may permit the extension of an enrollment year in order to avoid hardship.

"Private Health Insurance Policy

"(d) The term 'private health insurance policy' means, with respect to any State, a policy, offered by a private insurance organization licensed to do business in the State, which is approved by the State agency (administering or supervising the administration of the plan approved under section 1602), which is noncancelable except at the request of the insured individual or for failure to pay the premiums when due and which is available to all eligible individuals in the State.

"Cost

"(e) The per capita cost of long-term illness benefits or diagnostic and short-term illness benefits for any year or other period shall be determined by the State, in accordance with regulations of the Secretary, on the basis of estimates and such other data as may be permitted in such regulations.

"Election of medical services to be provided by State

"SEC. 1608. Any election by a State pursuant to the provisions of clause (E) of paragraph (1) or the provisions of paragraph (2) of section 1602(b) or of the second sentence of section 1607(b) shall be valid for purposes of this title for any enrollment year or other period determined by the Secretary only if an election is also made by the State under the other of such provisions so that, in the judgment of the Secretary, the per capita cost of benefits under paragraph (1) of section 1602(b) and the per capita cost of benefits under paragraph (2) of such section for such period after such elections bear the same relationship to each other as the per capita cost of benefits under each such paragraph for such period without such elections bear to each other.

"Advisory Council on health insurance

"SEC. 1609. (a) There shall be in the Department of Health, Education, and Welfare an Advisory Council on Medical Benefits for the Aged (hereinafter referred to as the 'Council') to advise the Secretary on matters relating to the general policies and administration of this title. The Secretary shall secure the advice of the Council before prescribing regulations under this title.

"(b) The Council shall consist of the Surgeon General of the Public Health Service and the Commissioner of Social Security, who shall be ex officio members (and one of whom shall from time to time be designated by the Secretary to serve as chairman), and twelve other persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the civil service laws. Four of the appointed members shall be elected from among representatives of various State or local government agencies concerned with the provision of health care or insurance against the costs thereof, four from among nongovernmental persons who are concerned with the provision of such care or with such insurance, and four from the general public, including consumers of health care.

"(c) Each member appointed by the Secretary shall hold office for a term of four years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of the members first taking office shall expire as follows: four shall expire two years after the date of the enactment of this title, four shall expire four years after such date, and four shall expire six years after such date, as designated by the Secretary at the time of appointment. None of the appointed members shall be eligible for reappointment within one year after the end of his preceding term.

"(d) Appointed members of the Council, while attending meetings or conferences of the Council, shall receive compensation at a rate fixed by the Secretary but not exceeding $50 a day, and while 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 law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"Savings provision

"SEC. 1610. Nothing in this title shall modify obligations assumed by the Federal Government under other laws for the hospital and medical care of veterans or other presently authorized recipients of hospital and medical care under Federal programs.

"Planning grants to States

"SEC. 1611. (a) For the purpose of assisting the States to make plans and initiate administrative arrangements preparatory to participation in the Federal-State program of medical benefits for the aged authorized by title XVI of the Social Security Act, there are hereby authorized to be appropriated for making grants to the States such sums as the Congress may determine.

"(b) A grant under this section to any State shall be made only upon application therefor which is submitted by a State agency designated by the State to carry out the purpose of this section and is approved by the Secretary. No such grant for any State may exceed 50 per centum of the cost of carrying out such purpose in accordance with such application.

"(c) Payment of any grant under this section may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine. The aggregate amount paid to any State under this section shall not exceed $50,000.

"(d) Appropriations pursuant to this section shall remain available for grants under this section only until the close of June 30, 1962; and any part of such a grant which has been paid to a State prior to the close of June 30, 1962, but has not been used or obligated by such State for carrying out the purpose of this section prior to the close of such date, shall be returned to the United States.

"(e) As used in this section, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

"Technical amendment

"SEC. 1612. Effective July 1, 1961, section 1101(a)(1) of the Social Security Act (as amended by section 541 of this Act) is amended by striking out 'and XIV' and inserting in lieu thereof 'XIV, and XVI'."

The table of contents on page 4 is appropriately amended.

Mr. JAVITS. Mr. President, everybody knows that the issue of medical care for the aged is a very important issue before the country, and a great deal is going to be sought to be made of it in this political season. Unfortunately that is true, but it is a fact of American life, and that does not necessarily make it bad.

There is one question which I think must go out to the country, and go out crystal clear, and that is, What can become law? The people in our country now are becoming sophisticated enough to want the answer to that question as they judge a situation, and they have to judge the pending issue by a reply to the question, What can become law?

Well, Mr. President, I think the votes here will show that no one proposition is going to run away with all the votes, or even going to command enough votes to override a veto, whether it is my proposal or that of the Senator from New Mexico [Mr. ANDERSON].

The committee bill, standing by itself, may well get a very substantial vote, and there is little question that, unless something comes up in connection with the committee bill which we do not know about now, the President will sign it into law if he gets it.

One thing the President of the United States has made clear; he will not sign a bill for medical aid for the aged that is grounded on the social security system. He has said that on a number of occasions, and very clearly. The last time he said it was at his last press conference. I think by now we ought to take his word for it. At his last press conference, on August 18, 1960, he was asked this question and made the answer quoted:

Mr. President, this administration has prided itself on being budget conscious, yet it is sponsoring a medical care program for the aged that will make a sizable dent in the General Treasury, while the Democratic leadership, which has been criticized in the past on spending issues, is sponsoring a so-called self-funding plan, pay as you go, as they put it. Will you comment on that, sir?

The President said:

Well, I say this: I am for a plan that will be truly helpful to the aged, particularly against illnesses which become so expensive, but one that is freely accepted by the individual. I am against compulsory medicine, and that is exactly what I am against, and I don't care if that does cost the Treasury a little bit more money there. But after all, the price of freedom is not always measured just in dollars.

Anybody who knows Dwight D. Eisenhower, having heard a statement of principle, which is with him practically an article of faith, I think would be laboring under a very serious illusion, and would expect the American people to share a very serious illusion, if they expect he is going to sign into law a social security plan for medical care for the aged.

The President is a man of conscience. He has not gone for my bill, either; and the benefits which are contained in the bill are far more extensive than the benefits in the administration's approach and in the Saltonstall bill, which were testified to before the appropriate committee. There is nothing in my bill which runs counter to the fundamental precepts of the criteria which the administration has set, and therefore, it seems to me, I should specify those criteria.

Mr. CLARK. Mr. President, will the Senator yield, or does he desire to complete his speech first?

Mr. JAVITS. I yield.

Mr. CLARK. I understand my friend's devotion and loyalty to the President of the United States, and I respect him for it, but I wonder if the Senator from New York, who is a realist in these matters, does not agree that the most practical way to provide health protection for older people is by the use of the contributory machinery of the social security system for insurance covering hospital bills and other health aids. Is not that the practical way to do it?

Mr. JAVITS. I do not think so. I spent a considerable time on Saturday explaining why I do not think so. I answered a very distinguished colleague of ours, who I think asked very searching questions, the Senator from Wisconsin [Mr. PROXMIRE]. I shall be very happy to debate this subject again with the Senator from Pennsylvania, whom I not only respect but also love as a friend.

Perhaps if the Senator will permit me to make some of the arguments, he will be inspired to ask some questions.

Mr. CLARK. I do not desire to detain either the Senator or the Senate. I hope we can have a prompt vote upon the Senator's amendment. If the subject was gone into on Saturday when I was not present on the floor, I shall be glad to read the Senator's comments and not pursue the matter further.

Mr. JAVITS. I did not make the statement with any intention of shutting off the Senator. If any questions occur to the Senator, as he hears me make comments, I ask him to forget about Saturday. That is hard work. If the Senator will simply ask me questions, I shall be glad to try to answer.

I really feel very deeply about this proposal. In fairness to myself, though it may seem odd to the Senator that the approach advertised as the liberal approach is one with which I do not find myself in accord on this issue, I explain it as follows: I have been interested in this subject for a long time. I introduced a bill upon this question in 1949, with the cosponsorship, interestingly enough, of the Vice President, who was then a Member of the House of Representatives; of the Secretary of the State, who was then a Member of the House of Representatives; of the chairman of the Republican National Committee, who was then a Member of the House of Representatives; of the Senator from New Jersey [Mr. CASE], who was then a Member of the House of Representatives; and of the Senator from Pennsylvania [Mr. SCOTT], who was then a Member of the House of Representatives. The bill which was introduced adopted exactly the principle which is now contained in my proposal, which the administration has adopted.

Over all the years I have received a great deal of correspondence, I have engaged in a great many conferences, and I have done a great deal of research, on the matter. I have been on many television programs, on which I have been sharply cross-examined on the subject. Not content with that, with the enthusiastic cooperation of the College of Physicians and Surgeons, I sponsored and conducted a seminar on medical care for the aged at the College of Physicians and Surgeons of Columbia University the past spring.

All of these discussions and ideas—all of this fact gathering—over the years has led me to have some rather deep feelings upon this subject in terms of what I think is the proper way to accomplish what we desire.

In addition, I have had to answer to myself, to my own conscience, in terms of this issue, as to what is the proper way to proceed.

I wish to state, in fairness to my colleagues in the Senate, the fundamental rationale which has animated me in the matter. I feel there is a very real and very important sociological question involved in extending the social security system to include medical care. I do not make these remarks in terms of "getting the camel's nose under the tent," but I make them very seriously. No matter what we may do now with respect to the Anderson amendment, with its very limited benefits schedule and very strict conditions about age—for example, age 68—this represents an important departure in national policy. We are opening up the social security system to a new concept, to a new purpose of health care, which I think puts us essentially in a national health scheme. It is bound to go further. Perhaps it will be extended to all social security recipients, whatever may be their ages. We are starting a system, a form of organization, a type of approach to medical care needs, which I think will take firm root as a new departure in American life.

If I were convinced that is the only way to do it—since I am absolutely convinced we must have Federal legislation for the aged—then I think I would be in favor of it. Perhaps I am too much of an egghead for my own good, but my difficulty is that I have been unable to be convinced that there is not a way to do this which is quite consistent with the pattern with which we have run our affairs up to now, to satisfy fully everything one wishes to do so far as medical care for the aged is concerned, without going into the rather new sociological approach for us, which, in our country, does seem to be running counter to the grain of the way our people like to handle their medical care, their relationships with doctors and hospitals. I do not know whether this is the result of the size of our country or the result of the nature of our people, who are not as homogeneous as the British.

I think the social security approach will take us out of the mainstream of American life. In all fairness, this is the rationale of my thinking. Obviously, I have deep feelings. Obviously, I have thought about the subject a great deal, because I have been living with the problem for a long time. In a sense, the whole thing has caught up with me, rather than me catching up with it.

I explain that to my colleague, because I have so much deep feeling about the matter.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. JAVITS. I yield.

Mr. CLARK. Needless to say, I recognize the sincerity of my friend from New York as to his position. I also know he has thought long and deeply on this subject. I regret that while he and I are almost always in accord on objectives, we are occasionally in disagreement as to methods and procedures. This is one of those occasions.

I do not challenge in any way my friend's conviction or, indeed, his right to his conviction. Unfortunately, I simply happen to disagree with him. I think I have a little bit of support in his camp, because it is my understanding that the distinguished Governor of New York tends to agree with me rather than to agree with my friend the Senator from New York [Mr. JAVITS]. Is that not correct?

Mr. JAVITS. That is not quite correct.

Mr. CLARK. But almost correct?

Mr. JAVITS. I wish to make this clear, because the Senator is entitled to the benefit of whatever it means, exactly.

From the recent past the Senator knows, no matter what may happen, of my devotion to the Governor of my State, who I think is a very great citizen and whom I backed when many people thought I was foolhardy to do so. He and I do not agree on this matter as to the social security aspect, but I should like to point out, in fairness to him, that he, too, has a very important qualification with respect to the social security approach. He says that he wishes to follow the social security approach, but he desires an alternative, which is for the recipient to have cash, so that the recipient may buy health insurance or coverage if he so chooses. This is a very important alternative.

Governor Rockefeller thinks that this alternative changes completely the basic principle of what is advocated in the Anderson amendment. He may be incorrect, but, as I have said, that is what he thinks, I know that, because I have had discussions with him myself.

The Senator is absolutely correct and is entitled to all the benefit which comes to his argument from the fact that my own Governor, for whom I have so much regard, whom I backed so assiduously for so long, believes the social security approach is the better approach, with the important difference between his concept and the Anderson amendment—this is not in the Anderson amendment, and it may be considered by its proponents to be quite contrary to the amendment—that the beneficiary should have a cash alternative to enable him to buy private coverage.

Mr. CLARK. I point out to my friend that under Blue Cross, under Blue Shield, and under various private insurance policies, it is almost always customary for the insurance company to pay the cash to the doctor or to the hospital and not to the patient so that he may do so. It occurs to me that this is a distinction without much difference, so far as the views of Governor Rockefeller are concerned.

Mr. JAVITS. I think Governor Rockefeller's views represent a very serious difference, because it is quite a different thing for many plans to be negotiating on a local level with many hospitals and many doctors from the Federal Government paying out Federal checks for vendors' services. I think that is a very different thing. I doubt very much that my Governor would agree with the Senator's statement that it is not a serious matter. I think he would consider it to be very important. He has always made the point to me that it is very important.

Governor Rockefeller is not for the social security approach as put forward by the proponents of the Anderson amendment in the Senate. He believes it is the best plan, provided it has this alternative which I mentioned.

Mr. CLARK. That may well be the case. I do not wish to detain the Senator further. I shall now read assiduously the Senator's speech of last Saturday.

Mr. JAVITS. I thank my colleague.

Before I had my colloquy with the Senator from Pennsylvania, I was speaking on the question of what can be made law. It seems to me in respect of what can be made into law, the Senate does not have two alternatives. It has only one choice. May I emphasize that again. In respect of what can become law, the Senate does not have two alternatives; it has one choice.

We know now that another authority in our country which has a perfect right to pass upon Federal legislation has already declared as unequivocally as anyone could declare the unacceptability of a social-security plan of medical care for the aged. It seems to me the vote here will show that such a plan could not be passed over a veto. Certainly, our experience in the House of Representatives, if we needed any confirmation of that probability with respect to this bill, demonstrates it beyond peradventure. So those who would insist upon presenting the social security plan, anyhow, if it could ever complete all of its legislative steps, which is very doubtful in itself, will invite the President to veto it with full knowledge that it simply cannot become law, as all practical considerations appear to us now. I think that is a very heavy responsibility, a responsibility which I believe people ought to think over very carefully before they assume it, and which I think prospective beneficiaries will wish to think over very carefully as they assess the pluses and the minuses which result for the very extended debate on this issue.

On the other hand, perhaps one would be justified in saying "If that is the only way to get effective medical care for the aged, we shall try it. We shall force it. We shall do our utmost, anyhow. If the President vetoes, let him veto."

That is where I come in, because my amendment demonstrates that it is possible to follow the criteria which the President has laid down as meeting his views. I do not think any Senator will argue that the President is not sincere or does not have the same right to his views as we have to ours. The people elected him President, and that fact is one of the factors which must be considered in respect of legislation.

It seems to me the proposal I put forward to meet these criteria is the only one that has a chance—and I think an excellent chance—to become law, and to become law by virtue of the President's signature.

The four criteria laid down by the administration in the testimony of Secretary of Health, Education, and Welfare Flemming are: First, that the plan should be voluntary; second, that it should be financed in part by the individual; third, that it should be financed on the part of government by a Federal-State partnership; and fourth, that the financing by the Federal Government should come out of the general revenues. Those are the four criteria set down by the administration.

The criteria set forth in my amendment to be laid side by side with those are, first, that it is voluntary. It is voluntary, as I shall describe in detail in a moment. Second, that some payment should be made by the subscriber, which is provided, modest though that payment may be; third, it should result from plans administered on the State level, which it does; and fourth, that the financing for it in the Federal establishments should come out of the general revenue.

In addition to meeting these criteria, my plan goes one step further. It is the only plan before us in a serious way which gives preventive care to the beneficiary and gives first cost care to the beneficiary. In short, under my plan, the beneficiary can get the benefit of care which is not merely care for catastrophic illness; and, second—and very importantly—he can get care without paying anything himself when he is ill.

Even under the Anderson proposal, looking at it in practical terms, the subscriber must pay the first $75 of costs. Under my plan he pays no initial medical care cost whatever. I think this is an extremely important part of this program which is before us in terms of medical care for the aged, and well worthy of consideration, for this reason:

The evidence shows that about 90 percent of all people who are over 65 and who have a greater incidence of illness than others—and they do—do not call for catastrophic illness care or chronic illness care; on the whole their problems are problems of temporary illness. Although they spend more money than most people do for medical care, they spend more money because they are ill more often or they are ill for a longer time each year than people who are younger, but the overwhelming majority of them do not require catastrophic illness care.

These are the figures which bear out that point, and I think they are extremely important in our consideration of this bill. Only 10 percent of the 16 million aged citizens, that is, those over 65 who are hospitalized—9.8 percent to be exact—actually need to stay 31 days a year or more in the hospital. In short, 90 percent do not require long hospital stays. For those 90 percent the average hospital stay is 14 days; the median hospital stay is 21 days.

For the figures upon that subject we are indebted to an official survey entitled "Health Statistics, Hospitalization, Patients Discharged From Short-Stay Hospitals, United States," published by the U.S. Department of Health, Education, and Welfare. I ask unanimous consent that tables numbered 5, 14, and 15 of that factual survey may be made a part of my remarks.

There being no objection the tables were ordered to be printed in the RECORD, as follows:

TABLE 5.—*Number of patients discharged, number per 1,000 persons per year, and average length of stay by sex, age, and race: Short-Stay Hospitals, United States, July 1957–June 1958*

[Data are based on household interviews during July 1957–June 1958. Data refer to the civilian noninstitutional population of continental United States. Detailed figures may not add to totals due to rounding. The survey design, general qualifications, and information on the reliability of the estimates are given in app. 1. Definitions of terms are given in app. II.]

Sex and age	Number of discharges in thousands			Number per 1,000 persons			Average length of stay in days		
	Total	White	Nonwhite	Total	White	Nonwhite	Total	White	Nonwhite
Both sexes:									
All ages	16,738	15,473	1,265	99.4	103.3	68.2	8.6	8.4	10.2
Under 15	2,801	2,580	221	53.2	56.5	31.6	5.5	5.2	10.0
15 to 24	2,901	2,624	278	137.5	142.3	104.7	6.5	6.5	6.8
25 to 44	5,868	5,377	492	128.6	131.6	102.8	7.2	6.9	10.4
45 to 64	3,413	3,195	218	98.0	101.9	70.0	12.0	11.9	13.9
65+	1,754	1,698	56	120.9	125.7	55.9	14.7	14.8	12.2
Male:									
All ages	6,900	6,477	413	74.4	77.8	46.4	11.0	10.6	16.5
Under 15	1,591	1,483	109	59.3	63.6	31.1	5.3	5.0	9.6
15 to 24	610	570	40	62.2	65.5	32.4	12.0	11.7	15.4
25 to 44	1,408	1,286	122	64.3	65.3	55.8	10.9	9.8	22.5
45 to 64	1,570	1,458	112	90.8	102.2	74.6	13.7	13.4	18.2
65+	810	780	30	122.0	126.5	62.9	15.8	15.9	12.4
Female:									
All ages	10,648	9,797	852	123.2	127.5	88.3	7.2	7.2	7.2
Under 15	1,210	1,097	113	48.9	49.2	32.4	5.8	5.4	10.4
15 to 24	2,291	2,054	237	202.9	208.1	166.8	5.1	5.0	5.3
25 to 44	4,460	4,091	369	187.6	193.3	141.5	6.0	6.0	6.4
45 to 64	1,743	1,537	206	98.8	101.6	65.5	10.4	10.5	9.9
65+	944	919	26	118.9	123.1	49.5	13.8	13.8	12.0

TABLE 14.—*Percent distribution of patients discharged by length-of-stay intervals according to sex and age: Short-stay hospitals, United States, July 1957–June 1958*

[Data are based on household interviews during July 1957-June 1958. Data refer to the civilian noninstitutional population of continental United States. Detailed figures may not add to totals due to rounding. The survey design, general qualifications, and information on the reliability of the estimates are given in app. I. Definitions of terms are given in app. II.]

Sex and age	Length-of-stay intervals in days						
	Total	1	2 to 7	8 to 14	15 to 30	31+	Unknown
Both sexes:							
All ages	100.0	10.4	60.0	18.0	7.9	3.5	0.2
Under 15	100.0	23.0	54.7	10.0	5.2	1.9	.2
15 to 24	100.0	9.7	76.0	8.9	2.8	2.1	.5
25 to 44	100.0	6.7	70.3	16.1	4.8	2.0	.1
45 to 64	100.0	6.0	44.5	29.6	14.2	5.5	.2
65+	100.0	3.8	37.4	29.7	18.7	9.8	.6
Male:							
All ages	100.0	13.7	48.2	20.8	11.4	5.6	.3
Under 15	100.0	28.4	55.9	8.6	4.8	1.9	.3
15 to 24	100.0	14.9	57.0	15.2	4.9	7.2	.7
25 to 44	100.0	9.9	53.8	22.0	8.7	5.5	.1
45 to 64	100.0	6.9	40.8	28.3	17.5	6.5	.1
65+	100.0	4.2	31.7	31.6	21.6	10.0	.9
Female:							
All ages	100.0	8.5	66.8	16.4	5.9	2.3	.2
Under 15	100.0	27.5	53.2	11.7	5.8	1.7	----------
15 to 24	100.0	8.4	81.1	7.2	2.2	.7	.4
25 to 44	100.0	5.7	75.6	14.2	3.6	.9	.0
45 to 64	100.0	5.2	48.0	30.9	11.1	4.6	.3
65+	100.0	3.5	42.3	28.1	16.2	9.6	.4

TABLE 15.—*Number of hospital-days by sex, age, and length-of-stay intervals: Patients discharged from short-stay hospitals, United States, July 1957–June 1958*

[Data are based on household interviews during July 1957-June 1958. Data refer to the civilian noninstitutional population of continental United States. Detailed figures may not add to totals due to rounding. The survey design, general qualifications, and information on the reliability of the estimates are given in appendix I. Definitions of terms are given in appendix II.]

Sex and age	Length-of-stay intervals in days					
	Total	1	2 to 7	8 to 14	15 to 30	31+
	Number of hospital-days in thousands					
Both sexes:						
All ages	143,322	1,736	42,538	32,200	27,963	38,885
Under 15	15,530	785	5,841	3,008	3,190	2,705
15 to 24	18,936	282	8,928	2,711	1,731	5,283
25 to 44	42,045	396	17,945	9,652	5,853	8,198
45 to 64	41,002	205	6,837	11,140	10,127	12,694
65+	25,809	67	2,987	5,689	7,061	10,005
Male:						
All ages	66,743	832	12,600	13,862	14,968	24,481
Under 15	8,456	452	3,404	1,481	1,679	1,440
15 to 24	7,310	91	1,412	1,023	608	4,178
25 to 44	15,291	140	3,446	3,254	2,617	5,935
45 to 64	22,877	115	3,116	5,282	6,205	8,159
65+	12,808	34	1,222	2,823	3,859	4,870
Female:						
All ages	76,579	904	29,939	18,337	12,995	14,404
Under 15	7,073	333	2,437	1,527	1,511	1,265
15 to 24	11,626	192	7,516	1,688	1,124	1,106
25 to 44	26,754	256	14,499	6,399	3,236	2,363
45 to 64	18,125	90	3,721	5,857	3,921	4,535
65+	13,001	33	1,765	2,866	3,202	5,135

Mr. JAVITS. This information shows that for both sexes in the age group of 65 and over the average length of stay in a hospital is 14.7 days. It shows that 9.8 percent of those 65 and over spent more than 31 days in a hospital in any one year. It shows, furthermore, that this 10 percent accounts for about 40 percent of the total number of days spent in a hospital by all over 65. In other words, those over 65 spent 25,809,000 days in hospitals, and the 9.8 percent who stay over 31 days represent 10,005,000 of that figure, or about 40 percent.

This is extremely important as a factor for this reason: The Anderson program which is presented to us is essentially a catastrophic hospital program. It is essentially pitched to the person who must stay for a very considerable time under hospital care. It provides for 120 days of hospital care or 240 days of nursing home care or 365 days. or a full year, of general health services in the home.

If we are going to legislate a program which marks such a tremendous wrench from the traditional way in which our country has handled its medical care problems, we are at least entitled to the comfort of knowing that this is something essential to the overwhelming majority of our people over 65. But essentially the thrust of this program for long-term hospital care applies to roughly 10 percent of those over 65.

I cite as authority for this point the findings of experts who met in a seminar which I conducted with the College of Physicians and Surgeons in New York. I will key the Senate to the report of that very fine seminar, with the names of those who participated, who are probably among the most eminent doctors in the field of geriatrics in the United States.

That report showed that what was very desirable for our older people was preventive health care of the kind which is afforded by my amendment, and which is not afforded by the amendment of the

Senator from New Mexico [Mr. ANDERSON], without any invidious comment on that score, except to show the thrust of these particular bills.

It seems to me, therefore, that if we are architecturally to design a program—and certainly that is what we are trying to do here—for medical care for the aged, the least we should wish to reach in the first instance is the very broadest number of those who really need what we will provide. I respectfully submit that those who need it most in terms of the broadest number to be reached are those who will want preventive care, which is given by my bill.

I would strongly urge the Senator from New Mexico, for whom I have tremendous respect, and who is in the Chamber, to look at the report on the seminar which I conducted, and which is found at page 138 of the hearings entitled "Social Security Amendments of 1960." The part of the hearings on page 138 to which I refer is entitled "Conference on the 'Role of the Federal Government in Problems of Health and Medical Research,' Saturday, March 12, 1936, 9:30 a.m."

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

Mr. JAVITS. I yield.

Mr. BUSH. Does the Senator feel that the findings of the seminar to which he has called our attention are substantially in support of the Javits amendment?

Mr. JAVITS. Yes. We had set out to develop the principles which I have been espousing for many years. We sought to design an amendment rather expressly to benefit from this fine body of expert testimony.

Mr. BUSH. In the seminar, was the substance of the amendment carefully set forth, so the participants had a chance to consider almost exactly what we are considering here today?

Mr. JAVITS. That is exactly correct, with this exception, that we did not go into the detail of the number of days of care, but laid before the seminar the fundamental principles which I was espousing. The purpose was to find out whether it met the needs of the vast majority of the aged.

Mr. BUSH. Did they endorse the four general principles of the Senator's bill?

Mr. JAVITS. I would not say that. I would rather have the Senator come to his own conclusion.

Mr. BUSH. I mean as to the Federal-State participation principle.

Mr. JAVITS. It was based more on the substance of the program that would be needed to take care of the whole problem, rather than the machinery. I invite the Senator to read it, because he will find they really gave outstanding support to the program which we had and to the program of preventive care as being the prime point.

Mr. BUSH. Is this in the RECORD now?

Mr. JAVITS. It is in the hearing at page 138 and succeeding pages.

Mr. BUSH. I thank the Senator.

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

Mr. JAVITS. I yield.

Mr. ANDERSON. I am happy to have the able Senator from New York call my attention to the seminar and the results of the seminar. I may not have a clear recollection, but it seems to me that when I read about it most of those present at the seminar recommended the social security approach.

Mr. JAVITS. No; that is not correct. That was not my impression of the seminar.

Mr. ANDERSON. They did discuss the need for additional preventive medicine.

Mr. JAVITS. Yes.

Mr. ANDERSON. The only thing I got from it was that they preferred the social security approach; that they felt that was the proper approach.

Mr. JAVITS. Not at all. I did not get that impression. I would appreciate the Senator's pointing out to me where in the discussion there was any indication that the social security approach was to be preferred.

Mr. ANDERSON. Well, frankly, that was my impression that I gathered from it. I will have to check some more. I think that was the result. I can only commend the able Senator from New York for providing such a seminar. I took great joy out of the fact that it seemed to confirm my opinion.

Mr. JAVITS. I believe I am a fair kind of chairman, and that I tried fairly to summarize it. I would like to read to the Senator the last paragraph on page 143, which was the report at the time:

> In his summary, Senator JAVITS said that there could be health coverage for the aged in which the Federal and State governments would make some contribution as well as the individual concerned depending upon his income. Different plans for different States were indicated because of the widely different range of costs, standards, and available facilities. The Federal share in any plan might be covered by some form of tax, but appropriations out of general revenues—making the program voluntary for the individual rather than an added social security tax making it, in effect, compulsory—seemed indicated.

I do not wish to put words into the mouth of everyone who participated, or in any way tie them into backing the principle of my program or supporting my bill, but I did not think that at the time this matter was discussed I tried to not give a fair summary of the discussion at the conclusion.

I will say this to the Senator. I have little doubt that—if the Senator will look at the people who participated—anyone will say that this was a loaded seminar.

Mr. ANDERSON. I did not say that.

Mr. JAVITS. No. I have no doubt that among the many who were present, whether doctors or not—because some were specialists in the field, even though they were not doctors—some may have believed that the social security approach was preferable, or a better plan, to the one that I sponsored. I have little doubt about it.

However, I do believe that that is quite symptomatic of the discussion raging in the country.

When we were through I felt that the consensus was that the voluntary plan would preserve more eggs and break fewer eggs, and particularly that what they wanted was a plan which was heavily premised on preventive care. I believe the whole direction of the conference, and the remarkable competence of all those people, was directed toward an emphasis on preventive care.

Mr. ANDERSON. I call attention to the page opposite to the page from which the Senator has read.

I read from page 142:

> Dr. Steinberg made his own proposal which would earmark an increase in the social security tax for placement in a separate trust fund to provide hospital care for the aging in which the Federal Government would participate as it does now in the Hill-Burton Act.

Mr. JAVITS. That does not surprise me at all, because, without having read even through all these statements, I was positive that there were some persons who felt as the Senator feels.

Mr. ANDERSON. I am very happy to have the Senator discuss this point. I am happy, also, that he participated in such a fine seminar. I only say that there are many people who are very seriously concerned about a program which raises some question over a means test, because that rules many of them out.

Mr. JAVITS. I would like to talk about the means test, if I may. We are faced, in the discussion of the bill, with a very interesting anomaly. It seems to me that the position of the two political parties has been almost completely overturned and reversed in a very interesting way. It may have some bearing on the merits of our respective approaches. I might say to the Senator that no matter how he or I may vote on this matter, he will sleep well and comfortably, and so will I, because I believe that the Senator from Michigan [Mr. MCNAMARA] and the other Senators who joined with both of us have immeasurably moved our parties along this road to the point where the aged will be well cared for no matter which amendment we vote tomorrow. I am positive both parties' business is going to get done. I am just as certain of that as I am that I am standing here today. So I think none of us has to apologize for our roles.

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

Mr. JAVITS. I yield.

Mr. LAUSCHE. To make the record complete about what was said at the seminar, I think there ought to be read into the RECORD several sentences following the sentence quoted by the Senator from New Mexico. If the Senator from New York will permit, I should like to read what follows:

Mr. JAVITS. I shall be delighted to have the Senator from Ohio do so.

Mr. LAUSCHE. I read from page 142 of the hearings:

> Dr. Steinberg explained that his approach differs from the Forand bill in that the Government does not pay for hospital service as such but purchases voluntary health insurance on an actuarial basis. However it does make coverage mandatory since the Government would buy Blue Cross insurance for the aged.

Dr. McGuinness recommended that the cost for such program come out of general revenue or out of a compulsory tax. Dr. Rappleye warned against Federal participation and said that Dr. Steinberg's approach had been rejected in LaGuardia's administration. Dr. Bourke cautioned against the purely welfare approach to the problem and called again for an integrated community health program in which the contribution to the system would come out of the general revenue.

I assume, then, on that diverse approach, that the Senator from New York made his final summary, which he read a moment ago.

Mr. JAVITS. The Senator is exactly correct. I think it is fair to say that if we tried to nail these doctors down—and even the other individuals there—as to whether they were for or against the social security approach or were for some other approach, we would be doing an injustice to the purpose of the seminar.

The purpose of the seminar really concerned the kind of health care which would be the optimum for older people. That is, after all, what they were most competent to judge, rather than the sociological, political, and governmental implications of how it shall be done.

The only point in respect of which I cited the seminar as an authority is the point that preventive care is, in the view of these outstanding experts, the No. 1 priority, in their view, for a medical care plan for the aged. I tie that to my bill in pointing out that my bill does give the prime emphasis to preventive care, and to first-cost care, that, therefore, being preventive care. I think that is very heavily borne out and substantiated by the seminar, and I have cited the seminar as authority for that proposition rather than the proposition that it shall be done through social security, which is more or less our argument rather than the argument of the doctors. I would not want to bring the doctors into that particular hassle, as to which their competence would not be superior to that of any Member of this body, as I am sure they would be the first to agree.

I shall finish the argument which I began, and which I should like to reconstruct somewhat, so that we may keep its lineaments. I started by saying that what we who are deeply interested in this subject, are interested in it, considering the division of voting and considering the strong position of the President, a President who, we know, does not know any curlicues in the political game, and has told us what he will do. I think everyone will agree upon one thing he will do. This raises, then, a very serious question that if we want to act now, we must act in accordance with reality on some of these principles. I point out that my program follows some of those principles, and I am engaged in demonstrating that, because there is adequate coverage for our older citizens, and that, therefore, a departure from that principle is unnecessary.

Then I shall go into the factors of the cost of administration, and the arguments pro and con; then to the question of a Presidential veto, and point out that even if this Chamber should send to the other Chamber the social security approach, we must remember that the other Chamber has already acted quite contrary to that approach in the bill it adopted; and that before there could be a law, even if we sent our bill to the House, there would simply have to be an agreement with one of the legislative Chambers, which has hardly shown itself, so far, to be congenial to the social security formula. Hence we have not only the Presidential situation, which is serious enough, but also the need for concurrence by the other Chamber, which I think is equally serious and at least equally valid.

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

Mr. JAVITS. I yield.

Mr. BUSH. The conclusion seems inescapable, then, that the social security approach would probably never get to the President in this Congress.

Mr. JAVITS. It is very doubtful, to say the least, and one does not have to guess about that. The record is replete with such views.

Mr. ANDERSON. Mr. President, will the Senator yield at that point?

Mr. JAVITS. I yield.

Mr. ANDERSON. The Senator from New York was a Member of the other body, as I was. He knows that the Committee on Ways and Means has the power to report bills under a closed rule; and when a bill is reported that way, there is not a thing in the world that a Member of the House can do about it.

Mr. JAVITS. The Senator from New Mexico and I have both served in the House and have also seen the House turn down a rule, on occasion, or amend a rule.

Mr. ANDERSON. I know; but I can count on the thumbs of one hand the number of times I have seen the House reject such a rule.

Mr. JAVITS. That is exactly correct. I am glad the Senator said that, because he is a man of much greater experience than I am, having been a Cabinet officer as well as a Member of the House.

We all know that this is a highly political issue, on which, if ever the House was going to undo the closed rule, as we call it technically, they will do it. But apparently there is not enough muscle, in terms of votes, behind the idea that after a closed rule—and the House did accept a closed rule, notwithstanding the fact that the Forand bill, as the Senator knows, which was the bill they were considering there in very much the same form as we are here considering the amendment of the distinguished Senator from New Mexico, had been an issue which had been very hotly pursued by many people throughout the country. Nonetheless, the House Members went along with the rule on a very limited bill. It seems to me that was the vote on the Forand bill. I am not claiming it as that, but it seems to me that, for all practical purposes, that was so, and every Member knew it when he voted for the closed rule.

Mr. ANDERSON. I simply suggest to the able Senator from New York that time after time we voted on the floor together on positions we knew were just as hostile as they could be to the rules of the House of Representatives. I also remind him that it was not too long ago that a bill came from the House of Representatives which concerned certain financial matters, especially interest rates. The Senate went ahead and passed what we thought was desirable. Some of the items found their way into the law.

So, much as I have respect for the other body, and as fine a committee as I think the Committee on Ways and Means is—and I had the pleasure to serve on it—I think also that the Senate should do its best, and trust the House to do a good piece of work along with us.

Mr. JAVITS. The Senator from New Mexico has made, in his usual splendid style, the classic argument for doing what the Senator recognizes we should do. I think, also, that we who are considering the matter have a right to look at the actualities, especially in this season, remembering that we are at the tail end of one Presidential administration and are about to embark on a very sharply contested, exceedingly important presidential campaign. We are faced by a very unusual set of circumstances which does not happen very often, and does not happen, certainly, in connection with our normal considerations; and we will pass a bill and hope for the best.

Today, under the circumstances I have described, and which all the world knows, we have to take a pretty careful look at what we are doing in terms of its projection into law. It may prove to be very improbable and extremely prejudicial for us, on far more grounds than are concerned on the bill, to go forward and say, "OK. We will pass this bill, whether it becomes law or not, knowing full well that when we vote for it, it will not become law, and that the chances are very much against its becoming law."

I do not think the classic argument on that score is applicable to the existing situation, unless one wishes to wear blinkers; and I do not think the overwhelming majority of the Members of this body want to wear blinkers. I believe that all of us realize that regardless of what is done on this floor, this issue will be a major issue in the political campaign and will have large overtones and will be of importance in our history, and even in the history of the world.

So I believe that even those who believe that, in addition to working on these major issues, we should concentrate our attention on the issues of war or peace, will agree that this measure and similar ones must be considered to be on the most important level.

Mr. COOPER. Mr. President, will the Senator from New York yield.

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). Does the Senator from New York yield to the Senator from Kentucky?

Mr. JAVITS. I yield.

Mr. COOPER. Mr. President, I wish to say that I join the Senator from New York in supporting his amendment, and I also join him in his concern in regard

to meeting the problems of medical care.

In addition, I am concerned—as are many of the people of the Nation, in my opinion—that the problem involved in this issue and the problem of providing medical care for the aged—and these problems must be solved—have become a sort of football in the political campaign. I suppose that cannot be avoided; and I suppose that when these bills are before us, we must vote on them.

I do not say that in criticism of the Senator from New Mexico [Mr. ANDERSON], because year after year and month after month he submits very worthwhile measures.

But certainly it is rather cruel to the older people of the country, who are seeking some congressional action in this field, that an issue of the importance of this one has become a political football in connection with the campaign. I think that is very bad and indeed regrettable.

Mr. JAVITS. Certainly the Senator from Kentucky always voices both his own conscience and the conscience of a great many of us; and I, too, deprecate the political situation in connection with this issue.

The bill which provides for medical aid to the indigent who cannot meet their medical bills will, if enacted, go into effect on October 1 of this year. That will be a real step forward; and certainly both parties have progressed a long way on this road. It seems to me that both parties are materially committed to providing material help and an excellent standard of care by the Federal Government to those over 65 years of age.

However, it seems now that this issue will become involved in a political wrangle in the country. I join the Senator from Kentucky in deprecating that situation. It is most regrettable, indeed, that this issue will be on the political bargain counter; and I am very grateful that the Senator from Kentucky [Mr. COOPER] and many of our colleagues have the feeling that this issue dates back to 1949, when this subject, in terms of health care, was before the Congress.

Mr. DIRKSEN. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. DIRKSEN. If the Senator from New York will yield, I should like to ask that the yeas and nays be ordered on the question of agreeing to his proposal.

Mr. JAVITS. Mr. President, I, too, request that the yeas and nays be ordered on the question of agreeing to my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. McNAMARA. Mr. President, will the Senator from New York yield for a question?

Mr. JAVITS. I yield.

Mr. McNAMARA. From the remarks of the Senator from New York, I understand that he is firmly of the belief that the President will veto any bill which takes a social security approach. Both the Senator and I are very much concerned about that. The Senator from New York states that his bill will cost the Federal Government approximately $450 million a year.

Mr. JAVITS. I used that figure, and in a moment I shall go into detail and shall explain both the upper limits and the lower limits.

Mr. McNAMARA. And the cost of the amendment to the States will be an equal amount, will it not?

Mr. JAVITS. That is correct. The upper limit is approximately $460 million; the lower limit is approximately $320 million.

Mr. McNAMARA. The so-called Kerr-Frear bill would cost $300 million, would it not?

Mr. JAVITS. $200 million is the estimate set forth in the report.

Mr. McNAMARA. But I understand that the cost the first year will be $300 million, and thereafter the cost will drop.

In short, we arrive at a figure of approximately $750 million.

Mr. JAVITS. No; a figure of $650 million.

Mr. McNAMARA. Does not the Senator from New York think the President would as readily veto a bill which called for that expenditure?

Mr. JAVITS. No, because—although I do not have inside information—I have read to the Senate what the President said. At his press conference of the other day—the last one he held—he said:

> Well, I say this. I am for a plan that will be truly helpful to the aged, particularly against illnesses which become so expensive, but one that is freely accepted by the individual. I am against compulsory medicine, and that is exactly what I am against, and I don't care if that does cost the Treasury a little bit more money there. But after all, the price of freedom is not always measured just in dollars.

Mr. President, given the principles covered by my amendment—and they are principles the administration has been for—and notwithstanding the fact that extra cost is involved and the fact that the benefits under my amendment will go considerably farther than the administration has gone, it is my belief that the President would sign a bill of that kind.

Mr. McNAMARA. Mr. President, will the Senator from New York yield for another question?

Mr. JAVITS. I yield.

Mr. McNAMARA. I read in today's newspapers, with considerable interest, that the Vice President approves that approach to the solution of this problem. Does the Senator from New York have the Vice President's assurance about that, or is it just newspaper talk?

Mr. JAVITS. I do not think it is newspaper talk, at all. I stated to the press that it was my understanding that the Vice President supported this approach. I understand from the press that that was subsequently confirmed, in his behalf. I have no doubt whatever as to the validity and the substance of that support.

Mr. McNAMARA. That is very interesting.

Mr. JAVITS. I thank the Senator from Michigan.

Mr. President, I come now to the details of my amendment. I have already dealt with the broad outlines of the philosophy which underlies the amendment, and I have dealt with some of its historical background.

My amendment provides that any State—any one of the 50—may bring into the Federal Government's program a plan for giving health care to its older people, which plan shall apply to those 65 years of age or older who otherwise would not be benefited by this bill. In other words, they are not in receipt of old age assistance and they are not medically indigent. All over 65 years of age whose income does not exceed $3,000, in the case of an individual, or $4,500, in the case of a couple, will be eligible to come under a State plan, regardless of whether they are eligible for social security. I point out that the age provision in my amendment is 65, as against 68 in the Anderson amendment.

The potential number of persons who are eligible under my proposal is 11 million. I should like to account for these figures and also for the income brackets concerned.

There are 16 million people in the country who are 65 years of age or over. Of the 16 million, 2,400,000 are on old age assistance. It is estimated that between 500,000 and 1 million, in every year, will be the beneficiaries of the medical indigents aspect of the committee bill—the so-called Kerr-Frear plan. That makes a total, in round figures, of approximately 3 million, let us say.

That leaves 13 million people who are aged citizens. Again, it is estimated that of those 13 million people, approximately 2 million will, for one reason or another, whether by virtue of high income or for other reasons, fall outside the purview of my amendment, leaving 11 million eligible.

The 2 million figure is a rather interesting one. Obviously it must be an estimate. Based upon what we know about income limits, for example, we know that of the 16 million older citizens, only 4 million pay an income tax. But the 2 million is a very interesting figure because it is exactly the number of those who are entitled to social security, but do not draw it because they report greater earnings than those permitted by the social security law. So that we get a fairly compensatory relationship in respect of the people who are excluded, except when we get into the 65-68 category, because that cuts down the potential of the Anderson amendment to about 8¼ million.

I think this is a very serious and a very important point, because the potential under my amendment is then 2¾ million more merely by virtue of this age limit.

The age point is a very important point in assessing why it is more desirable to have a plan like mine than the social security plan. We are constantly inhibited in the social security plan in terms of costs, because we do not want the social security taxes to get out of line. Under the social security taxes, a burden is put on only 60 percent of the income of the individuals of the country.

I started to develop this point before: As between Democrats and Republicans—the whole world is turned topsy-turvy—the Democrats are for a program, on the whole—I do not say every one of them will vote that way—which puts this responsibility on the part of the population which is in the lowest income level, and only on part of the population. Hence, it becomes subject to the very argument which has been made here so often against the sales tax as a method of financing the Federal Establishment. The social security tax is put on about 70 million payers who are responsible for 60 percent of the income. On the other hand, my plan puts the responsibility on the totality of the income of persons who pay income taxes, because it comes out of the general revenues, and therefore spreads the burden widely and upon the basis of ability to pay, rather than on the basis of wage brackets, which come into consideration under social security. It seems to me in this case the roles of the parties have been reversed, and in quite an extraordinary way.

To continue the description of my amendment, a State, therefore, brings in a plan covering the people whom I have described as the ones who are eligible. Here are the only restrictions which are placed upon that plan by the amendment. The plan must give three options: The option of preventive care, the option of catastrophic care, the option of enabling the individual to participate in the purchase of a health insurance policy of his own.

Those options are mutually exclusive. the individual is entitled to take one of the three. Under his first option, the option for preventive care, the Federal Government participates in financing the cost between a minimum limit of care and a maximum limit of care. The minimum limit of care gives the beneficiary 12 home or office visits by a physician—incidentally, the only one of these plans which gives direct physician service. Second, it gives the individual the first $100 of ambulatory diagnostic laboratory or X-ray service. It gives 24 additional home health care services as prescribed by a physician and when necessary; 21 days of hospital or equivalent nursing home care. I say "when necessary" because the amendment provides it shall be done on certification of a physician as necessary.

That is the minimal package. We estimate that that package will cost, taking the country as a whole, and based upon 75 percent participation, in actuarial terms, $90 per person per year.

The maximum package of preventive care calls for physician's services 12 days, office and home; inpatient hospital services, 45 days; unlimited ambulatory X-ray and laboratory services; unlimited organized home health care services; and skilled nursing home services, 135 days.

This is an extremely valuable and a very substantial coverage for the individual, on a first-cost basis, with heavy emphasis on its preventive character.

We estimate that package, and I have worked out these estimates with the Department of Health, Education, and Welfare, will cost $128 a year per person covered.

The Federal Government will participate overall to the extent of 50 percent of the cost which is involved within those lower and upper limits of a minimum and maximum plan in the preventive care package, and the $450 million cost for the Federal Government, which I have figured is the cost of the maximum package for individuals covered.

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

Mr. JAVITS. I yield.

Mr. BUSH. In estimating the $90 cost per person covered, and the $128 cost per person covered under the second option, is it assumed, in arriving at those figures, that all who are eligible will participate in this plan?

Mr. JAVITS. No. The Department of Health, Education, and Welfare told us 75 percent is the fair estimate to assume in considering plans of this character. So all our figures are based on 75-percent participation.

Mr. BUSH. I thank the Senator.

Mr. JAVITS. We come now to the second option.

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

Mr. JAVITS. I yield.

Mr. LAUSCHE. I am studying the amendment offered by the Senator from New York, and I am trying to get organized in my mind which of these sections deals with the minimum plan and which deals with the maximum plan. I am looking at page 4.

Mr. JAVITS. The minimum plan starts on page 2, under the heading, "State Plans"; and the actual minimum services are set forth on page 3.

Mr. LAUSCHE. Subsection (A)?

Mr. JAVITS. Yes; subparagraphs (A) to (D), inclusive.

Then there is the second option, which is set forth on page 4.

Mr. LAUSCHE. Beginning on line 5?

Mr. JAVITS. Yes. The third option is set forth on page 5, beginning at line 13.

Then we find the upper limits of these plans; and I will have one of my assistants check it out and we will key the Senator to them.

Mr. LAUSCHE. I thank the Senator.

Mr. JAVITS. Mr. President, I come now to the second option, which is the catastrophic care option. I should like to point out, before I leave option No. 1, which in my opinion will prove to be the most popular option should the plan be adopted, that option No. 1 gives very extensive benefits both in the minimum and the maximum packages, and particularly in the maximum package. It gives very large benefits to the individual which start at once. There is not any deductibility; that is, no sum which the beneficiary needs to expend. There is not any coinsurance; no expenditure the beneficiary must contribute to the aggregate expenditure. It is absolutely first care cost available immediately for a person who is ill and needs any one of these services or any combination of them.

The one thing which I wish to emphasize about the first alternative is the fact that I think it deals very intelligently with a problem of tremendous importance to the States; the problem of overutilization of hospital and other institutional facilities. I cannot begin to impress upon my colleagues the critical importance of this point. It will be noticed that the Anderson plan—as is true of the McNamara plan, the Forand plan, and others—is essentially a hospital plan. These plans give varying degrees of coverage in hospitals.

I think these plans give far more extensive degrees of coverage than experience indicates to be required, at the cost, therefore, of reducing other types of coverage which would be extremely helpful to those who are aged. In any case, there is substantial hospital coverage.

Mr. President, almost anywhere in the country—North, South, East, West, and certainly in the big cities—people can check for themselves as to the experience of getting into a hospital. What will be our situation, Mr. President, when 8¼ million people 68 years of age or over find that the only way in which they can get free service is by an extended stay in a hospital?

Mr. President, we know our country very well. Does anybody believe honestly that our hospitals will stand up under this burden until at least a tremendous amount of construction and development is done to bring them abreast to the demand? In our country, with 100 Senators and 437 Representatives, we can imagine the clamor which will go up from our older people if a bill has been passed and signed into law for their benefit, under which they can go to a hospital if they are social security recipients or eligible for social security, yet they find, when the time comes to go to the hospital, they cannot get in and have to wait in line—and for God knows how long?

Mr. President, I can think of few things which could turn out to be as cruel or disillusioning as that. I yield to no one with respect to my interest in providing a medical care plan which the aged can enjoy, which will do them some good. In addition, nothing else will raise such a backfire of opposition to the medical care plan, so as possibly to destroy it before it gets off the ground. By doing this, we may defeat the program.

Be it said to the credit of all those who say, "Let us have a pretty good look at this thing," this is one thing I certainly hope we shall have a very good look at before we break the backs of the hospitals, which are already heavily overtaxed, by placing a premium, as we would, upon an extended stay in the hospital. I think that is a most important point with respect to anything we do. I hope very much it will have the serious consideration of my colleagues.

Mr. President, as I said, the second alternative in my plan is to pay for the cost of long-term, catastrophic, or other expensive illnesses. This alternative plan provides for a minimum of 120 days of hospitalization, up to a year of skilled nursing-home services, and organized home health care services. It provides for surgical services in the hospital. All

of these are provided to the extent of 80 percent of the cost after expenses of $250 for any or all of such services in any one year are incurred.

In the second option, the catastrophic illness option, we do have the coinsurance, and we do have deductibility. I point out on the issue of deductibility that the Anderson plan has deductibility to the extent of $75. Second, I point out that I have set forth in terms of the second alternative the minimal package.

A State has the right to propose a package which is not less than the minimum, but it may also go to a very attractive maximum. I shall detail the maximum package in a minute.

The brackets of cost, as we estimate them now, are $90 for the minimum and $128 for the maximum for each beneficiary each year.

Mr. President, the State can, in lieu of improving its package to the maximum, utilize the additional money which it can get from the Federal Government and which it contributes to reduce the $250 deductibility. There is absolutely no inhibition on any State which prefers to make its minimum and maximum packages come closer together, in terms of benefits, and prefers to utilize the Federal contribution and the State contribution in order to reduce the $250 deductible item. That is a very important point, since it will give great flexibility to the States.

If, on the other hand, a State chooses to have the maximum benefits, to which the Federal Government contributes, without reducing the $250 deductible provision, keeping the 20 percent coinsurance, then it can get the following benefits in its plan: Hospital care for 180 days, skilled nursing home care for a full year, organized home care services for a full year, surgical procedures of all kinds, laboratory and X-ray services up to $200 a year, physician's services, dental services, prescribed drugs up to $350, private day nursing, and physical restoration services.

Mr. President, there simply could not be a more attractive package of benefits than that. It is far more attractive than anything which is offered to us in the Anderson plan, or in the Forand plan, or in the McNamara plan, or in any other plan.

Mr. President, this is a perfectly feasible option for the individual or the family which is not very much worried about the first $250 of cost in respect to an illness. These may be people of modest means, who can find $250 to look after themselves. What they are really worried about is a catastrophe which might hit a member of the family, to lay him up for a long period of time. This comprehensive illness package is fantastically good on that particular issue.

The third option is the option to draw up to $60 a year as 50 percent of the cost of any medical care policy or health insurance policy which the individual might want. That represents the third option under the bill.

How would the subscriber fare with respect to it? The proposal would adopt the principle of requiring the subscriber to pay a modest fee in order to join in the plan. Taking the lower and upper limits of the packages which I have described, that fee would range from $9 to $12.80 a year for each person covered. That is not a great deal, Mr. President. I do not use the "great deal" in absolute terms, for people of substantial earnings. I use it in terms of those very modest income persons who are concerned.

Mr. President, this would give the individual subscriber a sense of participating directly, a sense of a dignified partnership in respect to such a plan as this. It would give him an interest in the plan in terms of its operation, in terms of its cost, and in terms of its general conduct both for him and for others who might be covered.

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

Mr. JAVITS. I yield.

Mr. BUSH. Will the Senator repeat for me the fee he mentioned?

Mr. JAVITS. The fee is 10 percent of the cost of the package of coverage. The cost, in which the Federal and State governments participate, ranges from $90 to $128 as it is now provided in the proposal. That would mean the yearly cost for each subscriber would be somewhere between $9 a year and $12.80 a year.

Mr. BUSH. So the subscriber would be paying on the order of 10 percent of the total cost?

Mr. JAVITS. That is exactly correct.

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

Mr. JAVITS. I yield.

Mr. COOPER. Perhaps the Senator has elaborated on this point already. If he has not, I should like for him to state in his speech the facts upon which he has determined that the cost per person under his minimum plan would be $90 a year, and that the cost under the maximum plan would be $120 in one case and $128 in another case.

Mr. JAVITS. May I correct the Senator to say that it is $128 in both cases?

The costs are ascertained by extensive surveys made by the Department of Health, Education, and Welfare, and they are authoritative figures from a governmental agency which, without in any way affecting whatever might be its position on the proposed legislation, did the actuarial job of ascertaining the cost.

Mr. COOPER. Is any assistance in ascertaining the estimated cost to be gained from comparisons with the charges of private insurance?

Mr. JAVITS. Yes; I am sure that in coming to its estimate of figures the Department had available the actuarial experience of insurance companies, cooperatives, and group practice units, organizations, such as the Health Insurance Plan of New York, HIP, and other plans of that character. A very extensive body of experience is now being built up by the Federal Government health plan, which incidentally bears far more similarity to the plan that I propose than to a social security plan. It also provides for options, requires participation by the subscriber, and so on.

I believe there is very little challenge to be found in the validity of these cost figures. I believe HEW has done an excellent job. I am sure they have given the very same estimates to the Senator from New Mexico [Mr. ANDERSON] and others concerned as they have given to me. I believe this can be taken as an authoritative basis upon which we may proceed.

In terms of the overall cost of the plan, if the entire potential of eligible individuals subscribed or, let us say, 11 million, we would have a contribution by individuals of roughly 10 percent of the whole package of cost. So it is easy enough to figure that costs would then be in the area of $1 billion.

It appears to me that my plan contains a highly desirable type of participation, by which the subscriber himself would have a feeling that he belonged. I like that idea very much. It has been pointed out, for example, that as the years go on, the individual payer of social security under the social security plan will ultimately come into his own in terms of collecting the benefits in respect of medical care.

I respectfully submit that that is not going to be true for a very considerable time, because Senators will remember this tax will be levied upon everyone who pays social security taxes, no matter how young, and that at least for some time many of those who will be getting the benefits will not have paid social security taxes for it, because if that plan is successful, it will go into effect now or next year or some time near to now.

I still respectfully submit that when we come to a medical care plan, which is susceptible to so many problems, difficulties, irritations, frustrations, and dissatisfactions, the current participation, the fact that the individual beneficiary will be paying out a few dollars—say $9 or $10 a year in order to obtain coverage—is a very strong point in its favor. Participation gives the plan a character and body within the content of existing operations in the medical care field, which should I think be gratifying to the individual, and should therefore enhance the quality and character of the way in which this whole operation is administered.

I believe that one of the very strong points of my plan is that we would not in a sense lay aside the enormous structure of insurance, cooperative plans, group practice units, and pension plans now in existence.

For example, some retired teachers were in the other day studying the proposed plan, and with the greatest sympathy, because under my amendment we do not propose to discard every other plan, and to make or plan a big national system. On the contrary, my amendment provides various types of coverage, which make it attractive for people to carry some coverage on their own.

We would also open to every State the opportunity to contract with existing insurance plans and existing health plans to give a package of coverage somewhere between the minimum and the maximum. If that action cannot be accomplished, we give the State the flexibility,

to put such a plan into effect itself. My plan is far more accommodating to that approach than is the social security approach.

Let us remember that 127 million Americans, well over 70 percent of the population, are now actually covered by some form of health or medical care in a private sense.

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

Mr. JAVITS. I yield.

Mr. BUSH. The other day I observed in the newspaper an article which stated that the distinguished majority leader had referred to the so-called social security plan, the Forand-type approach, as being a pay-as-you-go plan. Is it not true that the plan of the Senator from New York is also a pay-as-you-go plan?

I ask the question because as we use the pay-as-you-go definition in ordinary municipal and State finance, we contrast pay-as-you-go through taxes as against borrowing and then paying back later. That is the classic definition of pay-as-you-go. It seems to me that this plan is as much a pay-as-you-go plan as the social security approach, because it involves no borrowing. The taxes are raised in the same year that they are presumably paid.

It is the intention of the Senator from New York that it should be that way?

Mr. JAVITS. The Senator is correct. My plan is far more qualifying under the orthodox concept of what is meant by pay as you go than is the social security plan, because when one says "pay as you go," he contemplates current general revenues being utilized for governmental expenditure.

Mr. BUSH. Exactly.

Mr. JAVITS. To say that social security is pay as you go is something of a euphemism. The term falls outside the context of what we usually mean when we say "pay as you go," because the taxes, for example, are direct taxes. I pointed that out before. They come from those who are not the recipients of the benefit, in the main. They come from those who may ultimately receive the benefit.

In addition, I think the entire social security establishment—and the Senator from New Mexico [Mr. ANDERSON] is a far greater authority on this subject than am I—has complex problems in it as to financial viability, return on investment, and different types of trust funds. It seems to me that pure pay as you go, as we define the term, to mean when we work for the benefit, or we feel a certain thing ought to be pay as you go, means pay as you go out of general revenue appropriations. I am not challenging the right of the Senator from New Mexico [Mr. ANDERSON] and his colleagues to claim that they have a form of pay as you go, but I certainly do not feel that it is fair to say that theirs is a pay-as-you-go plan and mine is not.

Mr. BUSH. That is exactly the point I wish to establish, and I thank the Senator for confirming my feeling in that respect.

Mr. ANDERSON. Mr. President——

Mr. JAVITS. I yield to the Senator from New Mexico.

Mr. ANDERSON. I wish to say, first of all, that I would not enter into a controversy with the Senator from New York on the question of what is pay as you go and what is not pay as you go. I merely remind him that under his plan $450 million must come from the States. The States must get that from their taxes, and that usually means increasing the sales tax, which falls hardest of all on the working classes.

Not long ago the Senator from New York came to the Senate with a proposal which appealed to me very much. It had to do with the repeal of telephone tax. He felt that the telephone tax should be repealed as a Federal tax, and that the telephone tax should be an available tax to the States. I must say that it made a great deal of sense.

We had some problems, of course, which arose in the Committee on Finance, which did not make it quite workable.

The great difficulty I have found with the Senator's program—and I say this in all kindness—is that many of the States are having great difficulty in this connection, in not being able to meet all the demands on them. The fact that the great State of New York came here asking for the repeal of the telephone tax indicated that the State has problems. When we start to say to the States, "Bring us another $25 million or $50 million of money for the operation of this medical plan," we are running into some difficulties there.

Mr. BUSH. Mr. President, will the Senator from New York yield, so that I may comment at this point?

Mr. JAVITS. I yield.

Mr. BUSH. I cannot weep too many tears over the good State of New York, because it has contemplated a tax reduction of 10 percent next year, as a result of the substantial surplus it has acquired under Gov. Nelson Rockefeller.

Mr. ANDERSON. I have commended Governor Rockefeller for that. I have also commended him on favoring the direct social security tax approach in connection with the proposal before the Senate. So we are able to commend him both ways, and quite properly so.

Mr. JAVITS. I would point out that the social security tax will fall on those in the lower income brackets without any participation by the general public who pay taxes, either to the States or to the Federal Government.

I introduced a schedule in the RECORD on Saturday, which I know the Senator from New Mexico will examine, if he has not seen it already, showing that there will not be a very appreciable burden on the States in terms of the plan. The RECORD indicates that in respect of these health matters, for which there is an important public demand, the States always find ways and means of entering into these programs.

I have introduced in the RECORD previously, and will again today, the analysis which shows the adherence to Federal-State programs in the health field as being very rapid in the first year—all the States come in—and the desirability of State participation is so great in terms of citizens of every State that there is a real case to be made for the States joining.

Perhaps the Senator from New Mexico was out of the Chamber when I mentioned this earlier. There is such a great diversity of medical facilities in the various States that, quite apart from what the Senate may do on his measure or mine, I am deeply concerned by the fact that we will be giving an offer of universality to older people about which they may find themselves clearly disillusioned, when we think of the fact that under the Senator's amendment a long-term stay in the hospital is possible for many people who are newly come to it, out of the eight and a quarter million of the potential which the Senator thinks would be covered, and the fact that that is a free benefit—and I say this honestly, and no one need to be a malingerer, although we have our share of them—there will be an inducement to go to the hospital for almost anything.

I am frankly worried about the impact upon our facilities. I question whether most of the people will not be very unhappy with us—myself and the Senator from New Mexico—because we cannot deliver what they think they can have tomorrow afternoon at 5 o'clock. He is a Senator of conscience, and it is a very serious point with respect to our approach to this situation.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a table at page 145 of the hearings entitled "Promptness of State Response to Grant Programs." It bears out my statement, made to the distinguished Senator from New Mexico, that the States move with alacrity with respect to these health programs. I believe it is fair to say that they would move with great alacrity with respect to the program which we are discussing now.

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

Promptness of State response to grant programs

Program and year began	Number of States participating	
	1st year	By end of 3d year
General health grants, 1936	All	----
Tuberculosis control grants, 1944	All	----
Cancer control grants, 1948	49	All
Mental health grants, 1949	45	All
Heart disease control, 1950	48	All
Hospital and medical facilities construction, 1947	All	----
Water pollution control, 1956	All	----
Vocational education, 1918	All	----
Vocational rehabilitation, 1920	8	34
Extension and improvement of vocational rehabilitation services, 1955	32	46
National Defense Education Act (4 titles), 1959	45-48	(1)
Library services, 1959	36	49
Old-age assistance, 1936	41	50
Aid to the blind, 1936	26	43
Aid to dependent children, 1936	26	41
Aid to the permanently and totally disabled, 1950	33	37
Maternal and child health services, 1936	47	All
Crippled children's services, 1936	37	49
Child welfare services, 1936	33	40

[1] Inapplicable.

Mr. JAVITS. I should also like to call attention to the RECORD of Saturday, when I made quite an extended speech on this subject, and included a table which shows the responsibility of the individual States on the maximum and minimum package basis. I respectfully suggest that as we go through these States, on the basis of a 75-percent participation, which is the basis estimated for me by the Department of Health, Education, and Welfare, it is found that, except in the very large States, it is by no means a great burden which is placed on the States, considering the number of people who would be concerned, and I believe these States will look with favor rather than with disapproval upon this type of participation.

I yield the floor.

Mr. CURTIS. Mr. President, I rise to speak on the Anderson amendment, and I would appreciate it if the Senator from New Mexico would give me the information I seek. Does the Anderson amendment provide for the payment of doctors' fees?

Mr. ANDERSON. It does not. The committee bill makes provision for physicians, but the amendment makes provision for hospital care, nursing home services, and home health services, not for physicians.

Mr. CURTIS. For a hospital to provide these services, it must have a contract with the Secretary of Health, Education, and Welfare. Is that correct?

Mr. ANDERSON. To get payments from the trust fund, a hospital has to have an agreement with the Secretary of Health, Education, and Welfare.

Mr. CURTIS. I call attention to the Senator's amendment, first to page 6, lines 14 to 17. This section defines inpatient hospital services. On line 14, page 6 it states:

Including laboratory, diagnostic X-ray, anesthesiology, physiotherapy, and other ancillary services which are customarily furnished to inpatients either by the hospital or by another person under agreement with the hospital.

Mr. ANDERSON. Yes.

Mr. CURTIS. At the top of page 8, lines 1 to 4, the language further defines a hospital and provides:

Is primarily engaged in providing diagnostic and therapeutic facilities for surgical and medical diagnosis, treatment, and care of injured and sick persons by or under the supervision of physicians or surgeons.

Is it the intent of the distinguished Senator from New Mexico that the hospital services which I have mentioned—X-rays, anaesthesiology, physiotherapy, diagnosis, treatment, and care of sick persons—shall be carried on by private physicians, or will they be carried on by nursing efforts?

Mr. ANDERSON. The Senator from Nebraska has switched sections. If he will stay on the first section, it will be easier.

Mr. CURTIS. All right.

Mr. ANDERSON. Laboratory, diagnostic X-rays, anaesthesiology, physiotherapy, and other ancillary services will be covered only if customarily provided by the hospital.

Mr. CURTIS. But will the hospital carry out those functions by using physicians?

Mr. ANDERSON. They may use physicians.

Mr. CURTIS. Is it not the practice that such things as diagnostic X-ray are a duty to be performed by a recognized physician?

Mr. ANDERSON. In many cases a hospital will have a person who is a physiotherapist. In the next hospital the work may be done by contract with a local physician. The hospital may have a local physician who is an expert in physiotherapy. But my amendment does not contemplate the practice of paying physicians engaged by the patient to give him services.

Mr. CURTIS. In the next section, under the term "hospital," particularly as set forth at the top of page 8, the terms used are "surgical and medical diagnosis, treatment, and care of injured and sick persons." Does that call for physicians?

Mr. ANDERSON. That is a definition of what constitutes a hospital; it is not a definition of what constitutes a service covered by the amendment. It simply provides that a hospital is an institution which is "primarily engaged in providing diagnostic and therapeutic facilities for surgical and medical diagnosis, treatment, and care of injured and sick persons." That applies to people who come under social security, under private care, or who simply happen to go there or are taken there because of an accident.

That section tells what a hospital is, but it is not an inclusive term as to the provisions of the amendment.

Mr. CURTIS. I understand that; but construing the two sections together, is it still the Senator's contention that the amendment does not call for the services of physicians, regardless of how they are paid or by whom they are hired?

Mr. ANDERSON. If a physician is a specialist in physiotherapy and has a contract with a hospital to take care of all the people who come to the hospital, his bill will not be rendered to the patient, but will be rendered to the hospital, and the hospital bills will be paid under the amendment.

Mr. CURTIS. Suppose an eligible person is in a hospital for surgery, and the surgeon requires that a licensed physician must administer the anesthesia. Is the anesthesiologist provided by the hospital? Is he a part of the hospital's staff?

Mr. ANDERSON. If the individual engages an anesthesiologist is payment of the physician's fee covered under the amendment? It is not.

Mr. CURTIS. The physician who administers the anesthesia.

Mr. ANDERSON. The anesthetic can be taken care of by the hospital. If it is billed from the hospital, it becomes a part of the hospital bill. If the doctor bills the patient directly, the amount does not come out of this fund.

Mr. CURTIS. If that is true, what is the situation with respect to X-ray treatment and diagnosis? Will the hospital be permitted to provide them?

Mr. ANDERSON. Yes. If the X-ray work is done by a technician in the hospital, then that function is covered, because it is a part of the hospital bill.

Mr. CURTIS. But suppose the technicians are licensed physicians. Can the billing still be done by the hospital?

Mr. ANDERSON. If a private hospital has a contract with a physician, and the payment is made direct to the hospital.

Mr. CURTIS. In that case, who selects the doctor?

Mr. ANDERSON. There is nothing in the bill which has anything to do with the selection of the doctors. A person can go to a hospital, and the patient and the hospital can make such arrangements as they wish for anesthesia, for diagnostic X-ray, and so forth. In general, diagnostic X-ray work is not done by a physician—certainly in a large hospital it is not done by a physician. It is a part of the hospital's service, and, as such, is taken care of by the hospital, and, therefore, would come under this phraseology.

Mr. CURTIS. I think the distinguished Senator from New Mexico will find, if he investigates the operations of hospitals, that the matters about which we are talking are medical services which require a licensed physician.

Mr. ANDERSON. I may simply say to the Senator from Nebraska that I have been X-rayed many times, sometimes by a physician and sometimes not by a physician. However, I think that I have not been X-rayed for at least 25 years by physicians; therefore, I assume that persons other than doctors can take X-rays.

Mr. CURTIS. But the amendment uses the term "diagnostic X-ray." Certainly technicians who are not licensed to practice medicine do not interpret X-rays or perform the service required for diagnostic X-rays.

Mr. ANDERSON. There is a difference between the taking of an X-ray and the reading of it.

Mr. CURTIS. Yes.

Mr. ANDERSON. If the Senator will simply stay with the term "diagnostic X-ray," he will be all right; but if he starts to go into the question of what the physician does afterward, then he is in a different field. As a matter of fact, it is contemplated that the patient will go to his own doctor and will ask his own doctor if he needs to go to a hospital. He can be admitted to the hospital only if his doctor says he needs to go to the hospital, to be eligible for the care. So his own doctor has full charge of the patient while he is going to the hospital.

Mr. CURTIS. But he must also go to a hospital which has a contract with the Secretary of Health, Education, and Welfare; and that hospital, to perform the services mentioned here, will have to utilize doctors. There is no provision in the bill that the patient has anything to do with the selection of those doctors. Is not that correct?

Mr. ANDERSON. On the contrary, the patient has the fullest control over the doctors who take care of him. The Senator cannot find here a line which says the patient must go to one physician or another physician. He is allowed to

select his own physician and the doctor can then decide whether he wants to send the patient to the hospital. If the doctor wants to send the patient to a hospital, he can send him to a hospital which has a contract. If he does not want to go to the hospital which has a contract, he can go anywhere he wishes. But if he goes to a hospital where there is a contract, he can there get anesthesia, he can get diagnostic X-rays, he can get physiotherapy, and other ancillary services.

Mr. CURTIS. Can he get drugs?

Mr. ANDERSON. Yes.

Mr. CURTIS. Someone decides that he needs drugs, the kind, and in what amount. Somebody interprets his X-rays. Somebody else administers the anesthesia. All these functions require doctors. I should like to have the distinguished Senator from New Mexico point out the provision of the amendment which gives the patient the right to select his doctor.

Mr. ANDERSON. The Senator is putting his question on the wrong basis. He ought to find the provision of the bill which states that the patient cannot select his doctor.

Mr. CURTIS. All right; I can.

Mr. ANDERSON. This provision relates not to medical service; it relates to hospitals and similar institutions. If the Senator will keep his mind on hospitals and get it off doctors, we will get along all right. The patient selects his own doctor, and the doctor decides whether the patient should or shou'd not go into a hospital.

I went into a hospital not too long ago because a doctor had looked at something and said, "It might be serious. I want to take a picture of it." I did not have to go to the hospital. I had that small growth on my back for years, but the doctor wanted to have it X-rayed and taken out, and he did. No one told me what doctor to go to. A patient, under this amendment, is allowed to go to his own doctor.

An attempt is apparently being made to say that this is socialized medicine. It is not.

Mr. CURTIS. I am not trying to say that. I am simply trying to have the Senator point out where it is not.

Mr. ANDERSON. Of course it is extremely hard to prove a negative. Will the Senator from Nebraska try to prove a positive? Let him put his finger on a line in the bill which says the patient cannot have his own doctor.

Mr. CURTIS. It is not only in the bill——

Mr. ANDERSON. Where?

Mr. CURTIS. But the distinguished Senator has verified the statement.

Mr. ANDERSON. Where?

Mr. CURTIS. Let me finish, please—that the hospital must be one which has a contract with the Secretary.

Mr. ANDERSON. That is right. We have established that. But that——

Mr. CURTIS. All right; he must go to that hospital. And once he gets into the hospital, separate and apart from any freedom of choice, he is entitled drugs and to diagnostic X-rays and to a number of other things, as mentioned in this measure, many of which will have to be administered by licensed physicians. The Secretary will have determined what hospital the patient will go to——

Mr. ANDERSON. Oh, no, no.

Mr. CURTIS. The hospital must have a contract.

Mr. ANDERSON. That is right; and it will be found that every hospital will have a contract. We will have no trouble at all with that situation.

But I ask the Senator whether he can find anywhere in the bill any provision to the effect that the patient's right to select his own physician will be taken away from him.

Mr. CURTIS. All right; let the Senator from New Mexico tell me where that right is given to the patient, by means of the provisions of the bill.

Mr. ANDERSON. This amendment relates to hospital services.

Mr. CURTIS. I understand that; and the hospitals will be vested with the right to administer medicine, and the medicine will have to be administered by doctors. And is it not true that the hospital will select those doctors?

Mr. ANDERSON. No, it is not true that the hospitals will select doctors to administer medicine.

Mr. CURTIS. The Senator's bill does provide that the doctor of the patient's choice may diagnose and may take X-rays, and all that will become part of the hospital provision included in the bill. Is not that the Senator's intention?

Mr. ANDERSON. No. We have been over this point several times, but let us go over it again: Even if the hospital has a contract with some physician who works in the hospital to do diagnostic X-ray work—which ordinarily will be done by an X-ray specialist, and if the hospital specialist does that because the patient chooses him as his private physician the bill for it will be part of the patient's bill, and he will have to pay it.

Mr. CURTIS. But the X-ray diagnostic work will be done by the physician or the specialist who had made the contract with the hospital.

Mr. ANDERSON. Yes. If the Senator goes to the Naval Hospital, where Members of Congress are entitled to go and to receive the equivalent of hospital care for a small fee, I do not believe that the Senator from Nebraska has ever decided who will take the X-ray pictures of him. If he has, he is in a class by himself, because I have been there frequently to have X-ray pictures taken, and I never decided who would take the pictures. Someone comes into the room, puts me into an ill-fitting suit, and takes an X-ray picture of me. As an ex-member of the coronary club, along with some other persons, I have an X-ray taken of my heart every once in a while. But that X-ray picture is not taken by a physician who is selected by me. Instead, he is a student physician out there.

Mr. CURTIS. I am pleased to have the Senator's statement on that matter. The hospital will make those provisions, and the hospital will make its contract with the Secretary.

Now I wish to turn to another matter.

Mr. ANDERSON. But has the Senator from Nebraska found in the bill any provision which would make it impossible for the patient to select his own doctor?

Mr. CURTIS. There is nothing in the bill to state that the patient can select his own doctor; and as I understand the statement of the Senator from New Mexico, the hospital will have the doctors of its choice do that work.

Mr. ANDERSON. The patient can have the head of Bellevue Hospital fly down there and take the X-rays, if the patient wants him to but those services will not come under the amendment. But if the patient wants to use the hospital's X-ray specialists, they will take the X-rays and the X-rays will be paid for under the amendment.

Mr. McCARTHY. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. McCARTHY. Let me say that that will be no different from the procedure under Blue Cross and Blue Shield.

Mr. CURTIS. But a patient does not have to subscribe to them unless he wishes to do so.

Mr. McCARTHY. But the Senator is talking about the control problem.

Mr. CURTIS. No, I am talking about the practice of medicine which must take place in a hospital and which cannot be separated from the other hospital services. Nothing in this bill gives the patient the right to select the doctors; and the author of the bill says that is a prerogative of the hospital.

Mr. McCARTHY. But the original choice is the patient's. The patient will have the right to choose the doctor. If a patient goes to Mayo Clinic, he does not say, "When I enter your clinic, you must have Dr. So-and-So take the X-rays of me."

I have a brother who is a surgeon in a clinic; and a patient who goes there does not say, "Dr. McCarthy must take the X-rays."

One who goes to that clinic takes "the package"; and that is done everywhere in the Nation today.

Mr. CURTIS. But that is a voluntary "package."

Mr. ANDERSON. The Senator referred to Blue Cross. Is one who goes into a hospital under Blue Cross allowed to state who will take the X-rays of him or who will give him physiotherapy?

Mr. CURTIS. I am talking about the part of the services which must be performed by licensed physicians.

Mr. ANDERSON. That decision is made purely by the patient; and then his physician decides whether he will be given certain drugs or whether he will receive physiotherapy; and no one else has a word to say about it.

Mr. CURTIS. But according to the bill he is entitled to receive certain services from the hospital.

Mr. ANDERSON. If his physician decides he needs physiotherapy, the patient is entitled to that; yes.

Mr. CURTIS. Let that part of the bill speak for itself.

Now I wish to ask about page 2, lines 9 and 10. That provision pertains to those who are entitled to benefits.

Mr. ANDERSON. That is correct.

Mr. CURTIS. Line 8 says the person must have attained age 68; and line 9 and 10 use the words: "is entitled to monthly insurance benefits under section 202."

That does not mean that he has to be drawing them, does it?

Mr. ANDERSON. That is correct.

Mr. CURTIS. In other words, he could be 69 years of age, and still working, and earning more than $1,200 or $1,800; and he would be entitled to receive these hospital benefits, would he?

Mr. ANDERSON. That is correct.

Mr. CURTIS. In other words, there is no work test, as there is under OASI.

Mr. ANDERSON. There is no work test and there is no means test; that is correct.

Mr. CURTIS. This is my last question: If the Anderson amendment is adopted, it will be in addition to the provisions of the committee bill, will it not?

Mr. ANDERSON. That is correct.

Mr. CURTIS. Will an individual be entitled to draw benefits under both parts, if both of them become law?

Mr. ANDERSON. I would not think so, but I do not know what the States would do. The States would have a right to set up their own criteria. I do not think it would be possible to draw benefits both ways. The only way that a person on social security—if he was on public assistance, he would have no problem—could draw benefits would be if he were medically indigent and could not obtain the benefits anywhere else. But if he were on social security, he could not say he was medically indigent; and therefore he could not draw both.

Mr. CURTIS. If a beneficiary under OASI had passed 68 years of age, but was drawing the minimum benefit, he would be denied the right to have his doctors' bills paid, under the committee bill, then, according to that explanation?

Mr. ANDERSON. First let me say that a moment ago I believe I gave an incorrect answer. If an individual were receiving benefits under the social security section, he might be eligible—and several of my colleagues have tried to point that out to me—under the other provisions as well.

Mr. CURTIS. Even if he did not run out of funds, he would be eligible to receive both at the same time, would he not?

Mr. ANDERSON. No. First, he would have to be medically indigent.

Mr. CURTIS. Suppose a beneficiary under OASI, who was past 68 years of age, were drawing the minimum benefits. If he availed himself of the hospital services provided under the Senator's amendment, could not he—under the provisions of the bill—have his doctor's bill paid?

Mr. ANDERSON. I apologize to the Senator from Nebraska; I was interrupted for a moment, and did not hear all of his question.

Mr. CURTIS. I think the answer is "yes."

Mr. McCARTHY. Mr. President, if the Senator from New Mexico will yield, I should be glad to answer the question.

Mr. ANDERSON. Certainly; I am glad to have the Senator from Minnesota do so.

Mr. McCARTHY. And if, following my answer, the Senator from New Mexico wishes to disagree with what I have said, of course, he will be at liberty to do so.

The language of the committee bill refers to medically indigent.

Mr. CURTIS. That is correct.

Mr. McCARTHY. And the explanation we had of it was, it covered someone who might not be indigent to the point of receiving old-age assistance, but who might be indigent insofar as being able to meet his medical expenses was concerned. In addition to the benefits provided by the committee bill, if the Anderson amendment is adopted, it will take into account also whatever benefits the patient would have through the social-security approach. Therefore, this would be a layer which would fall below that which is recommended in the committee bill, and an individual would not draw double benefits, but, depending on State programs, I am sure they could fit into this concept. If this amendment is adopted, I am sure the intention will be clear that there will not be double payments, and that the concept would come into effect only after an individual had exhausted all his resources, private funds, or social security or other plans, and he would then be indigent and would come under this plan.

Mr. CURTIS. The Senator from Nebraska did not mean to use the term "double benefits," or to imply it. The Senator from Nebraska did not mean that two sources would pay the same benefits. But it is possible for a person to qualify for benefits under the Anderson amendment and still be in such financial condition as to get benefits, including the benefits under the committee bill.

Mr. ANDERSON. My attention has been called to page 6 of the report, wherein is stated the following:

> Benefits under a State program may be provided only for persons 65 years of age or over to the extent that they are unable to pay the cost of their medical expenses.

If they had social security benefits and they were sufficient, they could not come under the State plan. If they were not sufficient, they could.

Mr. CURTIS. I thank the Senator. I appreciate the expression by the author of the amendment of his views on the language. In what I shall say further I am not attempting to put words in his mouth or interpret his understanding of it. I wish to state my own view of it. My view is this: I believe that if this amendment is adopted—and experience will bear it out—we are inaugurating a system of Government medicine, channeled through the hospitals, under which a hospital must have a contract with the Secretary, and the Secretary has a right, upon notice, to take the contract away, and that as a part of those hospital services there will be certain categories of medical care, and it will be the hospital which is under contract to the Secretary that will select those documents.

I predict that if this proposal is passed it will be like every other social program. It is a beginning, and it will be enlarged and go forward. That is the history of such legislation. So if we adopt the Anderson amendment, we are starting a system whereby one entity contracts with the Government, and that entity selects physicians, and possibly surgeons, but at least physicians——

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

Mr. CURTIS. I yield, briefly.

Mr. GORE. The Senator has made some remarkable statements. I wonder if the Senator is familiar with the medical programs for veterans.

Mr. CURTIS. In general, yes.

Mr. GORE. When a veteran goes into a veterans hospital because he needs X-ray therapy, or osteopathic treatment, or a tonsillectomy, or any one of 101 different things, does not the veterans hospital either provide a Government physician or call in a private physician qualified for the particular function needed by the veteran?

Mr. CURTIS. Very definitely.

Mr. GORE. Does the Senator call that Government medicine?

Mr. CURTIS. Yes, it is Government medicine in a restricted sense, for a portion of our population; but it is Government medicine.

Mr. GORE. Does the Senator call that socialized medicine?

Mr. CURTIS. Not necessarily, because it is for a special class, and it does not spread to everyone. A veterans hospital is Government medicine.

Mr. GORE. What is the difference between socialized medicine and Government medicine, according to the Senator's definition?

Mr. CURTIS. That is a matter of semantics.

Mr. GORE. The Senator has been using terms rather eloquently, and I just wonder what he means by them.

Mr. CURTIS. In a broad, general sense, there is not much difference.

Mr. GORE. Then, insofar as it affects the Government, the doctor, and the patient, would the Senator say it is both Government medicine and socialized medicine?

Mr. CURTIS. I do not regard veterans' care as socialized medicine, to the extent that it is direct Government medical treatment, and I believe that the vast majority of Americans recognize it as such and do not object to it.

Mr. GORE. I am not raising the question of its advisability or inadvisability, but the Senator has said there is not much difference between socialized medicine and Government medicine. Would the Senator be so kind as to explain to the junior Senator from Tennessee just what that difference is?

Mr. CURTIS. I will be happy, at another time and place, to give the Senator my definitions.

Mr. GORE. I would enjoy a private conversation with the Senator, but the Senator has been using prejudicial terms on the floor of the Senate to describe an amendment of which I am a coauthor, and I would like to know what he means by those terms.

Mr. CURTIS. I mean exactly this: If the Anderson amendment is adopted, it is the beginning of Government direction of the practice of medicine and the treatment of the ill—not for a restricted group of veterans, but for our population generally. It is the beginning of it.

I prefaced my statement, in thanking the Senator for his remarks, by stating anything further I said I did not attribute to him, but was stating my belief.

Mr. President, to my mind perhaps the greatest indictment of the Anderson proposal is that it would give medical benefit to a part of our aged population over 68 regardless of whether such persons have retired or not and regardless of their income. The medical benefit would be a rather generous one, and unless the recipient is still working, he would have paid nothing for it. For such people the plan would not be a contributory system.

At the same time the Anderson proposal excludes perhaps approximately 3 million or 3½ million aged people, or people beyond the age of 68, who will draw nothing under the plan.

The Senate should remember that one group will draw nothing. It is said that they have not contributed. Unless one over 65 is still working in covered employment and he does not happen to be a beneficiary under the OASI, he will get those benefits for which he has contributed nothing. It means a greater burden on the young people, on the middle aged, and on the people who are working.

Next year, under the terms of the amendment, a self-employed person, a farmer, or a small businessman will pay $234 social security taxes if he earns a gross of $4,800. If we never add another amendment or increase the benefits after the passage of the Anderson bill, by 1969 such a farmer or professional man or businessman will be paying $342 a year for social security alone, because he pays at a rate of 1½ times what an employee pays. An employee will likewise have an increase in his taxes if the Anderson amendment is passed. He will have remaining less money from his paycheck. The money that is deducted will be used to pay some people over 68 medical benefits regardless of need and regardless of whether they are retired, and at the same time will deny benefits to approximately 3 or 3½ million people who are over 68. It is not a bill that can be defended upon its fairness, even if there were no other objections to the proposal that we have before us.

I believe that an analysis of the bill will indicate that it is a political hodgepodge. It will not take care of our needy aged. It will not treat all of our aged alike. It will be the beginning of Government medicine. It will lessen the take-home pay of every worker in the country and every self-employed person without treating all of our aged uniformly.

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

Mr. CURTIS. I yield.

Mr. CARLSON. If the Senator will permit, I wish to commend the distinguished Senator from Nebraska for calling the attention of the Senate to what I believe is one of the serious objections to the Anderson amendment. Everyone should realize that by adopting the Anderson amendment we would place a burden on 60 percent of the people of this Nation who pay social security taxes, not only to take care of building a health program for themselves, but to carry it as an additional tax to the general tax program levied on the people of this country. I think it is unfair to place this burden on the young people who are raising families and educating their children. The tax burden, as has already been mentioned, is 3 percent each on employer and employee. That percentage rises to 4½ percent in 1969 or 1970. In addition to that tax, it is proposed to impose a tax for a health program. I think it is a burden that we should not ask our young people to carry.

Mr. CURTIS. I thank the distinguished Senator from Kansas. His statement is particularly cogent when we realize that this is not a program designed to take care of all people over 68. Its benefits will go only to some of the people; 3 or 3½ million people would be denied benefits. The Anderson amendment does not even provide a test that the recipient must be retired.

I yield the floor.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H.R. 12580), the Social Security Amendments of 1960.

Mr. HOLLAND. Mr. President, if the Senate in its wisdom decides that it is either necessary or advisable at this time to pass legislation in this field, I shall certainly favor and support the legislation reported from the committee and supported on the floor by the distinguished chairman of the committee, the Senator from Virginia [Mr. BYRD], and the distinguished Senator from Oklahoma [Mr. KERR], and various other Senators. However, I think that most of us are in trouble in our thinking about this whole subject. I know that insofar as the Senator from Florida is concerned, he has received many communications from young people within his State complaining about the fact that the proposal to increase the social security taxes in order to put the proposed program upon the Social Security System would be hurtful to the young people at a time when they are faced with heavy responsibilities and heavy expenses as they are rearing their families.

I know also that from my State, where I suspect the percentage of elderly people is as great as in any State in the Union and perhaps greater, has come voluminous mail on this subject, a great preponderance of it coming from elderly people, indicating that they do not want the Government to interfere in this field.

At this time I simply rise to note that in a casual inspection of reputable newspapers today I have noted quite a number of scholarly and well-informed editorials calling attention to the fact that we are proceeding too hastily in a matter of such great importance, and the further fact that in the judgment of the editorialists we are guilty of great unwisdom if we rush into legislation in this field at this time and during this session.

Mr. President, the first of the editorials which I mention is from the Baltimore Sun. It is headed "Care and Votes." I ask that the whole editorial be printed in the RECORD at this point in my remarks.

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

CARE AND VOTES

Medical care for the aged is at this moment the foremost issue in the presidential campaign. Political leaders of both parties in the Senate, where the battle is currently waged, are guided, we may be sure, not so much by what is good for the citizens affected as what is most likely to attract their votes.

The Democratic platform calls for an extension of social security under which all aged persons in that program would be eligible for medical benefits regardless of financial status. The proposal incidentally involves another deduction from the pay envelope.

The Republican alternative has been an administration bill limited in scope, aimed at helping the aged pay for catastrophic illness. There is a wide gap between it and the Democratic offer. So long as Mr. NIXON had nothing else to offer he was handicapped in dealing with the issue of medical care. He now has thrown his support to a plan proposed by Senator JAVITS, of New York, which would provide preventive care and other medical aid to all persons over 65 years old excepting about 2 million with incomes judged substantial. There is every indication that the Javits proposal is designed to replace the administration bill (in both the Federal contribution would come from general funds). Mr. NIXON's support considerably strengthens his bid for the old folks' vote.

Still another medical care plan, far less ambitious, is now before the Senate, having been voted out favorably by the Finance Committee. It is a somewhat stronger version of a bill passed by the House but confined to helping the indigent and the medically indigent.

Thus in the brief time left in the present session the Senate is confronted with at least three medical-care proposals differing widely as to details and relative costs. The time is too short for the careful consideration they deserve. It would be better if action were deferred until after the election, leaving the respective candidates to make whatever political capital they may out of the proposals now in the air.

Mr. HOLLAND. I shall quote from the editorial only the first and the last paragraphs, which read as follows:

Medical care for the aged is at this moment the foremost issue in the presidential campaign. Political leaders of both parties in the Senate, where the battle is currently waged, are guided, we may be sure, not so much by what is good for the citizens affected as what is most likely to attract their votes.

Then, in its closing paragraph, this fine editorial states the substance of the position of that paper, as follows:

Thus in the brief time left in the present session the Senate is confronted with at least three medical care proposals differing widely as to details and relative costs. The time is too short for the careful consideration they deserve. It would be better if action were deferred until after the election, leaving the respective candidates to make whatever political capital they may out of the proposals now in the air.

The second of the editorials is from the Washington Daily News, the Scripps-Howard paper in the National Capital. It is headed "Get the Facts." I ask unanimous consent that the whole editorial be printed in the RECORD at this point in my remarks.

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

GET THE FACTS

A former Cabinet officer, Marion B. Folsom, has come up with the most sensible proposal yet for dealing with the complex problem of medical care for the aged.

First, Mr. Folsom, a former Secretary of Health, Education, and Welfare, would have the dying session of Congress drop its scheduled attempt to enact a medical care program—because there is no emergency to justify hasty legislation.

Then he would have an advisory commission appointed to study the entire field of health insurance for persons over 65, with instructions to report by next March 1 to the new Congress and new administration. The commission, he said, should include representatives of the medical profession, insurance industry, employers, labor unions and the general public. To avoid partisanship, the commission could be appointed jointly by the Democratic chairmen of the Senate Finance and House Ways and Means Committees and the Republican Secretary of Health, Education, and Welfare.

"This is the logical way of getting the best possible program," Mr. Folsom says. "You would be surprised how much agreement you can get on a plan, once the facts are known."

We agree. Certainly not enough facts are at hand to justify helter-skelter enactment of legislation of such a far-reaching nature. And the facts, when known, just might be surprising.

Two Emory University professors, for example, have surveyed 1,500 persons over 65, using probability sampling, and found only 8 percent who knew of some unfilled medical needs. And lack of money was the least important of the reasons given for not having the medical needs met.

Many facts should be turned up by the White House Conference on Aging, scheduled for January, which would be of great assistance to an advisory commission such as suggested by Mr. Folsom.

This harried and politically minded Congress would do the country a great service by heeding Mr. Folsom and permitting the assemblage of facts which would show just how much and what kind of a medical care program is needed.

Mr. HOLLAND. I read only three short paragraphs from the editorial, as follows:

A former Cabinet officer, Marion B. Folsom, has come up with the most sensible proposal yet for dealing with the complex problem of medical care for the aged.

First, Mr. Folsom, a former Secretary of Health, Education, and Welfare, would have the dying session of Congress drop its scheduled attempt to enact a medical care program—because there is no emergency to justify hasty legislation.

Then, proceeding with the suggestion for the appointment of an advisory group and for the bringing in of recommendations of that group early next spring, the editorial concludes the discussion with this paragraph:

This harried and politically minded Congress would do the country a great service by heeding Mr. Folsom and permitting the assemblage of facts which would show just how much and what kind of a medical care program is needed.

Mr. President, the third of the editorials touches me even a little more closely than the other two, because it is based upon the preliminary recommendations of two very able professors at Emory University in Atlanta, Ga., an institution of learning, of which I have the honor to be a graduate, and of which I have been a trustee for many years.

I ask unanimous consent that the whole editorial, which appears in today's issue of the New York Daily News, be printed in the RECORD at this point, as a part of my remarks.

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

OLD FOLKS AND DOCTORS

"When we asked the respondents: "Do you have any medical needs now that are not being taken care of?"—92 percent said, "No." However, for the remaining 8 percent who knew of some unfilled medical needs, we have to distinguish various reasons for the failure to relieve the need. Financial reasons were the least important ones."

The quotation is from a preliminary report on elderly Americans' medical needs, or lack of them, by Profs. James W. Wiggins and Helmut Schoeck of Emory University, Atlanta, Ga.

HOW MANY REALLY NEED "MEDICARE"?

The report is based on interviews with 1,500 old people representing a cross-section of our "senior citizen" population.

Of the 1,500 persons interviewed, 64 percent had health insurance to meet medical bills. All but the above-mentioned 8 percent were confident that emergency sickness expenses could be taken care of in one way or another—by their insurance, or by drawing on their bank accounts, mortgaging their homes, getting help from their children, and so on.

The Emory University team found very little enthusiasm among these people for Government medical aid—and a lot of fear that excessive Government spending would drain away what is left of the dollar's buying power.

This report is respectfully recommended to the attention of Members of Congress, in both parties, who are currently shrieking to the high heavens that we've got to blanket our "senior citizens" into an overall socialized medicine scheme or catastrophe will follow.

Mr. HOLLAND. Mr. President, it might be well to call special attention to the text of that editorial, which is entitled "Old Folks and Doctors" with the byline, "How Many Really Need Medicare?"

First, the editorial quotes from a report of the two able professors of Emory University:

"When we asked the respondents: 'Do you have any medical needs now that are not being taken care of?'—92 percent said, 'No.' However, for the remaining 8 percent who knew of some unfilled medical needs, we have to distinguish various reasons for the failure to relieve the need. Financial reasons were the least important ones."

The quotation is from a preliminary report on elderly Americans' medical needs, or lack of them, by Profs. James W. Wiggins and Helmut Schoeck of Emory University, Atlanta, Ga.

The report is based on interviews with 1,500 old people representing a cross section of our "senior citizen" population.

Of the 1,500 persons interviewed, 64 percent had health insurance to meet medical bills. All but the above-mentioned 8 percent were confident that emergency sickness expenses could be taken care of in one way or another—by their insurance, or by drawing on their bank accounts, mortgaging their homes, getting help from their children, and so on.

The Emory University team found very little enthusiasm among these people for Government medical aid—and a lot of fear that excessive government spending would drain away what is left of the dollar's buying power.

I digress to say that that very fear, which is voiced as having been found by these two able analysts in the minds of so many of the elderly people whom they interviewed among the 1,500, which they say is a fair cross section, appears in the majority of the letters, going into the hundreds, which I have received from elderly people within the State of Florida. They fear that excessive Government spending will drain away what is left of the dollar's buying power.

The chief objection to all these extravagant and expensive programs which are being urged as a result of ultra liberal planning and current insistence, is that the objectors believe greater inflation will result, and that the purchasing power of their dollars, in many cases saved by frugal living throughout their lives, will be taken away or reduced in such a measure as to deprive elderly people and other citizens of the security and the fruits of their labors.

I close the quotation from this able editorial with this paragraph:

This report is respectfully recommended to the attention of Members of Congress, in both parties, who are currently shrieking to the high heavens that we've got to blanket our "senior citizens" into an overall socialized medicine scheme or catastrophe will follow.

Mr. President, I believe these three editorials, which are typical of many which will be found in the current press of the Nation, indicate that there is a strong case now existing for postponement of this whole matter until we can have more light on it.

However, I say again, if in the judgment of a majority of the Senate the pressures of the moment and of the political campaign, which impinge on so many here, are such that we must pass an act in this field, I hope it will be an act along the lines recommended by our able committee.

Mr. MCNAMARA. Mr. President, we are now approaching the final days of decision on how to meet effectively and on a dignified basis the high cost of medical care for the aged.

Several Senators have proposed solutions to this No. 1 problem of the aged and I should like to take this opportunity to present a brief evaluation of them based on the 18 months' study conducted by the Senate Subcommittee on Problems of the Aged and Aging, of which I have the honor to serve as chairman.

In the course of our comprehensive study, the members of the subcommittee had the benefit of the knowledge and views of many scientists of the very first rank in the field of gerontology. They were also able to discuss health problems of the aged with hundreds of local administrators—public and private—working with the elderly right in their own communities in seven major cities across the country. We received communications and recommendations from hundreds and thousands of additional professionals in the field. In a unique undertaking, we heard from the aged themselves as they spoke directly to us at our hearings in the various cities. We made personal visits and spoke with residents in homes for the aged, housing projects for the elderly, senior centers, nursing homes, rehabilitation hospitals, and other facilities.

As a result of these studies, hearings, and reports, I should like to set forth the best thinking in the field as guidelines for a program of health services.

The objectives of a good health program are:

First. To prevent illness when possible; to limit disability by early diagnosis.

Second. To provide acute treatment in hospitals.

Third. To assure that convalescent and rehabilitation services are given in a proper facility.

Fourth. To provide long-term care in the patient's own home whenever possible.

Fifth. To purchase these high-quality services at reasonable costs.

Sixth. To finance the services through a prepaid insurance system which emphasizes independence and freedom.

In achieving this, the following should be avoided:

First. Interference with the current pattern of medical care.

Second. Excessive use of hospitalization, and any incentive for such excessive use.

Third. Financial or other obstacles to early securing of medical care.

Fourth. Unnecessary use of any single group of scarce health professionals.

Fifth. Encouragement of low quality care.

Sixth. Imposition of a means or charity test to finance medical services.

THE RETIRED PERSONS MEDICAL INSURANCE ACT

With this experience and these guidelines in mind, we drafted and introduced S. 3503 as a balanced program of medical insurance benefits for retired persons—men 65 and over, women 62 and over. The bill extended its benefits to the retired aged outside of the OASDI system as well as to those eligible for social security benefits. The system would be financed primarily through social security with relatively small supplementary appropriations out of the general fund to cover the costs of the non-OASI eligibles.

I was honored to have 23 other Senators join me as cosponsors in what I believe—and as confirmed by communications from outstanding students and practitioners in this field and by hundreds of letters from the aged themselves—as the soundest proposal suggested—both medically and financially. I take what may be inordinate pride in this bill, since the final draft was not mine alone, but the thoughts, ideas, and

works of many minds. The bill is soundly financed through a one-quarter of 1 percent increase in the social security tax on the employer and employee in its first 10 years of operation, and an additional one-eighth of 1 percent on each after 1972. In this respect it is not bound by the myth of the level-premium concept but rather by the more realistic and effective recommendation of the Congress' Advisory Council on Social Security. This official body recommended that OASDI financing be based on 15- to 20-year estimates with congressional review thereafter. It thus provided the maximum amount of health benefits at a minimum cost at the earliest possible time, and on a sound, actuarial basis.

However, I am now of the opinion—as we come down to a final decision—that the present course of practical wisdom requires acceptance of a medical insurance bill limited to a one-half of 1 percent increase in the social security tax on a level-premium or long-run estimate—calculated to take into account cost changes over the next 100 years.

Because of this financial limitation, I have joined Senator ANDERSON and Senator KENNEDY in cosponsoring an amendment to H.R. 12580 which I trust will pass the Senate. The Anderson-Kennedy bill constitutes a sound, effective program for meeting the health costs of the aged on a dignified basis. It provides for diagnostic services to emphasize prevention; for adequate hospital care and treatment; and for suitable skilled nursing home care and home health services, thus emphasizing medical care in the community and in the home. It thereby deemphasizes excessive use of hospitalization and institutionalization. At this point I ask unanimous consent to include a memorandum explaining the details of the bill.

The Anderson-Kennedy bill is one that I am very happy to cosponsor since it meets the guidelines and criteria I set forth earlier, but within the level premium of one-half of 1 percent of payrolls limitation. I urge all those who have supported S. 3503 and all other Senators to join in enthusiastic, concerted approval of the Anderson-Kennedy amendment.

There are two other proposals on which I would like to comment.

THE KERR-FREAR BILL

The Kerr-Frear proposal expands medical care for old-age recipients primarily by injecting more Federal funds into State programs. It also adds a new category for medically indigent or medically needy outside of old-age assistance. This latter category will be helpful to some extent and I shall support these improvements in medical care under public assistance. We need, however, to add—as a complementary bill—the Anderson-Kennedy social security approach.

Standing alone the medical assistance part of the Kerr-Frear proposal has the following weaknesses:

First. It cannot go into effect in any State until that State has authority to raise the necessary funds to match Federal grants.

Second. It continues the means or charity test approach which requires income and asset investigation.

Third. Being open ended, it would cost as much as $2½ billion a year—$1.7 billion Federal—if all the States came in and provided all of the benefits potentially available to the 10 million eligibles.

Fourth. First-year cost estimates under the bill—Federal, State, and local—are approximately $116 million, which we estimate will cover a potential group of not more than 460,000 people over the entire country, of whom perhaps 46,000 will actually receive medical benefits, because of insufficient income to meet their medical bills.

Fifth. When the program is in full operation, estimates indicate a cost of $165 million, representing a total eligible population of about 660,000 for the Nation, with about 66,000 who would actually receive benefits as medical indigents.

The Kerr-Frear bill thus is a proposal to assist less than 1 million potentially medically needy outside of old-age assistance—leaving more than 12 million unprotected.

Sixth. At present approximately half the States are not able to match Federal funds for the medical care of their old-age recipients in an adequate manner. Additional funds for the increased payments under the vendor payments provision combined with the needs of the medical indigency program would be extremely difficult to secure. Such a decision at the State level might result in cuts in other necessary State services.

In summary, I would like to repeat that the Kerr-Frear proposal is very helpful for a small number of the most needy aged but can only meet the medical costs of the aged effectively if the Anderson-Kennedy social security bill is added to it. The Anderson-Kennedy amendment will not increase the cost on the Federal Treasury, since it will be financed solely through the social security system on an insurance basis.

THE JAVITS-HEW BILL

The other bill I would like to evaluate is the amendment to H.R. 12580 proposed last week by Senator JAVITS as representing the new combined approach of Senator JAVITS and the Department of Health, Education, and Welfare. This is a proposal which I am sure is offered with sincerity and after extensive study, and has a number of sound medical features. However, it has several over-riding weaknesses which lead me to oppose the bill:

First. It depends on action by the States to put the proposal into effect—State Governors have already voted 30 to 11 in favor of the social security approach as against the Federal-State grant approach.

Second. It calls for the establishment of a national income test to be adopted by the States. Persons over 65 therefore would have to prove that they are in need before being considered eligible to receive medical payments.

Third. It is estimated to cost about $1 billion a year with only about 75 percent participation; $450 million of this sum would come out of the Federal general revenue budget; $450 million from the States; and $100 million from the individual aged. If the $450 million in Federal outlay were added to the cost of the first year of full operation of both programs proposed by the Finance Committee (around $300 million), there would be a total expenditure by the Federal Government of three-fourths of a billion dollars annually from the general budget.

Fourth. The aged person himself would have to pay an enrollment fee annually and would have to choose between a short-term care program or a catastrophic illness program. My view is that the set of benefits should be balanced between these two objectives as in the Anderson-Kennedy bill.

It proposes a third alternative that the Federal and State Governments may subsidize private insurance companies up to a maximum of $60 with the aged individual also paying $60.

I should like to summarize by saying that an approach which depends on new State taxes, which calls for the means or income test, which requires payments by the elderly themselves, and which—when added to the Finance Committee expenditures—will cost $750 million a year by the Federal Government, is not a suitable alternative. The social security method of financing the medical costs of the elderly is fiscally prudent and humanly dignified.

ADVANTAGES OF THE SOCIAL SECURITY METHOD

After 25 years of successful operation of the social security system, I do not feel that the relief-public assistance-means test approach should be offered as a solution to this problem.

The advantages of the social security approach are:

First. An individual, during his working lifetime, pays a small premium for a paid-up medical policy upon retirement.

Second. He thereby can pay for his medical care in retirement through benefits which he receives as a matter of right regardless of his economic status. This is the dignified, self-reliant, self-respecting way.

Third. Contributions are paid by the person only while he is working, not while he is retired. Benefits will not depend upon annual or biennial appropriations in State legislatures but will come out of an insurance reserve.

Fourth. The cost of administering a plan under social security is about one half the combined administrative cost of Federal, State and local operation.

Fifth. The social security approach would provide a basic medical insurance plan for the aged, not a complete one. It would thus allow private health insurance to flourish as a supplementary program, similar to what occurred with private life insurance after the passage of the Social Security Act. Supplementary policies for physician and surgical services and for catastrophic illness could be made available to the aged at very low rates. Premiums to younger age groups could be lowered and health policies sold more widely.

Mr. President, I ask unanimous consent to place in the RECORD, following my remarks, a brief statement on this subject which was published in the Washington Insurance Newsletter of August 15, 1960.

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

THE SOCIAL SECURITY APPROACH
(By Senator PAT MCNAMARA)

The August session of Congress has convened with one of its major purposes being the enactment of legislation creating a Government-sponsored program of financing the basic health needs of America's aged citizens. Responsible Senators and Congressmen, in both parties, all agree on the crucial facts in support of the need for such legislation: (1) The increase in health problems, especially chronic illness, associated with the aging process; (2) the low income status of the aged, especially in the upper "old age" brackets incurring much of the chronic illnesses; and (3) the difficulty, if not the impossibility, of using unreplenished assets to meet the high costs of adequate medical attention.

I have documented these points in a detailed speech in the Senate on June 2, 1960. While fully recognizing the positive role played by nonpublic insurance programs in protecting the vast majority of younger, employed persons and their families, I am convinced that the ability of such programs to provide truly adequate protection for the aged population against their higher risks and costs of health maintenance is really limited. Both the Secretary of Health, Education, and Welfare, and I are in agreement on this point.

As I will make clear later on, however, this new legislation can create the conditions for a new and expanding role for private health insurance. The background for such a statement is as follows:

Under S. 3503 the retired persons medical insurance bill introduced by myself and 23 other Senators in May, an aged person would be entitled to the following benefits:

1. Ninety days of hospitalization per year.

2. One hundred and eighty days of skilled nursing home care or two days for each unused hospital day.

3. Two hundred and forty days of home health services, or 2⅔ days for each unused hospital day.

4. Outpatient diagnostic services (lab tests and X-rays).

5. A substantial portion of very expensive drugs and medicines. (Precise details to be determined after several months' study by Secretary of HEW.)

This, in the opinion of the health experts we consulted, should be the basic core of a health care program for the elderly, to be financed through a combined one-half of 1 percent of taxable payroll (three-eighths of 1 percent for self-employed). It would provide a sound foundation—I repeat, a foundation—for a preventive and rehabilitative medical approach to the health problems of nearly all the aged of this country. The provision of diagnostic services, skilled nursing homes, and home health care would be an incentive toward the rational and efficient use of hospital beds.

It should be noted that the benefits provided are not comprehensive: For example, all physicians' and surgeons' fees are excluded, as are dentists' charges; costs beyond 90 days of hospital stay per year (or their equivalents in nursing home days or home health care) are not provided; a portion of the cost of drugs and medicines would still have to be paid by the patient.

In other words, we are talking only about a foundation of a sound and balanced health services program, just as the old-age benefits under the social security system itself (which was 25 years old on August 14 of this year) established a foundation for retirement income, on top of which private pension programs have been built and have been expanding ever since. By using the same administratively efficient and inexpensive mechanism of the social security system, working people would contribute while in their productive years toward a fund that would provide them with basic medical benefits when they have retired—but only basic benefits.

Payment for much, but not all, of the ordinary (but expensive) costs of proper medical attention would be made available through legislation to our aged citizens, regardless of their financial means, without any degrading pauper's test. The effect of such legislation is to open a wide area of activity for supplemental health and medical insurance through private channels. From a dollars-and-cents point of view, the millions of older men and women with inadequate protection today (or none at all) are not, in any realistic sense, potential customers for meaningful private health insurance policies.

But with a Government-sponsored program, more of the aged of America would then be able to afford supplemental health protection, to protect themselves against the many costs not provided through a public program, including the services cited in the list of benefits not provided by such bills as S. 3503—and all the other major legislative proposals, as a matter of fact. It would thus be possible for millions of older persons (and their adult children) to purchase, for a very low cost, oldsters' insurance for physicians' and surgeons' fees, private hospital room costs, private nursing care, and truly catastrophic, major medical expenses, from private plans.

There are other potential effects of Federal legislation for basic health protection of the aged. For example, a private program now covering the employed population, and also the retired workers previously covered when employed, would be relieved of the extra costs due to the high illness rates of the retired. The insurance industry would then be in a position to offer improved policies for just the employed alone. And there is always room for improvement in such programs.

I am convinced also that if a worker knows his future medical expenses during retirement are assured, he will be in a better position, and he will be more willing to pay for wider protection now. This is certainly so in the face of the growing health consciousness of the younger generations of America. As these generations learn of the remarkable progress that is now possible in modern medicine, they will want to exploit these possibilities. And the insurance approach, or course, is the best way of prepaying for the costs of these new 20th century miracles.

What we are proposing in Congress today is merely the efficient financing of the costs of basic medical care for the aged. I hope that the hospital and health insurance industry of America will join other groups, and the general public, along with Congress, in recognizing the traditional compatibility of public and private solutions to national problems, in this case, the problem of financing the costs of basic medical care for our growing population of aged citizens.

Mr. MCNAMARA. Mr. President, in concluding, I should like to state this issue in its starkest terms. The Senate and the people of the United States need to know that the choice we are making here is a choice between the degrading means test, charity approach of the administration, endorsed by the Vice President, and the route to dignity and self respect through social insurance, advocated by the junior Senator from Massachusetts [Mr. KENNEDY] and the junior Senator from New Mexico [Mr. ANDERSON.]

Mr. MCCARTHY. Mr. President, in the course of the debate with regard to the amendments to the Social Security Act, a number of references have been made on the floor to a recent survey, or at least what is called a survey, of the medical needs and health attitudes of the aged. The survey was made by a number of sociologists headed by Dr. J. W. Wiggins and Helmut Schoeck, of Emory University, in Atlanta, Ga. The interpretation of their findings is to the effect that the vast majority of older people have no unfilled medical needs. This, if true, is in direct contradiction of what has been found by at least two established committees of Congress in both the House and Senate, and, of course, is contradictory of the findings made by many sociologists throughout the United States. Specifically, the authors state:

> Nine of every ten older persons report they have no unfilled medical needs and the remainder lists lack of money as one of the least important reasons for failure to relieve the needs.

This statement was contained in a press release prepared by Dr. Wiggins.

This survey has been used as the basis for a number of news stories and a news release of the American Medical Association. It has been widely publicized and has been given attention throughout the country and on the floor of the Senate.

I have made a rather hurried study of the report and have attempted to study the interpretations which have been put upon it. If true, it would indicate that much of the information which Congress has been gathering throughout the past few years is not accurate information because most of the studies conducted by Congress, and the reports which we have received from various departments of the Government indicate that there is a great unfilled medical need among the older people of our population. Those studies and inquiries indicate, too, that one of the principal reasons why the unfilled needs of older people are not met is that such people lack adequate funds to pay hospital and medical costs.

I was somewhat surprised to learn that the American Medical Association would fully endorse and publicize the Wiggins survey, because on the basis of the great record of the medical profession in the United States, one expects them to deal rather with objective standards concerning any kind of survey or study. In my opinion, one could properly hope that the American Medical Association would apply the same standards which they apply in their own profession when they examine the reports of sociologists and others who pursue other studies and other disciplines.

Some of my early judgments on the report raise some question in my mind whether the sociologists of the United States, the men who are attempting to make a science of and to professionalize this field, are particularly happy about the nature of this report and the use to which these findings have been put.

The survey supposedly represents, or at least it declares that it represents, a sample of the attitude of the aged of the United States and reporting data from some 1,500 interviews with older people.

The news release and commentaries do not indicate fully the nature of this sampling or print any claims made by those who have lent their names to it that there has been a complete study.

For a survey of this type to be accurate, it would have had to be done scientifically, and the sample chosen would have had to represent truly a cross section of America's aged population.

The aged population of the United States is made up of a certain percentage of people who are on the old-age assistance rolls, a certain percentage who are on social security, and a percentage who are not receiving old-age assistance, and a percentage who are not on social security.

The population of persons over age 65 in the United States has some variables with regard to national origin, with regard to race, and with regard to sex. One would expect that any objective, scientific study of these variables and differences would have been given adequate attention and consideration. However, by their own admission, Dr. Wiggins and Mr. Schoeck actually did not conduct a survey of a true cross section of the 60 million people over age 65 in the United States, even if we assumed that 1,500 was a large enough sample number, to begin with—and there is grave reason to doubt whether such a sample would be adequate.

For example, they intentionally did not interview anyone over age 65 who was receiving old-age assistance. So that entire group was eliminated in the study. Yet this group represents 16 percent of the aged people in our population.

Because they said they lacked funds, they intentionally omitted nonwhite people over age 65. Such people represent 7 percent of the aged, and have very special problems, as anyone knows, and as sociologists, in particular, should know.

The Wiggins-Schoeck team intentionally omitted from their survey aged persons in hospitals, homes for the aged, nursing homes, and other institutions. Yet this group represents about 4 percent of the people who are over age 65, and certainly a group in the population having very special medical problems.

Dr. Wiggins admitted, but only after rather thorough questioning by other sociologists attending the International Gerontological Congress, in San Francisco, where he first reported his findings, that in his study about 20 percent refused to be interviewed or were in the not-available category. Neither his formal paper nor the AMA story about the formal paper bothered to mention this important point.

An additional 20 percent refused to be interviewed or were in the not-available category.

If we add up all these figures, they indicate that about 40 percent of the population in the 65-or-over age group has not been adequately covered in the survey which is the basis of that report. If we assume that there is some overlapping among the various categories, and that approximately 35 percent of the aged people in the United States were not covered in this publicized letter—at least, publicized as a scientific survey of America's older citizens—I think it fair to say that in the 35 percent not covered are many—perhaps the greater number—of those who have the greatest medical need.

If this report had been represented as a study of the medical and health needs of that section of our aged population which is best able to meet its medical needs and health costs, it might have been considered to be scientific; but it has not been presented as such a study.

Two claims of the Emory University study, by themselves, give, I think, if not conclusive proof, at least reason for grave doubts as to whether or not the sample reported is representative of the aged of the United States.

The authors assert, for example, that 64 percent of their sample report some form of health insurance. But even the insurance companies whose representatives have testified before Congress have issued a statement with respect to health insurance among the aged members of our population and claim no more than 49 percent. Secretary Flemming's Department of Health, Education, and Welfare estimates that only 42 percent of the aged have health insurance. Nevertheless the authors state that 64 percent of the people whom they studied had health insurance. This would indicate some discrepancy, it seems to me, in the sampling; a discrepancy so obvious that any sociologist having any claim to recognition or a status in the medical profession should have stopped short or at least should have made a special point and noted that this was a highly selective sample which was used as the basis of this survey.

The authors assert that 33.6 percent—almost 34 percent—of the aged in their sample are in the labor force, but the Bureau of Labor Statistics of the Department of Labor reports only 20 percent of the 65 and over population as being in the labor force today. Here is another discrepancy, amounting to 14 percent.

Again, that is an obvious indication that the sample was not truly selective and did not represent a cross section of the population of the Nation.

It seems to me that at the very least, Professors Wiggins and Schoeck would have checked such statistics to see how normal their sample really was.

Contrary to Professor Wiggins own statement in his San Francisco report, his sample was not based on an area probability selection. Instead, it was based on what is called the quota method, the much discredited technique used in the famous 1948 Gallup poll and in previous inadequate surveys. Apparently, the Emory sociologists merely got in touch with other colleagues around the country and asked them, for example, to get them such data on such-and-such a number of white, non-public-assistance aged in their respective parts of the country—in other words, to check on this highly selective group. In short, despite the author's statement, it is not true that "Each person in the universe from which the sample was taken had an equal chance to be included in the sample."

Now I come to a most vulnerable aspect of such "scientific" surveys. The Emory report emphasizes in the extreme the "high level of health" reported by the aged who were interviewed, and the same point is emphasized in the publicity issued by way of news releases by the American Medical Association. Apart from the matter of the distorted sample covered in the report, there is still the highly important question about the ability of an individual in an interview with sociologists to determine the actual state of his physical or mental condition or whether he has or does not have any unmet health needs. For the AMA to accept the statement that 90 per cent of the aged have no unfilled medical needs is to fly in the face of the day-to-day clinical experiences of the doctors who are members of the AMA.

It seems rather strange that the American Medical Association would now permit some 15 or 20 sociologists to report on how many people in the population have unmet medical needs and how many do not have unmet medical needs. That is certainly contradictory of suggestions which come almost regularly from the doctors and from the American Medical Association; namely, that all people, whether sick or not, should have regular medical examinations by doctors. I suppose the next step would be for the American Medical Association to get out a sort of "medical do it yourself kit," or to get a sociologist to do it. In this case, they take the position that the sociologists could make a study of 1,500 people, and then could say, "None of them is sick; all these people are in good health." If that is the case, I think the medical profession should look to the American Medical Association, because we could expect such procedure to lead to a very dangerous trend in medical practice.

Mr. GORE. Mr. President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. GORE. I do not believe the statement made was "no one is sick." What term was used? Was it "unmet"?

Mr. McCARTHY. Yes, "unmet medical needs"; that was the language which was used in the survey.

Mr. GORE. Would the Senator from Minnesota compare that with unrequited love? [Laughter.]

Mr. McCARTHY. I suppose the question would be whether the subject was fully aware of what was happening to him, and I suppose in each case there

would be a possible area of misunderstanding and of failure to diagnose the symptoms properly.

I should like to read a statement which has a bearing on this subject. I refer to a monumental and rather far-reaching medical science research project completed by the Commission on Chronic Illness, and published in at least four volumes of data and evaluation. Part of this project dealt with the very question of the discrepancy between self-evaluation of medical need and actual medical need as determined by thorough clinical examination of the persons making their own self-evaluation in oral interviews.

The results of this type of verification of self-reported diagnoses by actual clinical examinations have also been published in a shorter article by three of the participating scientists in the studies made by the Commission on Chronic Illness, Dr. Ray E. Trussell, M.D., M.P.H., F.A.P.H.A., now of Columbia University; Dr. Jack Elinson, Ph. D., a recognized national expert on interviewing techniques, and also now at Columbia University; and Dr. Morton L. Levin, M.D., assistant commissioner, New York State Department of Health. The article appears in the February 1956 issue of the American Journal of Public Health, pages 173 to 182.

I ask unanimous consent that the article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. McCARTHY. Mr. President, in brief, they state categorically the woeful inaccuracy resulting from merely asking people to tell an interviewer how their health is:

For example:

Less than one-fourth (22 percent) of the conditions found by clinical evaluation was matched with conditions reported in the family interview. This proportion of match is for clinically evaluated conditions believed by the examining clinician to have been present in the period covered by the family interview and which presumably should have been reported.

Yet the American Medical Association endorses a sociologists' inquiry which states that all the old persons they interviewed thought they were feeling relatively well.

The article also states:

Six out of ten cases of clinically evaluated heart conditions were not reported in the family interview.

In other words, 6 out of 10 were not properly diagnosed, and their actual condition was discovered only upon clinical study or examination.

The article also states:

Nine out of ten "neoplasms"—

In other words, in the nature of cancer—

(benign and malignant) established by clinical evaluation were unreported in the family interview.

Yet the American Medical Association was publicizing a study made by sociologists who said that the old persons they interviewed said they did not think anything was wrong with them. On the other hand, the scientific study showed that 9 out of 10 of those who had cancer did not know they had it when they were interviewed.

As another example, a third of the cases of diabetes found through clinical tests were not reported in the family interview.

Mr. GORE. Mr. President, will the Senator from Minnesota yield further?

Mr. McCARTHY. I yield.

Mr. GORE. If all that the AMA survey asserts is true, how does the Senator explain the concern we find so widespread throughout the country and in both Houses of Congress in regard to the enactment of a bill to deal with this subject?

Mr. McCARTHY. I say it is hard to understand how a study so obviously unscientific and so superficial as that one could be proposed as deserving of serious consideration by the Senate, as it attempts to deal with the problem of providing better medical care for the elderly people in our population.

Mr. GORE. Mr. President, will the Senator from Minnesota yield further to me?

Mr. McCARTHY. I yield.

Mr. GORE. As further evidence of the widespread concern, did not both national parties at their conventions give serious consideration to this subject, and did not both of them assert it was a matter of prime national concern?

Mr. McCARTHY. The Senator from Tennessee is quite correct. Until this amazing study showed up within the last few days, I think it was generally accepted that the figures developed by the Special Senate Committee on the Problems of the Aged—and the committee conducted hearings under the direction of the Senator from Michigan [Mr. MCNAMARA]—were correct. The committee reported that among persons 65 years of age or older, 76 percent had one or more chronic conditions; and among persons of all ages, 41 percent had one or more chronic conidtions. Yet, in the face of that 76 percent figure, which was reached after the most thorough studies, a handful of sociologists say that 9 out of 10 of those interviewed think they are in good health—or, in other words, that 10 percent of them had some kind of disability which was needful of some medical care.

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

Mr. McCARTHY. I yield.

Mr. GORE. How would the Senator rationalize the support of the committee bill approach by the American Medical Association if it believes in the accuracy of the report to which the Senator is addressing his remarks?

Mr. McCARTHY. It would be difficult for me to explain it. I would hope the AMA itself might give some explanation because I believe it is now in a very contradictory and indefensible position.

Mr. GORE. Will the Senator yield further?

Mr. McCARTHY. I yield.

Mr. GORE. I should like to read from the committee report describing this bill, an approach which the AMA supports:

It would cover all medically needy aged 65 or older; it would cover every such person including those under the social security system, railroad retirement system, civil service system, or any other public or private retirement system whether such person is retired or still working, subject only to the participation in the program by the State of which they are resident; it would cover the widows of such workers as well as their dependents who meet the age 65 requirement and are unable to provide for their medical care.

I turn to another sentence in the report:

The State has wide latitude to establish the standard of need for medical assistance as long as it is a reasonable standard consistent with the objectives of the title.

Does not the Senator think that describes a comprehensive measure?

Mr. McCARTHY. It certainly would not justify our accepting the studies which came from Emory University, from the comments which have been made in the last 2 days.

Mr. GORE. If nobody needs this care, the committee has certainly shown great concern for a need which has not been shown to exist.

Mr. McCARTHY. The Senator is correct; the Senate, the regular committees, and the special committees have wasted a great deal of time.

Mr. GORE. The sentences I have read from the report are somewhat nullified by other statements and paragraphs in the report, which I must say I find a bit ambiguous; but, to say the least of it, or the most of it, the pending bill, which is one of wide scope and one which has the support, less the amendments added by the Senate, of an overwhelming proportion of the House of Representatives, is a very costly bill.

Mr. McCARTHY. That is correct, something like $340 million without social security.

Mr. GORE. And yet, according to the report to which the Senator has referred, it is utterly unneeded.

Mr. McCARTHY. As the Senator has indicated, up until the last 2 days it was accepted that there was a need for the program, although there was disagreement as to what the nature of the program should be. But if we were to accept this statement and the argument relating to putting it under social security, we might carry it further and say there is no need for the other two proposals being considered by the Senate.

Mr. GORE. I should like to ask the Senator another question. Why is it free enterprise and why is it free medicine for a State to pay the bill of a physician out of funds which are provided in large part, up to 80 percent, by the Federal Government, but an amendment providing assistance and medical care and hospitalization, but no payment of doctor fees, paid from the social security fund is socialized medicine?

Mr. McCARTHY. It is difficult for me to explain that, because, traditionally, one of the socialist tenets has been that an individual would be paid according to ability and would receive according to need. The Senator may recall that we were—I will not say shocked—somewhat surprised when the Secretary of Health, Education, and Welfare appeared before the Finance Committee and said he was opposed to putting this program on a pay-as-you-go basis by having it incorporated in the social security system, because he thought it should be paid for out of general revenues, which are obtained by taxes, which are more progressive. So he was advocating a social system of collecting from the people on the basis of their ability to pay, under a progressive tax system, and then paying out those funds on the basis of need.

So I suppose one would have to say that the Senator from Tennessee and I were conservative and somewhat antisocialistic because in this instance we favor incorporating this system into the social security system, into which people pay out of their earnings.

Mr. GORE. Does the Senator have any explanation for this logic, or illogic?

Mr. McCARTHY. They make some very quick changes from one proposition to another as they come before our committee. If we look at the taxes the administration has proposed this year, every tax the administration has proposed has been in the nature of an excise or transaction tax. We have no proposals from the administration to improve the progressive scale, have we?

Mr. GORE. None.

Mr. McCARTHY. None whatsoever. When this bill is before us, they become advocates, proponents, and defenders of the income tax system.

Mr. GORE. Does the Senator really believe that the position of the administration turned on the theory of taxation?

Mr. McCARTHY. While I hesitate to attribute motives to the administration, I think in this case their position with regard to taxation was a matter of expediency. I think it was a part of the manifestation that they had no great spirit for the passage of any legislation in this field, and, as we had indicated, in the last day or two they have come up with their own program, known as the Javits proposal, which was never presented to us in committee, even though we finished hearings on this bill last week.

Mr. GORE. Is that not another example of a whole series of tardy acts?

Mr. McCARTHY. The Senator is quite correct.

There are other studies by definitely established reputable agencies and research organizations, whose findings refute and cast strong doubt on the validity of the AMA-advertised Wiggins-Schoeck paper. The National Health Survey, for example, was established by the Congress to collect accurate—I repeat, accurate—information on the health of the population. Its techniques are the best known to science and are approved by a distinguished advisory committee.

The National Health Survey's sample of the older population is about eight times larger than that of Wiggins-Schoeck. The results of that continuing survey are part of the Government's official documents.

For example, 76 percent of those 65 and older have at least one chronic condition.

Forty-two percent of the general population are limited in activity because of chronic illness.

Older persons see physicians 40 percent more often and spend more than twice as many days in the general hospitals as people who make up the general population.

Mr. President, I do not wish to belabor and prolong my critique of the Emory survey. There is much more I could say about it, and I think the sociologists will have much more to say about it as the discussion on the bill and on the issue continues.

I wish to quote from some of the leading sociologists in the field of aging who have made some remarks about the Wiggins-Schoeck survey at this time. I ask unanimous consent that the full text of the comments be printed in the RECORD at the end of my statement.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

(See exhibit 2.)

Mr. McCARTHY. The reputation of the men whom I intend to quote is very high in scientific circles. Many of them are internationally known.

First I wish to quote from Prof. Noel Gist of the University of Missouri, listed as one of the cooperating sociologists in the Emory project; who wrote letters to his local newspaper, the Missourian (which carried a news story about the survey, based on the AMA news release), and to the American Medical Association:

> I had nothing to do with the planning and sampling procedures, the tabulation of data, or the formal presentation of conclusions. Presumably the American Medical Association was given access to the data to use as it desired. The data are being used deceptively for political purposes • • • the persons interviewed represented, in a sense, the financial "elite" of the older population. • • • The AMA news release, intentionally or otherwise, ignored these qualifications. Instead, it has presented data on a limited and restricted sample of older persons as if this sample were representative of the aged population in general. For this reason the statements in the AMA news release are both misleading and deceptive. The average newspaper reader would probably not be sufficiently informed to detect this deception.
>
> For the reasons stated above, I object to the unauthorized use of my name in AMA propaganda. (From letter to the Missourian, Aug. 18, 1960.)

> This morning's press carried a news story which, by implication if not by explicit statement, indicated my endorsement of the position of the American Medical Association regarding medical care for the aged in this country. • • • Although I participated in a study of aging to the extent of supervising the interviewing of a sample of rural residents in Missouri, I assume no responsibility whatever for any analyses made of the data or any conclusions by other persons. • • • Yet the news release, by the use of my name as a professional sociologist (and also the names of several other sociologists) undoubtedly leaves the impression that I endorse the conclusions presented in the news release of the AMA. This is entirely misleading. I do nothing of the sort. • • • It was quite obvious to me that the questionnaire sent to us was a very poor one, and seemed to be devised by amateurs in research. But since we agreed to do the interviewing for the project we completed the assignment. If I had known that this study was to be used for political propaganda I should not have undertaken it at the outset. (From letter to AMA, Aug. 17, 1960.)

The following are comments by sociologists attending the meeting in San Francisco where Dr. Wiggins presented his formal report:

> I have read the paper and was in the audience when Prof. Wiggins made his presentation. Like several of the others present, I was astonished at the data and conclusions reported. The basic figures on income, assets, health status differ by as much as 100 percent from those reported by other studies during the past decade and from figures available through such standard sources as the Bureau of the Census, the Current Population Survey, and the National Health Survey. (Letter from Clark Tibbitts, chairman, executive committee for the Americas, International Association of Gerontology, Aug. 19, 1960.)

> In reporting on their longitudinal study of occupational retirement, Profs. Gordon F. Streib and Wayne E. Thompson (of Cornell University) have in all of their work stressed the fact that although their sample includes people from throughout the country and from all walks of life, it cannot be considered representative of the older population of the United States. They acknowledge that their sample is relatively more affluent, and in relatively better health than the older population. However, when the Cornell respondents were asked: "Do you think that most retired people are able to take care of their medical expenses themselves?" more than one-half replied that they did not think so. (From statement prepared by Professors Streib and Thompson, Aug. 17, 1960.)

Professor Thompson was a discussant of the Emory survey, at the San Francisco gerontology meetings.

And from the cochairman of that meeting, Prof. Leonard Breen:

> I did not see a copy of the final paper (by Professor Wiggins) until August 10, 1960, the day before it was read at the meeting of the Congress (of gerontology). I must report that I was appalled to read the paper which I found to be of poor quality of scientific research technique and writing. Indeed, I regretted at that point that I had been so naive as to have accepted the paper without having seen it in advance, especially since it would be presented before an audience of internationally known scientists who might think of this as representing American sociology. • • • When the paper was actually presented, there was an immediate reaction on the part of the audience, attacking its unscientific character, and the ease with which Wiggins and Schoeck jumped to untenable conclusions.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the New York Times of August 12, 1960, entitled "Challenge to Blue Cross"; an article written by Lawrence T. King entitled "America's Poor," published in the Commonweal of July 22, 1960; and an article written by

Roger Green entitled "Mild-Mannered, Bewildered Old Folks Find Selves 'Dumped' Into Mental Institutions," published in the St. Paul Pioneer Press of August 21, 1960.

There being no objection, the editorial and articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Aug. 12, 1960]

CHALLENGE TO BLUE CROSS

Superintendent of Insurance Thacher's decision on the Blue Cross request for a 37-percent increase in rates is sound. In denying it for the time being—and in his analysis of why he did so—Mr. Thacher has shown exceptional discernment, both of the weaknesses in the Blue Cross case and of the progress it has made in filling the needs of the subscribing public.

Mr. Thacher's main objection to granting the full increase was well taken. It involves the new basis on which Blue Cross payments would be made to the member hospitals—the largest source of hospital income as well as the biggest item in the cost of Blue Cross operation. On principle, of course, payments should be related to the varying costs of hospital services given Blue Cross subscribers—which they have not been up to now but would be under the terms of the new application.

Mr. Thacher approves this principle but questions its application as proposed by Blue Cross in several important respects. They concern, for example, the inclusion for ratemaking of such costs as medical training, capital replacements and improvements; also emergency and outpatient care for the benefit of the general community. Also, he rightly points out that the cost basis for rates without adequate safeguards might result "in penalizing efficiency and subsidizing waste." The superintendent of insurance hasn't the power under the law to impose changes in Blue Cross operations, but presumably a revised request would be granted if Mr. Thacher's objections are met.

His opinion adds impact to the rapidly rising public demand for the reduction of unnecessary hospital costs—unwarranted admissions, too-long patient stays, uncalled for surgery, etc. As Mr. Thacher suggests, Blue Cross could generate powerful pressure to that end by the conditions for membership imposed on the hospitals. But his opinion is far from purely critical. He rightly welcomes the increased coverage—such as for infants and emotional disorders—administrative improvements and the increased representation of the public on the Blue Cross Board of Directors, though the hospitals and the medical profession still dominate.

The 7 million subscribers of Blue Cross and the public, through its interest in better community health, await a revised and prompt Blue Cross application with the greatest concern—one, we hope, that will call for a good deal smaller rate increase.

[From the Commonweal, July 22, 1960]

AMERICA'S POOR

(By Lawrence T. King)

Our present age of affluence is replete with contradictions. As the gross national product soars to new heights and as personal income keeps edging upward—last year's advance was 4 percent over 1948's—we find it increasingly difficult to become disturbed over the pockets of poverty which continue to persist on the fringes of our national affluence.

Perhaps our complacency can be explained by the fact that an entire generation has come of age without any direct experience with the corroding effects of mass unemployment. Even at the height of the recession of 1958—when 7 percent of the labor force was out of work—most Americans were insulated from the effects of enforced unemployment since it was generally restricted to certain geographical areas and occupational, racial and age groups, a condition termed "class unemployment" by the social scientists to distinguish it from the mass unemployment of the depression years when as much as 25 percent of the labor force was idle.

Congress has given considerable attention to this problem of class unemployment. The most ambitious attempts to deal with it—area development legislation—have been vetoed twice by President Eisenhower, and the inability of Congress to override the President has been interpreted rightly or wrongly as reluctance on the part of the Nation at large to undertake costly Federal programs to aid depressed areas, on the assumption that the increasing level of national prosperity eventually will catch up with the problem.

Proponents of this view are quick to point to the latest figures put out by the U.S. Commerce Department which show that since 1947 the number of families and unattached single persons with annual incomes of less than $2,000 has shrunk from 25 to 14 percent while those earning $2,000 to $3,999 have declined from 38 to 21 percent. On the other hand, they point out that the number of families and unattached single persons making $4,000 to $5,999 has increased from 20 to 23 percent, those earning $6,000 to $7,999 have gone up from 9 to 18 percent, those in the $8,000 to $9,999 bracket from 3 to 10 percent, those in the $10,000 to $14,999 bracket from 3 to 9 percent, and those over $15,000 from 2 to 5 percent.

These figures do show that more and more Americans are ascending the economic ladder with fewer families left on the lower rungs. Cold statistics, however, have a way of masking the human factors involved.

It is of little comfort to those families earning less than $2,000 a year—7½ million, by Commerce Department estimates—to know that the general level of national prosperity is rising. And it is not surprising that those families with incomes of less than $4,000—35 percent of the national total—do not share the administration's economic optimism, especially when another Federal agency informs them that present living costs require a weekly income of $80.87 for a worker with three dependents and $73.31 for a worker with no dependents.

The median income for 1959—with half the families above and half below—was $5,300, and the model or most frequent income was $4,600. These figures are quite an improvement over those for 1947, when the median income was around $3,000. But balanced against the shrinkage in purchasing power since 1947—an income of $5,000 then was equivalent to $6,865 today—it is apparent that the increase in real income is not so spectacular as the Commerce Department figures would seem to indicate.

It is this constant shrinkage in the dollar—it is now worth 47.6 cents in terms of 1940 buying power—which accentuates the plight of those who remain in the lower income brackets. We may soothe our consciences with statistics and tell ourselves we never had it so good, but this does little to mitigate the misery of those who must fight a daily battle to make ends meet.

Just who are these people, the American poor consigned to live in the shadows of our national affluence?

They are the elderly living on social security payments or small fixed incomes from pensions, 74 percent of whom have an annual income of less than $1,000; the physically handicapped and infirm, who cannot compete in a competitive job market; the farmworkers engaged in the most basic of all labors but excluded from Federal and State wage-hour laws and often denied the protection of welfare aid and educational and health facilities of the localities in which they work; the racial minorities, "the last hired, the first fired," who in many sections of the country are barred from unions or placed in wage categories below those of the dominant group; the victims of geography who have seen once flourishing communities turned into depressed areas by technological advances, changes in consumer demand, depletion of natural resources and shifts in defense procurements or the location of military facilities.

The belief persists among many that these people somehow are responsible for their own condition. There are, of course, those who are chronically unemployed because they lack the drive which is so important in an acquisitive society and there are those who do not possess necessary job skills because of educational deficiencies or insufficient training. For the most part, however, they are persons victimized by conditions not of their own making.

Take the case of racial minorities. The higher incidence of unemployment among Negroes, the low wages paid to Puerto Ricans in New York and elsewhere, the lack of employment opportunities for American Indians, the exploitation of Mexican-American manpower in the Southwest, cannot be explained solely in terms of lower levels of skill or other objective standards. Dual wage standards for the same type of work, discriminatory hiring and firing policies, closing of union ranks and apprenticeship opportunities to Negroes and other practices have been definitely established as factors which reduce certain minorities to the role of drawers of water and hewers of wood.

Then there are those who live in areas which have become depressed—coal miners thrown out of work by automation and declining demand for coal, workers in wool-textile industry towns where plants have been closed as a result of competition from cheaper synthetic fibers, miners and smelter workers in areas where mineral resources have become depleted. Men who have spent a lifetime of productive labor in these fields do not find it easy to adapt to new jobs and skills, even when new jobs are available, and in most cases the jobs simply are not there.

The problem we face has been complicated by the fact that modern trends are operating against labor mobility. Senator EUGENE MCCARTHY's Special Committee on Unemployment Problems, which has just completed a comprehensive study of the situation, stated in its report to the Senate:

"Theoretically, a supply of unemployed workers attracts new enterprises to a locality; and in the absence of new jobs, laid-off workers are expected to move to a new locality. A number of studies since World War II have shown that the labor market does not actually operate in this way. The pockets of high unemployment in many localities have not diminished even though production has reached new heights throughout the Nation."

The committee suggests a number of reasons for diminishing mobility: Increased home ownership and increased number of children, personnel practices in hiring, and high risks attendant upon moving to a new locality. Fifty percent more families, for example, own their own homes today than at the beginning of the century. The committee has found that converting a tenant into a homeowner tends to reduce his mobility, and that a home is not a liquid asset in a community which has become depressed.

A definite link is established between the size of a family and a worker's mobility. Families are much larger today than they were 20 years ago, and figures based upon the 1950 census show that the migration rate among families with children is less than half the migration rate of families without children in comparable age groups.

Industrial and personnel practices are also cited as factors tending to reduce labor mobility. Insistence of industry on reducing job turnover and organized labor's success in winning seniority rights, pension plans and severance pay have all served to stabilize the labor force at the expense of the migrating jobseeker.

"A worker takes obvious risks," the report states, "in moving to a new locality. Usually a person who becomes unemployed puts all his efforts and financial resources into looking for work near home, relying on unemployment compensation for temporary support. By the time he decides there are no local opportunities he is near the end of his financial reserves. A West Virginia witness put the predicament this way: 'It's hard to go some place when you ain't got no money. It takes a little money to go some place to hunt a job, too.' He may have heard of jobs many miles away, but he knows from the experience of others that he will be the first fired in a layoff if he is the last hired. If he is an older worker, he will have difficulty in finding any work at all. He knows that if he is unsuccessful, he will have, in addition to the expense of moving his family to the new location, the expense of moving back. He knows, of course, he can go on alone, but this means family separation and perhaps family dislocation. Often he will have to spend everything he earns to take care of his own living expenses in the new location and have nothing to send home."

In his appearance before Senator McCarthy's committee, a district supervisor of public assistance for five West Virginia counties testified:

"I would like to talk about the results of unemployment. It is heartbreaking sometimes, as I talk to these people in need, that our department is in the position that we cannot help them. They want work that produces; they don't want work that is merely set up as a plan instead of assistance.

"A man came into the office not long ago and said: 'Lady, I am not disabled, and I don't want assistance. But I am 45 years of age; I have two children in high school; the rest of my children are in the grades, and they can't go to school because they don't even have shoes.' "

Teachers also testified and told of high absenteeism and dropouts because the children did not have the shoes or proper clothing. In schools fortunate enough to have federally subsidized hot lunch programs—not all schools have them because some lack kitchen facilities—pupils often get their only full meal of the day there. One teacher said most of her pupils save portions of their lunches and milk for younger children at home. Another told of her pupils' dislike of vacation periods because they never had enough to eat at home. It is little wonder that Congressmen from the area have pressed for a domestic point 4 program to aid their people.

If poverty remains endemic to the depressed mining areas, it is by no means confined there. The lowest per capita incomes are still to be found in the rural areas. There unemployment is not as great a problem as is underemployment, which the Department of Agriculture defines as "utilization of the human agent in economic activity that results in real earnings that are significantly less than are received by comparable resources in other uses." It is estimated that 1,200,000 farm males—almost one-quarter of the total number of farm males with income—are underemployed.

In a report published last year, the Department of Labor reported that despite increases in earnings for nonagricultural workers the income of farmworkers continued to decline. In 1957, annual average earnings of migratory workers for 131 days of farm and nonfarm labor was $859, as compared with $898 and 147 days for nonmigratory workers. In the face of the greatest burst of productivity in the Nation's history, the relative economic status of hired farmworkers continues to deteriorate.

Behind the statistics there is a sordid story of squalor, a story which was detailed at length by the National Advisory Committee on Farm Labor at a hearing held last year in Washington.

There was the minister from Pompano Beach, Fla., who told of his experience among the migrants in that State: "Most camps are dilapidated shacks with large families living in one room with no windows. The toilet facilities are the outdoor privy type that are so filthy that many use the ground. The water supply is outside faucets with no water in the dwellings. Why should little children be forced to live in such filthy surroundings just because they were born in a migrant family?"

The chairman of the National Child Labor Committee testified: "Children who work in agriculture do not suffer from the harmful effects of their labor alone. Their whole way of life is deprived. They suffer from poverty, community rejection, inadequate housing, unsanitary facilities, etc. * * * Nothing is done to help them occupationally—to give them the education, preparation or special help they need to become productive citizens."

A doctor from Corpus Christi, Texas, appeared: "The children of migrant parents are born into a world completely of their own. * * * If the child lives to be of school age, he could possibly go to many schools on different occasions at different places but he will never average more than 3 years of schooling in his lifetime. His world will be from the Atlantic to the Pacific, from the Great Lakes to the Rio Grande. It will be his world, however, in that the only piece of property that he will ever own will be his grave. * * * I may be here because I am still haunted by the remembrance of a day 10 years ago when I found a dead mother with six children lying in the same bed, all covered with blood from the hemorrhage of a dying tubercular mother.

The continued existence of poverty of this sort in a nation that has amassed the greatest wealth in the history of the world must remain an affront to the American conscience. The poor, of course, will always be with us; but it is one thing to be poor because we live in a society in which there is not enough to go around—it is quite a different matter when we know there is enough to go around, when the poverty is the direct result of our national failure fully to utilize and develop human material resources which we have in abundance and which are the true sources of wealth.

The migrants, for example, are not poor because of the nature of their work. They are migrant workers because they are poor. And they are roaming country roads not because the farm economy needs them—they have no historical precedent in American life—but simply because of our failure to solve some of the basic social and economic problems of our time. Workers certainly would not subject themselves and their families to the vicissitudes of migratory life if other economic opportunities were available. They are there because there is nowhere else to go.

The casualization of the rural labor force has been given its greatest impetus by our inability to solve the farm problem. Agricultural economists in Washington have centered their efforts on reducing surpluses and forcing prices upward by encouraging marginal farmers to leave the land and seek jobs elsewhere. Industry, however, has not been able to absorb these displaced farmers, and they have, instead, joined the ranks of the farm laborers.

We Americans are prodigious capital builders, but in our preoccupation with stocks and bonds and corporate wealth we have concentrated our efforts in fields where our investments will produce the fastest and best returns. As a result, our capital investments are unevenly distributed—some areas are booming, others are blighted. The problem of the distressed areas must be seen in this perspective, for the condition will persist as long as we fail to expand the productive apparatus at our command by investment of public capital to counteract the imbalance of private capital.

We can, of course, continue to subsidize unproductive elements in our society through relief and welfare grants and makework projects. But programs of this sort, though necessary in a society beset by periodic economic readjustments, will never solve the problem. What is needed is a comprehensive social and economic program similar in approach to the TVA concept, a program which will upgrade an entire region and provide opportunities where none existed before.

It is futile to expect industries to locate in distressed areas unless there are economic incentives for them to do so. Cheap and abundant power and water, freedom from floods and duststorms, adequate transportation facilities and pleasant surroundings are some of the incentives which will attract industries and provide the diversified economic base so vitally needed in blighted rural and industrial areas.

The programs which will provide such incentives will not come from the private sector of the economy, for its capital can be invested much more advantageously elsewhere. It is to the public sector of the economy that these distressed areas must look. The unhappy fate that has befallen area redevelopment legislation should not discourage Americans from pressing forward for a bold, imaginative national approach to the problem of chronic poverty.

It is time that we faced up to the fact that the national economy is not truly served by budgetary considerations that block the full development of our physical wealth. In the long run, every dollar of public money invested in revitalizing undeveloped segments of our economy will pay high dividends in the creation of new wealth and opportunities for the poor Americans who have been left far behind in the Nation's march toward affluence.

[From the St. Paul, (Minn.) Sunday Pioneer Press, Aug. 21, 1960]

MILD-MANNERED, BEWILDERED OLD FOLKS FIND SELVES "DUMPED" INTO MENTAL INSTITUTIONS

(By Roger Green)

One of the profound tragedies of America's mental hospital system is that thousands upon thousands of old folks are being dumped into psychiatric wards along with the chronic insane.

In ward after ward at three huge puhlic mental institutions, I saw gentle, mild-mannered old people—apparently quite normal except for minor eccentricities—sitting in meek resignation among babbling schizophrenics and brooding manic depressives.

Many of them are simply old, with no place else to go, no family willing to give them shelter and care for their simple needs.

Some of them have had a mild stroke or their minds are confused by the effects of senility. But do they belong in a mental institution?

"The usual pattern in this country seems to be for elderly patients, showing symptoms of delusional thinking, to come into a mental hospital and remain until they die," says the American Psychiatric Association Journal.

"Many (old) people are now being classified as psychotic who actually need nothing more than attention to their physical needs, their food, cleanliness, and so on. They will cause nobody much trouble, so they can be cared for quite easily in a facility other than a State hospital."

The APA, recognizing the red-hot controversy involved in the problem, adds:

"But there is no better place to discharge our responsibility to the sick aged than the State hospital. Lacking proper facilities (elsewhere), we are in no position to say they do not belong in a public psychiatric hospital."

On another note, Dr. William F. Sheeley, APA project chief, declares:

"The community is settling more and more senile persons into psychiatric wards formerly used only for younger mentally ill patients. Some of these elderly people have psychoses or are pretty forgetful and confused. Most of them simply need an old folks' home.

"We must begin a ruthless pruning job. We must return to the community those persons who are not really treatable and those who are not really (mentally) ill."

Several States, spurred by a combination of humanitarian motives and a desire to save tax money, are taking active steps to weed elderly nonmental cases out of State mental hospitals.

The money-saving factor stems from the fact that oldsters confined in a State mental hospital cannot qualify for a Federal old age pension.

However, if they are transferred to a nursing home they promptly become entitled to Federal old-age benefits—and thus the State, instead of paying for the care of old folks in a State hospital, can shift part of the burden to the Federal Government.

An Associated Press survey showed that Kentucky and Ohio, among other States, are moving in that direction.

Kentucky recently tightened its policy of admitting to State hospitals only persons afflicted with mental illness and barring old age as sufficient cause for admission.

The Blue Grass State has also launched a home-going program to place elderly patients who are not suffering from mental illness in boarding and nursing homes.

In Ohio, Gov. Michael DiSalle is pushing a program to transfer as many as possible of the State's 3,400 aged patients from State mental hospital to nursing homes where the Federal Government would pay about 52 percent of the cost. It would save the State several million dollars.

Voicing concern over DiSalle's policy, Dr. Robert A. Haines, Ohio director of mental hygiene, says many patients were not sent to mental hospitals originally because they were old but because they were mentally ill—and that they grew old in the institutions.

It is, of course, true that many of the chronic mental cases—and they are the ones with the least hope of recovery—grew old behind the walls of State mental institutions. Many of them have been there for 30, 40, or 50 years.

But it is also true, as noted by Dr. Ewald W. Busse, chairman of Duke University Medical Center's Department of Psychiatry, that "the proportion of elderly people in our mental hospitals is increasing at an alarming rate."

Dr. Leo H. Bartemeier, medical director at Seton Psychiatric Institution in Baltimore, Md., says:

"The increasing admissions of the aged to our mental hospitals create a staggering problem."

Forty percent of all patients admitted to mental hospitals are over 60 years old. Thirty percent are over 65. In New York State, for example, nearly 30,000 out of the State's 88,000 mental hospital patients are over 65 years old.

What this means, in terms of human tragedy and expense to the Nation's taxpayers, is underscored by a simple statistic: 94 percent of all mental patients over 65 will remain in hospital until they die.

How many of these old folks are genuine cases of mental illness—and how many are merely custodial cases, heartlessly dumped into the hospital as the cheapest and easiest way out—is anybody's guess.

Dr. Winfred Overholser, 68, longtime superintendent of the Federal Government's St. Elizabeths Mental Hospital in Washington, D.C., told the writer:

"There is no question that the old folks are increasing among our mental hospital patients. One reason is that our general population is getting older and there are now more old folks.

"More serious is the fact that we have a cliff-dwelling population. We live in apartments and row houses. So a slight disturbance by an older person leads to complaints and the family reacts by sending the offender off to a mental hospital."

EXHIBIT 1

[From the February 1956, issue of the American Journal of Public Health]

COMPARISONS OF VARIOUS METHODS OF ESTIMATING THE PREVALENCE OF CHRONIC DISEASE IN A COMMUNITY—THE HUNTERDON COUNTY STUDY

(By Ray E. Trussell, M.D., F.A.P.H.A.; Jack Elinson, Ph. D.; and Morton L. Levin, M.D., F.A.P.H.A.

This is a preliminary report upon a few observations of methodological significance to morbidity surveys. The findings presented have resulted from a survey of the prevalence and needs of individuals with illness and disability in an essentially rural population. It was conducted by the Hunterdon Medical Center in Hunterdon County, N.J., during a 3-year period, 1952–55. The original plans for two such surveys—one urban and one rural—were developed for the commission on chronic illness when one of the authors was director.[1]

The Hunterdon survey was one of the components of the long-range program of the commission which sponsored this rural study, assisted with consultation and minor financial participation, and carried out the parallel urban study in Baltimore, Md. The Hunterdon survey also was sponsored by and assisted with extensive staff participation from the New Jersey State Department of Health. A major portion of all studies and analysis of findings has been the responsibility of the National Opinion Research Center. Primary financial support was provided by the Commonwealth Fund which also made a substantial grant to the commission to enable completion of the urban survey.

[1] Morton L. Levin, M.D.

The rural survey was made under the overall direction of one of the authors[2] who was serving also as director of the Hunterdon Medical Center. The National Opinion Research Center participation has been guided by a senior study director.[3]

The survey findings are extensive and will deal also with the large gap between needs, as determined by team evaluation, and actual utilization. The data currently are being assembled into a sizable report which probably will not appear in final form before early summer of 1956. However, certain methodological facts are already evident. They are selected as of particular interest, because of their relevance to our very realistic need for better epidemiologic understanding of many long-term illnesses through accurate determination of prevalence and incidence in the population at large.

In the literature our present knowledge of prevalence and incidence is an accumulation of several approaches, such as household interviews; study of physician, institutional, and organizational records; and multiple screening. Much use has been made of data provided through an interview of a lay respondent by a nonmedical interviewer in a home setting where the cooperation of the respondent has to be solicited and is voluntary. Additional information has been provided by personal health diaries and by questioning physicians who have been asked to confirm, alter, or supplement diagnoses reported by their patients in household interviews. Multiple screening of large numbers of self-selected individuals, presumably well, has yielded much data which are suggestive but difficult to evaluate.

How valid are the statements made in household interviews and by physicians named as attending the reported conditions? What volume of disabling or potentially disabling conditions is not suspected as the result of multiple screening? Can a self-administered questionnaire be distributed to a population at large and return useful but less expensively acquired data? Partial or substantial answers to such questions are emerging from the Hunterdon County and Baltimore surveys. Three sets of observations now available from the rural study are presented at this time.

SURVEYED POPULATION

Enough descriptive data will be listed here to provide an overall picture of the population studied. Hunterdon County covers about 435 square miles stretching irregularly along the Delaware River in northern New Jersey. It is an area of farms, woodlands, small boroughs, rural townships, and a few small industries. In the 1950 census (total population 42,736) the 26 municipalities making up the county had populations ranging from 486 to 4,467 with only 2 of 2,500 people or more. The county seat of Flemington is located midway between New York City and Philadelphia, 50 miles in either direction, and 23 miles north of Trenton, the State capital.

The year covered by the survey as the primary study period was a year (midpoints 1951–52) in which the county was served by

[2] Dr. Trussell is executive officer, Columbia University School of Public Health and Administrative Medicine, New York, N.Y.; Dr. Elinson is senior study director, National Opinion Research Center, Chicago, Ill.; and Dr. Levin is assistant commissioner, State Department of Health, Albany, N.Y.

This paper was presented before a joint session of the dental health, epidemiology, occupational health, and statistics sections of American Public Health Association at the 83d annual meeting in Kansas City, Mo., November 16, 1955.

[3] Jack Elinson, Ph. D.

approximately 25 general practitioners, 12 school and public health nurses, 2 small voluntary agencies (dental and turberculosis), and a traveling mental hygiene clinic. The county had no commuuity hospital, no health department, no diagnostic facilities, and no specialists practicing within its boundaries.

Detailed population analyses are not essential to the present report. However, by comparison with the State as a whole, Hunterdon residents were above the median age, had a higher percent above age 65, a lower percent of nonwhite, a slightly lower average of persons per household, a lower median number of years in school, 10 percent less engaged in manufacturing, $700 less per family median income and 11 percent more than the State median of families with income of less than $2,000 annually. The county population was classified as rural farm, 22.9 percent; rural nonfarm, 59.5 percent; and urban, 17.6 percent. The population is not a homogeneous grouping of rural residents.

SURVEY PLANS

The survey steps as planned and the principal reasons for their inclusion are summarized as follows:

Phase 1: The utilization of a self-administered questionnaire was undertaken for two reasons. First, to determine the usefulness of such a questionnaire; second, to give every resident in the county an equal opportunity to participate in the survey and thus in the development of policies governing their local medical center based on findings of the survey. This step required that a self-administered questionnaire for each member of each family in the county be delivered to each household and returned on a voluntary basis. It was estimated that there were about 13,000 families with more than 43,000 members.

Phase 2: Following the use of the self-administered questionnaire, the county population was to be surveyed on an area probability sampling basis through the use of household interviews. The minimum goal for this step was to secure health histories from 4,000 family units. This number had been selected to give an estimated yield of at least 2,000 persons with "chronic" diseases. These families, since they would be representative of the county, would form the base for the next three steps of the survey. Each interview was to encompass the entire family health history within a single folder. It would attempt to ascertain for that family by a variety of question approaches the maximum amount of information available through a single interview about illness, disability, individuals in an institution, deaths in the family, and a variety of other details all pertaining to the 12 months preceding the interview.

Phase 3: In an attempt to ascertain the yield of information which could be secured by questioning physicians attending a rural population the third step of the survey was to be confidential communication with the physicians named by a sample of the individuals reporting illnesses. The information to be sought here was primarily diagnostic to allow for coding and comparison with findings reported through the self-administered questionnaire, personal interview questionnaire, medical examination, and multiple screening. One interesting methodological step was that half of the physicians were told what had been reported in the household interview, the other half were not.

The three approaches to ascertaining the health status of a population, as described, are not new in the field of morbidity surveys except for the completeness of the interview approach and certain built-in methodological studies. Similar projects, some on a much larger scale except for the self-administered questionnaire step, have been well documented elsewhere. The added steps made possible through the Hunterdon study are described in the following:

Phase 4: From among the total number of individuals listed in the household interviews, subsamples of stratified groups were to be drawn representing the various kinds of illness and disability reported, as well as individuals for whom no illness was reported. A total of 1,000 individuals was to be examined. These individuals were to be offered a complete evaluation by a team consisting of physicians, social worker, and public health nurse, together with such other consultants as they might need. The objective of the team was to define, with every resource available, the problems facing each of these 1,000 individuals and their families; what care they should have had in the past 12 months; and what optimum care for them would consist of in the next 12 months. The problems found were to be classified in a variety of ways in their relation to degree of disability, rehabilitative potential, preventability, employment, income, school attendance, and other community concerns.

Phase 5: From the 4,000 families not only the 1,000 individuals referred to in the preceding paragraph, but also 8,000 presumably well individuals above age 16 at time of interview were to be offered multiple screening in an effort to detect certain noumanifest chronic diseases.

THE SURVEY [4]

Of basic importance to any such survey is the voluntary participation of the public. Without cooperation from adequate numbers of individuals, both lay and professional, the results of a survey are of limited value. Prior to the five steps of the survey it was necessary to obtain clearance with appropriate groups, insure the general alerting and cooperation of the public, followed by the steps of mapping, census taking, and division of the county into 900 areas as a basis for sampling.

In summary, setting the stage for the survey involved securing approval of the board of trustees of the Hunterdon Medical Center, the county medical society, and the public health advisory committee of the medical center. Letters of endorsement were received from the American Medical Association, the American Hospital Association, and the State medical society. Five hundred schoolchildren, teachers, and other volunteers brought up to date or created large-scale maps of each of the 26 municipalities and secured a census listing in each of 900 areas into which the county was divided by delimiting certain natural boundaries, such as roads, rivers, and railroads. More than 40 public gatherings were addressed to orient organizations to the survey. Press and radio support of the project was generous. The entire county medical society membership signed a statement urging the public to cooperate and this document was photostated and published by all local newspapers. Every paper serving the area carried an editorial encouraging public participation. The project was influenced by the fact that the entire county was constructively involved in the creation of the Hunterdon Medical Center to which at least 75 percent of families had contributed and which was now conducting the survey.

With this as a background the five phases of the survey were activated in the spring of 1952 when 600 volunteers delivered questionnaires to households throughout the county. This was followed by 35 trained interviewers attempting to secure health histories during the summer from a third of the families in the county; by communication with a sample of physicians named by these families; by an intensive effort to evaluate by team approach subsamples of the stratified intervicwed population; and by an invitation to go through multiple screening extended to all reportedly well people (above age 16) in the same families. This process required 5 months of full-scale planning and pretesting, 26 months of intensive survey work, and 6 months of winding up. At least a year will be required for analysis and report writing.

The productivity of the five steps was as follows: (1) From the 43,000 individuals to whom self-administered questionnaires were delivered, 23,900 were returned (56 percent); (2) 4,246 families (13,113 individuals) were interviewed representing 91 percent of all sought; (3) 329 physicians (by questionnaire regarding 1,569 patients) reported conditions, 86 percent of the physicians to whom verification forms were mailed replied, 70 percent of the total number of forms mailed out were returned filled out by the cooperating physicians; (4) 846 individuals representing 72 percent of the differential probability sample sought were given a complete medical, social, and nursing evaluation; and (5) 2,679 individuals presumably well were multiple screened from the same families, representing 34 percent of the 7,953 whose participation was requested.

METHODOLOGICAL OBSERVATIONS

Three selected methodological observations which have significance for morbidity surveys have been chosen from among many for presentation.

1. Validation of a household interview by written questionnaires sent to physicians named as having attended the reported conditions.

It has been common practice to request information from physicians named by respondeuts in household interviews. The physician customarily has been told that what the patient said was wrong. He has been asked to confirm or alter the patient's diagnosis and to list or even checklist other conditions that were present. This procedure of telling the physician what the patient said has been questioned. Such a step has been regarded as destroying the independent nature of this way of securing morbidity data. Among other built-in steps, the Hunterdon study was designed to examine this question of the contamination of criteria.

As the third step in the survey, the interview folders from a sample of interviewed families were selected for medical verification. These were randomly divided into two groups of equal size and simple questionnaires were prepared for each physician named as having attended the conditions reported. The questionnaires were identical except that in half the cases the physician was not advised of what the patient had reported in the household interview.

Thus, 165 envelopes containing 651 questionnaires (1 for each condition) went to the 165 physicians named in half the family folders selected: these forms (form A) included the patient's reported diagnosis. As a control, 164 physicians received 687 forms (form B) representing the physician-attended illnesses in the second half of the family folders, but were not told what had been reported in the household interviews.

[4] Credit by title cannot be given here to the many staff members, consultants, and volunteers who performed the survey, but all are appropriately recognized in the final report.

All physicians received identical explanatory and followup letters and returned the forms with approximately equal degrees of cooperation.

The returns were matched according to a code which allowed for seven types of agreement. The matching was done by a physician and a statistician working as a team and according to rules which will be described in detail in the full survey report. Table 1 summarizes the results of this part of the survey.

The most striking differences found were that when the physician was not informed of the patient's reported diagnosis his own diagnosis agreed with the patient less often but he reported new conditions more frequently. The causes for these differences cannot be documented. The data also will be analyzed further in terms of selected diseases. The implications for morbidity surveys, while not clear, deserve study.

2. Validation of household interviews by medical examination of a sample of respondents.

TABLE 1.—*Relative productivity of 2 types of written questionnaires sent to physicians named in household interviews as having attended respondent reported conditions*

Degree of agreement between patient and physician	Form A—Physicians informed of diagnoses reported by patients		Form B—Physicians not informed of diagnoses reported by patients	
	Number of conditions	Comment	Number of conditions	Comment
1. Perfect	320	528 confirmed in some degree equal 92 percent	268	441 confirmed in some degree equal 75 percent.
2. Close	164		122	
3. General	27		31	
4. Vague or remote	17		20	
5. Negative statement by physician on diagnosis stated by patient.	10	48 not confirmed equal 8 percent	4	145 not confirmed equal 25 percent.
6. Reported by patient only	38		141	
7. New condition reported by physician only	131	Equal 22 new conditions for every 100-patient reported conditions.	292	Equal 48 new conditions for every 100-patient reported conditions.

NOTE.—This table is based on a study of those forms returned by physicians. Both A and B forms were returned in approximately equal numbers—75 and 72 percent, respectively.

A total of 4,246 Hunterdon families were interviewed by 35 trained and supervised interviewers, the interviews requiring from 30 minutes to 6 hours and averaging about 1½ hours. The questionnaires used inquired for each member of the family about illness, injury, or other conditions on the day before the interview, during the 4 weeks preceding and during the past year. They then covered a lengthy symptoms list, persons in institutions, deaths, and a long list of diseases by name.

The 13,113 individuals were then divided into 6 strata, ranging from people in institutions to people with no complaints, and the 6 groups were sampled at differential rates for team evaluation. The goal was 1,000 examinees, the yield was 846 representing 72 percent of all whose names were drawn. This degree of success was achieved after 1½ years of hard work. The story of recruitment of a sample for examinations is a saga in itself but cannot be recounted here.

The examinations were made in the Hunterdon Medical Center by the full-time staff, a group of accredited specialists with faculty appointments in New York University-Bellevue Medical Center. Responsibility for all studies was carried by two specialists in internal medicine and one in pediatrics. These physicians had unlimited access to laboratory and radiologic services and informal and formal consultation from the other full-time and visiting consultants. For example, a review of every 8th examination record shows that for 105 persons there were (in addition to routine pelvic examinations of adult women by the gynecologist) 95 formal consultations and 1,195 tests. Two hundred families were the subject of detailed study in the home by experienced social workers. All examinees were reviewed by the social workers and the public health nurse consultant. Finally, a team conference resulted in an extensive schedule of evaluation which is the basis for the next two comparisons with data previously secured through household interviews.

Although the survey will report in large measure on prevalence data and needs for care, reference is made here only to some problems of measuring morbidity. These comparisons provide a substantial basis for estimating overnumeration and undernumeration in morbidity surveys when a multiapproach questionnaire is used in household interviews.

A. Overreporting by the respondent in the household interview. (This section records how successful the team was in verifying in some degree what the lay respondents had reported to the interviewers.)

When family reported conditions are considered in 21 major classifications, the following order in proportion of match with clinically evaluated conditions emerges as presented in table 2.

TABLE 2.—*Validation of household interviews by medical examination of a sample of respondents (total 846)*

A. PROPORTION-OF-MATCH FOR FAMILY REPORTED CONDITIONS WITH SUBSEQUENT MEDICAL DETERMINATION

Order	Classification of condition (all conditions reported in family interview)	Percent matching clinically evaluated conditions (weighted)	Total cases reported in family interview (unweighted)	Order	Classification of condition (all conditions reported in family interview)	Percent matching clinically evaluated conditions (weighted)	Total cases reported in family interview (unweighted)
1	Diseases of the eye	98	145	14	Other diseases of the digestive system	48	171
2	Mental, psychoneurotic, and personality disorders	87	46	15	Diseases of the nervous system	45	82
3	Diabetes mellitus	85	28	16	Diseases of the skin and cellular tissue	34	74
4	Rheumatic fever and heart diseases	80	166	17	Symptoms, senility, and other ill-defined conditions	29	205
5	Neoplasms	75	67	18	Injuries and poisonings	24	62
6	Other diseases of the circulatory system	65	196	19	Diseases of the respiratory system	23	223
7	Diseases of the ear	63	57	20	Anemias and other diseases of the blood	19	33
8	Diseases of the genitourinary system	61	97	21	Infective and parasitic diseases	13	99
9	Allergic diseases	58	59				
10	Other impairments, including congenital	57	101		Total	47	2,206
11	Other endocrine, metabolic, and nutritional diseases	57	37				
12	Diseases of bones and organs of movement	56	138				
13	Dental and other diseases of buccal cavity and esophagus	53	127				

For convenience and ease of reference we may arbitrarily place all classifications of family reported conditions into four groups (according to overall proportion of match): well matched—80 percent, or higher; fairly matched—60–79 percent; poorly matched—40–50 percent; and badly matched—less than 40 percent.

Under the above arbitrary limits we can say that only for diseases of the eye, mental, psychoneurotic, and personality disorders, diabetes, and rheumatic fever and heart diseases are family reports relatively "well" matched with clinical evaluation.

Acute conditions reported in the family interview cannot be expected to match clinically evaluated conditions established 20 months after the family interview. We find, therefore, relatively "bad" proportions of match for infective and parasitic diseases, diseases of the respiratory system, injuries and poisonings, and diseases of the skin.

Vaguely reported conditions, including symptomatic descriptions, are also relatively "badly" matched with clinically evaluated conditions. Reported anemias, too, are relatively "badly" matched.

Conditions which were characterized in the family interview by some index of seriousness, such as "keeping a person from his ordinary activities yesterday" or "leaving a handicap or defect" or "still bothering" were less likely to be overreported. Similarly hospitalized and medically attended conditions were less likely to be overreported.

TABLE 3

B. PROPORTION-OF-MATCH FOR CONDITIONS FOUND BY MEDICAL EXAMINATION OF 846 PEOPLE WITH CONDITIONS PREVIOUSLY REPORTED BY FAMILY (FOR CONDITIONS BELIEVED BY CLINICIAN TO HAVE BEEN PRESENT IN PERIOD COVERED BY FAMILY INTERVIEW)

Classification of condition	Percent matching family reported conditions (weighted)	Total conditions found by clinical evaluation (unweighted)	Classification of condition	Percent matching family reported conditions (weighted)	Total conditions found by clinical evaluation (unweighted)
Diabetes mellitus	64	30	Diseases of the eye	20	470
Diseases of the ear	56	83	Infective and parasitic diseases	16	73
Allergic diseases	54	51	Diseases of skin and cellular tissue	20	75
Heart diseases and rheumatic fever	39	288	Dental and other diseases of buccal cavity and esophagus	11	192
Anemias and other diseases of the blood	39	8	Diseases of genitourinary system	11	250
Diseases of the respiratory system	38	108	Other impairments, including congenital	10	66
Diseases of the nervous system	37	85	Neoplasms	10	151
Injuries and poisonings	32	83	Other endocrine, metabolic, and nutritional diseases	6	183
Other diseases of the digestive system	31	180	Symptoms, senility, and other ill-defined conditions, and special examinations	4	82
Diseases of bones and organs of movement	30	197			
Other diseases of circulatory system	26	320			
Mental, psychoneurotic, and personality disorders	22	153	Total	22	3,109

TABLE 4.—*Comparison of the total number of conditions reported in family interviews with the total number of conditions found by medical examination of a sample of 846 respondents (unweighted data)*

Order	Classification of condition	Number reported	Number found	Difference	Order	Classification of condition	Number reported	Number found	Difference
1	Diseases of the eye	145	470	+325	13	Dental and other diseases of buccal cavity and esophagus	127	192	+65
2	Mental, psychoneurotic, and personality disorders	46	153	+107	14	Other diseases of the digestive system	171	180	+9
3	Diabetes mellitus	28	30	+2	15	Diseases of the nervous system	82	85	+3
4	Rheumatic fever and heart disease	166	288	+122	16	Diseases of the skin and cellular tissue	74	76	+2
5	Neoplasms	67	151	+84	17	Symptoms, senility, and other ill-defined conditions	205	82	−123
6	Other diseases of the circulatory system	198	320	+122	18	Injuries and poisonings	62	83	+21
7	Diseases of the ear	57	83	+26	19	Diseases of the respiratory system	223	108	−115
8	Diseases of the genitourinary system	97	230	+133	20	Anemias and other diseases of the blood	33	8	−25
9	Allergic diseases	59	51	−8	21	Infective and parasitic diseases	90	73	−17
10	Other impairments, including congenital	101	66	−35					
11	Other endocrine, metabolic, and nutritional diseases	37	183	+146		Total	2,206	3,109	
12	Diseases of bones and organs of movement	138	197	+59					

B. Underreporting by the respondent in the household interview. (This section records what proportion of conditions discovered by team evaluation had been reported previously in the household interview.)

As shown in table 3, less than one-fourth (22 percent) of the conditions found by clinical evaluation was matched with conditions reported in the family interview. This proportion-of-match is for clinically evaluated conditions believed by the examining clinician to have been present in the period covered by the family interview and which presumably should have been reported.

The proportion-of-match for clinically evaluated conditions varied greatly by type of condition. For diabetes, one out of three cases found by clinical evaluation was not reported in the family interview. Six out of ten cases of clinically evaluated heart conditions were not reported in the family interview. Three-fourths of the clinically evaluated "mental, psychoneurotic, and personality disorders" were unreported in the family interview. Nine out of ten neoplasms established by clinical evaluation were unreported in the family interview.

It was felt that this rather low proportion-of-match was perhaps not entirely attributable to failure of the family interview respondent to report known conditions or even to ignorance of existing conditions, but that a substantial part of the discrepancy might be attributed to the thoroughness of the clinical examination and the meticulousness of the clinicians in their reporting of minor and unimportant conditions. In order to confine the analysis to the more significant conditions, a comparison was made between clinical findings and family reports for those conditions only which clinicians considered to be "* * * currently or potentially disabling * * *" or which had been disabling in the year preceding the clinical examination. Two-thirds of the clinically evaluated conditions believed to have existed in the family interview year were considered by clinicians as disabling in the sense described.

The overall proportion-of-match for disabling clinically evaluated conditions was not importantly higher than for nondisabling clinically evaluated conditions (24 percent as against 18 percent).

Finally, table 4 is presented to compare the total number of conditions reported in family interviews for 846 individuals compared with what was found in medical examinations. (The reader is cautioned that this is an unweighted table and cannot be used for computation of rates or percentages.)

COMMENT

The data presented here are subject of course to much explanation which will be included in the final report. While these observations are brief (and much more detailed analyses will be reported subsequently), they are thought provoking with respect to the problem of securing accurate morbidity data. Surveys such as the Hunterdon and Baltimore studies are expensive, time consuming, and difficult. No attempt is made in this brief report to discuss epidemiologic studies of long-term illness, but the problems of accurate measurement of prevalence and incidence are evident and will require large-scale planning and financing for their further elucidation.

The data at hand suggest that for chronic disease household interviews may be expected at best to provide minimum estimates of morbidity.

EXHIBIT 2

COLUMBIA, MO., *August 18, 1960.*

To the MISSOURIAN:

The Columbia Missourian of August 16 carried a news story concerning a research in aging in which I participated during the past year. The story was based on information contained in a news release from the American Medical Association. This news release was presumably sent to many newspapers over the country. By use of my name (and the names of other participating sociologists) there is the implication that I support the conclusions of the AMA; namely, that the study "proves that the great majority of Americans over 65 are capably financing their own health care and prefer to do it on their own, without Federal Government intervention." I did not authorize the use of my name, nor does the study support such conclusions.

My participation in the research was only to the extent of supervising the interviewing of 80 persons living in rural sections of central Missouri. This project was planned and directed at Emory University, and I had nothing to do with the planning and sampling procedures, the tabulation of data, or the formal presentation of conclusions. Presumably the American Medical Association was given access to the data to use as it desired. The data are being used deceptively for political purposes.

The interviews in this study were entirely with noninstitutionalized white persons selected from different sections of the country. This meant that persons receiving old-age assistance, or in institutions for the aged, were not included in the sample of persons interviewed. Nor were Negroes. Thus the persons interviewed represented, in a sense, the financial "elite" of the older population. By definition the poorest segment of the aged group was excluded from the study. This is perfectly defensible if it is clearly understood, and stated, that the noninstitutionalized white population does not represent a cross-section of the older people in the country.

The AMA news release, intentionally or otherwise, ignored these qualifications. Instead, it has presented data on a limited and

restricted sample of older persons as if this sample were representative of the aged population in general. For this reason the statements in the AMA news release are both misleading and deceptive. The average newspaper reader would probably not be sufficiently informed to detect this deception.

For the reasons stated above I object to the unauthorized use of my name in AMA propaganda.

Sincerely,

NOEL P. GIST,
Professor of Sociology.

AUGUST 17, 1960.

AMERICAN MEDICAL ASSOCIATION,
Chicago, Ill.

GENTLEMEN: This morning's press carried a news story which, by implication if not by explicit statement, indicated my endorsement of the position of the American Medical Association regarding medical care for the aged in this country. I have also seen a copy of the news release, for August 15, upon which the story was based. Although I participated in a study of aging to the extent of supervising the interviewing of a sample of rural residents in Missouri, I assume no responsibility whatever for any analysis made of the data or any conclusions by other persons.

Last fall Prof. James Wiggins, of Emory University, wrote me inquiring if I would be willing to supervise the interviewing of 80 noninstitutionalized persons in rural communities of central Missouri, using, he said, a schedule that was under preparation in his office. He did not indicate the specific purpose of the study except to say that it was a national survey; nor did he indicate the source of the funds, except that a grant had been received from a foundation. I agreed to have the interviews conducted, and used the small stipend to employ my son and daughter-in-law to do the actual interviewing. We completed our part of the assignment and returned the schedules to him, properly filled out, some time in April.

I had nothing to do with the tabulations and analyses, nor did I see any of the data other than the information which we gathered in this area. Therefore I do not necessarily support the conclusions that some have drawn from the study. Yet the news release, by the use of my name as a professional sociologist (and also the names of several other sociologists) undoubtedly leaves the impression that I endorse the conclusions presented in the news release of the AMA. This is entirely misleading. I do nothing of the sort. I was at no time consulted about the use of my name for what is clearly political propaganda of the American Medical Association.

I do not know how adequate the sampling procedures were in the study, since the sample was presumably drawn at Emory University. But it was quite obvious to us that the questionnaire sent to us was a very poor one, and seemed to be devised by amateurs in research. But since we agreed to do the interviewing for the project we completed the assignment. If I had known that this study was to be used for political propaganda I should not have undertaken it at the outset.

Very truly yours,

NOEL P. GIST.
Professor of Sociology.

FINDINGS REGARDING HEALTH FOR THE AGED—CORNELL STUDY OF OCCUPATIONAL RETIREMENT

In reporting on their longitudinal "Study of Occupational Retirement," Profs. Gordon F. Streib and Wayne E. Thompson have in all of their work stressed the fact that although their sample includes people from throughout the country and from all walks of life, it cannot be considered representative of the older population of the United States. They acknowledge that their sample is relatively more affluent and in relatively better health than the older population. At the same time, the Cornell sample seems to be similar to the Wiggins and Schoeck sample. For example, in the fourth wave of the Cornell study, which included responses from over 2,000 older persons, the question was asked: "How would you rate your health at the present time?" Sixty-five percent said "good" or "excellent," 29 percent said "fair," 5 percent said "poor" or "very poor," and 1 percent did not reply. This compares with 61 percent, 29 percent, and 10 percent, respectively, in the Wiggins and Schoeck paper. Also, like the Wiggins and Schoeck study, the Cornell study includes almost no one receiving public assistance, although unlike the Wiggins and Schoeck study this was not done intentionally.

However, when the Cornell respondents were asked: "Do you think that most retired people are able to take care of their medical expenses themselves?" more than one-half replied that they did not think so.

Moreover, when these people were asked: "Who do you think should provide for the older person who has stopped working if he needs help in meeting his medical expenses?" the modal response was "the Federal Government," and a considerable majority indicated some form of governmental support—Federal, State, or local.

AUGUST 17, 1960.

INTERNATIONAL ASSOCIATION OF GERONTOLOGY.

MR. SIDNEY SPECTOR,
Chief Staff Investigator, U.S. Senate Subcommittee on Problems of the Aging and Aged, Washington, D.C.

DEAR MR. SPECTOR: This is in reply to your request for an evaluative comment on the paper presented by Prof. James W. Wiggins before the social research division of the Fifth International Congress of Gerontology held in San Francisco August 7 to 12.

I have read the paper and was in the audience when Professor Wiggins made his presentation. I was astonished at the data and conclusions reported. The basic figures on income, assets, health status differ by as much as 100 percent from those reported by other studies during the past decade and from figures available through such standard sources or the Bureau of the Census, the Current Population Survey, and the National Health Survey.

In view of the magnitude of these differences, it seems to me that the results of the survey should be rigorously compared with data reported from commonly accepted sources, that the wording and form the questions asked should be reported and studied and that the method and nature of the sample should be subjected to careful scrutiny. If it is true, as has been reported, that public assistance recipients, nonwhite persons, and residents of institutions were excluded, these facts should be prominently stated. Allowing for overlap among them, these three groups account for close to 20 percent of the older population. Since these groups have, almost by definition, the lowest incomes, the least assets, and the poorest health, their exclusion necessarily results in a marked overstatement of the health and income status of the older population.

Modern social research methods, properly employed, lend themselves to obtaining valid and consistent results in most areas of inquiry. It is possible, also to subject most procedures and results to severe tests whenever there is a question as to accuracy of results. As a first step in evaluating the present study, it would seem essential to compare the age, sex, marital status, color, and nativity, educational, and income composition of the study sample with the known composition of the total older population as revealed by well-tested and proven sources. Then I believe the precise method of selecting the sample geographically should be reported and the result compared with the known geographical and urban-rural distribution of the older population. These are all matters which one would have expected to find in the initial report of the survey. No doubt they will be covered when final data are presented.

Data such as these are often used as bases for action on the part of public and voluntary organizations. It is essential, therefore, from the point of view of the older population and for the welfare of our whole society, that they be of irreproachable accuracy.

Sincerely,

CLARK TIBBITTS,
Chairman, Executive Committee for the Americas.

LAFAYETTE, IND., *August 19, 1960.*

Senator PAT MCNAMARA,
Chairman, Senate Committee on Aging, Senate Office Building, Washington, D.C.:

The New York Times, under a Chicago, August 14 dateline, carries a story by Austin C. Wehrwein headlined, "Aged Said To Bar U.S. Health Aid." This story refers to and is based upon a survey conducted by Profs. James W. Wiggins and Helmut Schoeck of Emory University in Atlanta, Ga., a report of which was presented at the recently concluded Fifth International Congress of Gerontology held in San Francisco August 7–12, 1960. Since I was the coorganizer of the section on "Population and Social Organization" in which the Wiggins-Schoeck paper was presented, I feel compelled to tell you something of the way in which the paper came to be included in the section, and the reaction of the scientists present at the Congress who participated in the section. I should add that the other coorganizer of this section was Dr. Pierre Naville of Paris, France, who had nothing to do with the Wiggins-Schoeck paper, nor was he even able to attend the conference. Thus, I was the person solely responsible for including the paper in our section.

I first learned of the survey when one of the survey interviewers (from Denver), wrote me suggesting that she might do a paper on her section of the study. I wrote back to her suggesting that for an international meeting, such a paper might be inappropriate, but that the report of the total study might be of some interest to us, and I then wrote to Professor Wiggins to that effect. On March 11, 1960, Professor Wiggins wrote me that they were "attempting to get an accurate picture of several aspects of the lives of 'normal' persons past 65, through the use of a national sample of this population." On March 29, 1960, I wrote Professor Wiggins inviting him to present a paper on his study at the International Congress of Gerontology, and suggested that "the very title 'A Profile of the Aging—U.S.A.' would seem to fit very well into an international meeting. I would hope your paper would set out this profile, perhaps contrasting it with other work a la the 'national character' studies which were so popular during and shortly after World War II."

On June 30, 1960, I wrote Professor Wiggins acknowledging receipt of an abstract of his paper for inclusion in our printed program for the congress. In that abstract, he said his paper would be "a preliminary report of some conclusions from a national area sample (United States of America) of 1,500 noninstitutionalized persons age 65 years of age and over. * * *" I did not see a copy of the final paper until August 10, 1960, the day before it was read at the meeting of the congress.

I must report that I was appalled to read the paper which I found to be of poor quality of scientific research technique and writing. Indeed, I regretted at that point that I had been so naive as to have accepted the paper without having seen it in advance, especially since it would be presented before an audience of internationally known scientists who might think of this as representing American sociology. Fortunately, I had taken the precaution of appointing a well-known, highly competent research sociologist as the discussant of the paper following its presentation (a standard procedure in meetings of this kind).

I discovered also, that a press release had been prepared and distributed prior to the presentation of the paper: this press release had not been prepared by the press staff of the congress, and I do not know now who did prepare it. The release was couched in such terms, however, which made it apparent that there were motivations in its release other than the dissemination of scientific knowledge.

When the paper was actually presented, there was an immediate reaction on the part of the audience, attacking its unscientific character, and the ease with which Wiggins and Schoeck jumped to untenable conclusions. The survey was badly designed, poorly conceived, and completely misleading. Not a single scientist present at the meeting rose to support either Mr. Wiggins or his paper, although some six persons other than the assigned discussant rose to take exception to him and the points he was trying to make. In sum, the study was totally discredited in the discussion which followed the presentation of the paper. As the organizer for that section of the congress, I have the responsibility for reviewing all of the papers presented and passing judgment on them for their possible inclusion in a volume of collected papers which were presented at the congress to be published in the near future. I had decided at the time of presentation of the paper that its quality was such as to make impossible its inclusion in such a volume, since we wish to publish only scientifically acceptable papers. I might cite for you only two points which come to my mind immediately. Wiggins and Schoeck throughout the paper refer to "modal" statistics. Even the elementary student knows that a mode is relatively meaningless without data on the frequency distribution on that item for which the mode is reported. Wiggins and Schoeck nowhere reported the frequency distribution, thus, in a distribution of 1,500 responses to a given question, it is conceivable that only two dozen responses of a given sort could be the mode. This is obviously totally misleading. Second, in the section on method, Wiggins and Schoeck say they used "area probability sampling" however, in their footnote No. 13 they make it crystal clear that they have in fact used quota sampling, a method which was discredited in the 1948 public opinion polls, among other places. Finally, it would be perfectly appropriate to do a good study of the non-institutionalized older population, as long as it was absolutely clear that this was the intention and the focus of the research. This was not at all clear here, and again is misleading; indeed the title "A Profile of the Aging: U.S.A." makes it appear to be a study of the general population of older persons, something which it is not.

I hope the above comments make clear what I intend; namely (a) we did not see the paper prior to its presentation at the congress, (b) it is far below the quality expected of a professional researcher, (c) it is totally misleading, and (d) it was discredited by the professional research scientists present at the congress meeting where the paper was presented.

If you should like any further information from me on this matter, I would be happy to be of assistance to your committee to the end of promoting what I believe to be the goal suitable to our society; namely, the formulation of public policy following wherever possible upon sound scientific research findings. I am a professional research sociologist and professor of sociology, and am interested in the furtherance of professional standards of research; if this must be done by occasionally taking to task one of my professional sociological colleagues, then I feel that this must be done. I hope that it is not too late to rectify this matter in the minds of those who must make public policy in the field of the aging.

Very sincerely yours.

LEONARD Z. BREEN,
Associate Professor of Sociology and Coordinator of Research in Gerontology, Purdue University, Lafayette, Ind.

Mr. FULBRIGHT. Mr. President, the members of the Senate Finance Committee have done a commendable job in handling a difficult and controversial subject. I support the committee's recommendations on medical care. I am sure that no one will consider the bill a perfect bill. Modifications and improvements in the program will undoubtedly be required as experience dictates. However, I sincerely believe that the committee has taken the right approach to handling the medical care problems of the aged.

Before I discuss the medical care features I wish to voice my approval of the provision in the bill increasing the limitation on outside earnings of social security recipients from $1,200 to $1,800 annually. In the last two Congresses I sponsored legislation to remove the earnings test entirely. I have always felt that it is unfair to penalize elderly citizens who have the initiative and desire to work. It is now an accepted fact that one of the most difficult problems facing the elderly, active individual beyond retirement age is the need to have a sense of purpose and accomplishment in his declining years. Continuing to engage in productive employment gives the old person this sense of purpose, but under the existing law he is penalized by reducing his social security benefits if he earns over $1,200 a year. I am pleased that the committee has recognized this problem and has taken a step to alleviate the burden on those who wish to continue to work after reaching eligibility age. I would, of course, have preferred that the limitation be removed entirely. The committee's action will at least help many who are caught in this dilemma.

Mr. President, I should now like to discuss briefly the medical care provisions in the bill. Every Member of this body, I am sure, favors the establishment of a practical plan to provide needed medical services for the Nation's elderly citizens. The problem is not whether we should do it, but how we should do it.

I believe that medical care for the aged is a responsibility of all of the people in this country, and that the cost of a medical care program should be distributed accordingly. The proper approach is that taken in the committee's bill. Medical services should be paid for out of the general revenue rather than by imposition of an additional payroll tax on workers and employers.

Mr. President, the financing of medical care through the social security system is not a sound or an equitable approach to the problem. In 1969 the social security payroll tax will rise to 4½ percent on both workers and employers. Pressures will increase in future years for further liberalization of the program and to finance these improvements it will be necessary to either increase the payroll tax or the earnings base subject to the tax. If medical care is added to the program there will be another increase in the payroll tax of 1 percent which will bring it to 10 percent of payrolls in 1969. There will undoubtedly be demands to improve medical care benefits and lower eligibility requirements in future years, and the payroll tax will go up again. No one can predict accurately where the tax will stop if medical care is added to the system.

We should remember that the cost of medical care will be imposed on those persons least able to pay if it is made a part of the social security program. One-half the burden of financing the program would fall on earnings of $4,800 a year or less. The cost would be imposed on everyone under the system whether they wanted to participate in the health benefits program or not. Under this approach there is no way to give equitable treatment to persons who provide through hospitalization insurance or otherwise for financing their own medical care. In all fairness to those paying into the social security system it would be preferable to distribute the fiscal burden of a medical care program on a broader basis. The distinguished Senator from Oklahoma [Mr. KERR] stated in his opening speech on August 15 that 40 percent of the national income would make no contribution to the medical care program if it were financed through a social security tax. Paying for the program out of the general revenues would take into account the inherent advantages of the progressive income tax and would distribute the burden more equitably.

Aside from the method of financing there is a more fundamental issue involved in this subject. That is whether we want to further the trend toward centralization of power with the Federal Government or retain State and local authority over what is properly a State and local problem. If the States are to preserve some degree of authority and prestige under our Federal form of government they must provide those services demanded by the public or else the Federal Government will fill the vacuum created by State inaction. Our citizens are looking more and more to the Federal Government to fill those functions which should be performed by State and local governments. The program for health care which would be established by this bill will enable the States to provide the health care needed by our elderly citizens without furthering the trend toward a national welfare state. To place medical care for the aged under the administration, direction, and control of the Federal Government would

erode even further the authority and responsibilities of the State governments.

If our citizens wish to live under a Federal welfare state with the long arm of the Federal Government reaching into their daily affairs more and more each day, a Federal medical program will certainly hasten that unhappy result. The big brother concept may not be too far away if the Federal Government enters the medical field. We cannot expect to get this type of care through the Federal Government without giving up part of our freedoms and liberty. Correspondingly, for every function of this nature which the Federal Government assumes, the State loses some of its authority.

The medical care program recommended by the Finance Committee provides the individual States with the means to care for the health needs of their aged citizens on a local level. The States would be encouraged to set up programs designed to fit the peculiar needs of their own people. I think it is without question that the State governments are better qualified than the Federal Government to determine the requirements of their own people for medical care. By following the time-tested method of Federal grants we will also prevent any further erosion of the States power and prestige.

Mr. President, Arkansas is one of the States which has a medical program as an integral element in its old-age assistance program. Every person in the State receiving old-age assistance benefits is eligible for medical care. At the present time, there are over 55,000 persons eligible for medical care under the program. Hospitalization, nursing-home care, and drugs are some of the benefits available under the program. There is no doubt that the benefits under the program should be expanded. The improved grant formula authorized by the Senate bill will go a long way toward improving this system.

The existing formula for Federal grants for medical services favors the low-income States and Arkansas qualifies for the highest Federal contribution. In 1959 Arkansas spent more than $3½ million on its medical program. Of this, 65 percent came from the Federal Government and 35 percent was State funds. Under the Senate bill the Federal contribution would be increased to 80 percent. This means that Arkansas could receive approximately $525,000 more in Federal funds without putting up any additional money. If the State puts up more money, it would be matched at the rate of 4 Federal dollars for every State dollar. This new matching formula should enable the State to improve the effectiveness of the program and do a better job of providing for the health needs of those unfortunates on the old-age assistance rolls.

Of even more importance in reaching the long-range goal of providing medical care for all elderly citizens is the new program which would be authorized outside the old-age assistance program. This new program would be financed by 80 percent contributions from the Federal Government and 20 percent from the State government—the same 4-to-1 ratio under the new old-age assistance medical care program. Each State is allowed great latitude in establishing eligibility standards and the scope of benefits in its program. A program established under this authority could include hospitalization, nursing home care, outpatient treatment, drugs, doctor bills, and any other medical services required. The authority given the State in setting up its program is extremely broad and may be implemented in the manner best suited to its own requirements. The important feature is that control and responsibilities remain in the State—where it belongs. This is far superior to a centralized medical care program administered by Washington officials who have no personal knowledge or understanding of local problems.

Mr. President, the underlying issue in this debate is whether the Federal Government or the State governments are best qualified to provide for the health needs of our elderly citizens. The responsibility for health care has traditionally been assumed first by the individual, then by his family, and finally by the State and local governments. I know of no compelling reason why the Federal Government should suddenly assume this responsibility. The State is uniquely qualified to administer to the health needs of its citizens if it is given reasonable financial assistance to do so. The authority provided in this bill will enable the States to provide needed medical services for the aged and it will insure that this essential function remains with the State governments. If we are to preserve some degree of State and local control over human affairs, some means must be found to counteract the trend toward centralization of authority in the Federal Government over affairs which are not properly a subject for Federal responsibility. Once we open the door to Federal control in the field of health care it will be impossible to close it. For every inch the door opens the State will lose an inch of authority. There is no need to rob the States of their authority in this instance. The health care program recommended by the committee is a sound and effective solution to the problem of medical care for the aged, and I hope that the Senate will adopt the committee's recommendations.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H.R. 12580), the Social Security Amendments of 1960.

Mr. HUMPHREY. Mr. President, I wish to address myself to the pending business, which is the matter of health care for the aged.

One of the pressing issues before us during these final weeks of the 86th Congress is the urgent necessity to find a sound, workable system of providing adequate health care for America's elderly citizens.

I have been concerned about this subject as long as I have been in public life—first, as the mayor of the great city of Minneapolis, when I presided as chairman of the board of public welfare, which board, of course, had to do with the health care of our people. One of my first acts as a Member of the Senate was to join with the great Senator from Montana [Mr. MURRAY], in presenting to Congress a bill to amend the Social Security Act to provide for hospitalization for those who were eligible for old-age and survivors insurance benefits under social security. So I can say with frankness that I am not a Johnny-come-lately to the subject of interest in and concern and plans for the medical care of our senior citizens. This is a subject of continuing interest to me.

In more recent Congresses I have presented bills along the lines of the social security principle to include under the confines of the social security program hospitalization and nursing homes, diagnostic treatment, and care under the social security program for our elderly people.

We must protect our aged and elderly citizens against the crushing, catastrophic financial burden of serious illness and health care.

We must free these fine Americans from nagging anxiety, from demoralizing fear that even brief illness may wipe

out the savings of a lifetime overnight, leaving behind poverty, destitution, and hopeless dependence on public relief after the illness is past.

All of us know how well the social security mechanism works in financing retirement pensions, in helping widows and disabled people. No reasonable person would suggest that we repeal or even cut back the highly successful OASDI social insurance program.

It is equally reasonable and proper, I believe, that we pay for major health costs of the elderly through this same effective social insurance program. Health benefits can, and should, be included with social security benefits, not as an act of charity but as an earned right, just as social security pensions are an earned right, earned by a lifetime of contributions during the working years. Who would deny that unmet health needs exist among our senior citizens? Retirement years do indeed bring leisure time but these are also years of drastically reduced income, just when health problems become more serious and more frequent.

I am rather surprised to hear argument over the health needs of our senior citizens. We do not need a great national survey. I ask any Senator to go to his own community or to visit the community hospitals in any county in the United States. One of the privileges of public life is to be able to identify one's self with the needs of the community or the people.

When I travel in my home State of Minnesota, I frequently stop at a hospital in a small community just to say "hello" to some people who have not had a visitor for a long time. I like to visit these fine hospitals that have been built through the sacrifice of civic-minded people and the generosity of citizens and effective community organizations. I like to see what has been done under the Hill-Burton plan of hospital construction. I have had my eyes opened as to the health needs of our people.

I have a daughter who studied nursing and who has worked in hospitals for several years. I am a pharmacist myself.

I believe that I have more than a mere layman's interest in hospital care and medical treatment. It is shocking to me to hear anyone argue over the needs of our elderly people in terms of medical care. I say shocking in the sense that the need exists. The only question is: How shall we provide for it? I happen to believe that it is sounder and more constructive—in a sense it is really more conservative—to provide for health and medical care or hospital care through the social insurance system.

The average social security retirement payment is less than $75 a month, and four out of every five Americans over 65 years of age have incomes less than $2,000 a year. I do not think such incomes will provide very much in the way of health care after a retired person has paid for food and shelter.

I am pleased to note that the Finance Committee has given favorable consideration and has taken favorable action on raising the amount of permissible earned income for those who are receiving social security insurance payments. The amount has been raised from $1,200 to $1,800 by the action of the Senate Finance Committee. I have advocated this increase for some time. I submitted an amendment or a bill, which was referred to the Senate Finance Committee, on this particular item. It seems rather foolish to me to have any limitation at all. Those limitations were expressed in the law during days of depression when social security was looked upon as a means of providing sustenance for individuals so they would not have to seek a job in the labor market.

I look upon social security as a system of benefits earned, on the sound principle of insurance. But I am grateful for the action of the committee, and commend it for raising the income level from $1,200 to $1,800. The increase means that the recipient of a social security benefit will be able to receive the full benefit without any deductions or any adjustments, and at the same time will be able to add to income some $1,800 a year, which will indeed provide a better standard of living for those who are under social security.

Wonderful advances in medical science promise eventual conquest of crippling and killing diseases such as arthritis and heart ailments, but this progress will be wasted if it is beyond the limited means of our elderly Americans.

If medical research continues as successfully as it has in the past 10 years, we may have 30 or 40 million Americans over 65 instead of the 20 million now expected in 1970.

Therefore, it is clear that the health care needs of our older people in the next decade will present a challenge and a tremendous opportunity for constructive action.

A program to provide effective medical care for our senior citizens cannot be left to chance—or to election year gimmicks. For years I have called for a program administered through our existing, time-tested social security system and prudently financed through modest increases in social security payments.

Such a program was proposed in the 85th Congress and again last year by Representative AIME FORAND in the House, and by myself in the Senate. My own proposal was similar to the Forand bill in providing hospitalization and nursing home services but my bill omitted surgical fees.

Earlier this year I joined the senior Senator from Michigan [Mr. MCNAMARA] in supporting an even more comprehensive bill to provide medical care for all retired people.

The McNamara proposal is the best proposal of them all, because it gets to the root of the problem, and its coverage would affect all people 65 years of age or over.

On June 30, I joined the junior Senator from New Mexico [Mr. ANDERSON] in sponsoring an amendment to H.R. 12580 to add health benefits to the OASDI system, and I have again joined Senator ANDERSON in sponsoring this revised and improved version, amendment 8-17-60—A.

That is the amendment which is now pending before the Senate. The revised amendment represents the thinking of a number of us in the Senate who wish at least to get at a beginning of medical care for our elderly people under the social security system.

All these measures would function through the time-tested system of social security, and a person would obtain medical benefits as a matter of right, not as a recipient of charity.

I believe it is vitally important that this Congress put health care for the elderly into our social insurance program, and, therefore, I urge my colleagues to support the revised Anderson amendment.

Mr. President, I ask unanimous consent that a brief summary of the revised amendment may be printed in the RECORD at this point. It is the amendment which is cosponsored by the Senator from Massachusetts [Mr. KENNEDY], the Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Indiana [Mr. HARTKE], the Senator from West Virginia [Mr. RANDOLPH], the Senator from California [Mr. ENGLE], and myself.

The amendment represents a solid and sound basis for a beginning for medical care under the social security system.

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

SUMMARY

Eligibility: 9 million men and women aged 68 or more who are eligible for OASDI benefits, or about 3 out of 5 persons over age 65.

Benefits: Up to 120 days of hospital service, with the patient paying the first $75 each year.

Up to 240 days of skilled nursing home care.

Up to 365 home health visits.

Diagnostic outpatient hospital services, including X-ray and laboratory services.

Costs and financing: Long-range cost of one-half of 1 percent of taxable payrolls to be covered completely by increases of one-fourth of 1 percent in contribution of employers and employees and three-eighths of 1 percent for self-employed.

Administration: Any qualified provider of services could participate and patients would have free choice. The Secretary of HEW has no supervision or control of the practice of medicine or the manner in which medical services are provided, or over the administration of participating institutions.

Mr. HUMPHREY. Mr. President, any kind of degrading means test, any program which stigmatizes a person as a pauper or an indigent person, any program which provides benefits as a charity handout injures the dignity and self-respect of the recipient.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. HUMPHREY. I should like to finish my statement. Then I shall be happy to yield.

That is why I favor this kind of medical care program financed through the social security system, with contributions made during a person's working

years so that benefits received in the retirement years are an earned right, acquired under a sound social insurance program.

Must we force elderly American citizens into overcrowded charity wards in hospitals and nursing homes when the savings of a lifetime are wiped out by unexpected sickness or hospitalization?

I say this is disgraceful and unjustified in our rich, productive country. The conscience of our rich society must face up to the needs of our senior citizens—people who need more health care just when their income is sharply reduced.

I would like to point out that the Anderson amendment has built-in protections against overutilization and abuse. A person who goes into a hospital must pay the first $75 of hospital costs each year. Furthermore, a patient can get nursing home service only after transfer from a hospital and certification by a physician, and a patient at home can get home health services only as prescribed by a physician.

Also, units of hospital service, nursing home service, and home health care are rated on a scale to encourage use of the less expensive services. Thus, a patient would have an incentive to choose the less costly services so he could get health benefits over a longer period of time. I think this is a wise and reasonable arrangement.

I would also like to point out that the revised Anderson amendment specifically states that a patient is to have free choice in selecting his physician, hospital, nursing home, diagnostic services, or home health services.

Our amendment also specifically forbids the Secretary of Health, Education, and Welfare from any supervision or control over the practice of medicine or the administration of any hospital, nursing home, visiting nurse agency, or homemaker service agency.

One of the real tests of the conscience of any society is how it treats its aged and elderly people. Do they have dignity, status, and security? Or are they shunted aside into shabby surroundings, forced to exist without adequate health care, often without adequate food and shelter?

There are some people who say this problem does not concern them. They say, "It's every individual for himself." They say every person has total responsibility to plan for his own retirement.

I agree that we should all plan on an individual basis to provide for our future needs. But the best plans and the best preparations of all men can be crushed by forces beyond their control. Disease, business conditions, and just plain bad luck can make a mockery of even the wisest investments and preparations.

We are now in the 25th year of social security, a program which has paid tremendous dividends in human welfare and human dignity for American citizens by making many welfare benefits a matter of earned right, not a matter of charity.

The voices of fear and foreboding in 1935 have been proved wrong. Our social security system works, and it works well. We have learned to use the wonderful tool of social insurance to finance retirement benefits for Americans.

It is only reasonable commonsense to use our proven social security mechanism to deal with the heavy financial burdens of health care for elderly people.

Health care today is just about in the same degree of urgency for our elderly people as social security was in 1935, in terms of old-age insurance and pensions. It is a matter of priority importance.

Only a person who deliberately blinds himself to the accomplishments of the last 25 years of experience with social security would say, "The program does not work. We should repeal it."

There are few people now who would attack social security, but the voices of fear and foreboding are still with us. They have not yet learned the lesson of American history, that a free people can increase and enhance individual security and dignity and still maintain the freedoms we cherish.

Mr. President, I wish my remarks to be clearly understood in their proper relationship to the whole matter of our care for needy people. Indeed, we cannot provide under the amendment I have spoken on, the Anderson-Kennedy-Humphrey amendment, medical care for all the elderly people. Therefore, we will need the programs of the local governments and State governments on old-age assistance, and we will need the help of the voluntary agencies which do so much to provide health care.

However, I believe that the social security insurance principle will in the long run work not only to the benefit of the people it affects, namely, our elderly citizens, but also to the benefit of the entire American community.

Today one of the heaviest costs in local and State government rests in medical care for the elderly. It is one of the great costs in State government in every State of the Union.

That cost is generally paid out of property taxes, which themselves are inequitable taxes. I propose that we finance the program on a much more sound basis.

Mr. President, I ask unanimous consent that a letter addressed to me by Mr. George Meany, president of the AFL-CIO, urging action on the pending Anderson-Kennedy-Humphrey amendment, be printed at this point in the RECORD.

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

AMERICAN FEDERATION OF
LABOR AND CONGRESS OF
INDUSTRIAL ORGANIZATIONS,
Washington, D.C., August 19, 1960.

Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HUMPHREY: On behalf of over 13 million American workers and their families, I urge you to support the Anderson-Kennedy amendment which will be offered as an addition to the Finance Committee social security bill. In the matter of health care for the aged this bill is limited to some slight improvements in the present public assistance program and the creation of a new "medically indigent" class. It would provide medical services only as a public charity and only on proof of poverty, and then only in States that agree to participate, and only if matching funds from the Federal Treasury are appropriated by the Congress.

The Anderson-Kennedy amendment would provide health benefits as a matter of earned right under the tried and tested social security system which requires no funds from the Federal Treasury or from the States. With this addition to the committee bill, we would be providing health care both for those in the social security system and for those who do not presently qualify. By adding such a social security provision, we would reduce the number of people who would have to look to public assistance for medical care, with its hateful means test.

This is one of the most vital issues ever to come before the U.S. Senate. We can take a small step forward, or we can take significant action and bring real security with dignity to the lives of our senior citizens.

We have just celebrated the first 25 years of social security in America. The most fitting tribute we can pay to the foresight of the Congress 25 years ago is to build now upon our sound system of social insurance. The Anderson-Kennedy amendment is the way to do it.

Sincerely yours,

GEORGE MEANY,
President.

Mr. LONG of Louisiana. Mr. President——

Mr. HUMPHREY. Mr. President, I am glad to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. I am seeking recognition in my own right.

Mr. HUMPHREY. I yield the floor.

WHOSE BILLS SHALL WE PAY?

Mr. LONG of Louisiana. Mr. President, much has been said about a needs test, and it has been said that it is degrading for some persons to apply for medical care on the basis that it is needed and that that person would have difficulty in paying a medical bill.

As one who supported provisions which are in the committee bill, as one who has a great interest in the care of the needy and aged and, in fact, as one who has proposed more frequently than others amendments to increase aid to the aged in many different categories, the junior Senator from Louisiana finds it difficult to agree with the arguments being made to downgrade the care which the committee bill proposes for the aged of this country.

For example, the present amendment, offered as a substitute, is being justified on a needs basis; on the basis that old people need help; that it should be provided because they need it, and that we should pay for it. That is what the committee bill proposes to provide for the care of those who need additional assistance to care for their medical bills, assistance which is not at present available.

The State of Louisiana is probably in as good a position to provide for the medical care of its aged as is any other State in the Union. We have a very extensive hospital system in addition to our public welfare program. The last time I compared it, if we leave out veterans' hospitals, I should say that more than half the hospital days in the State are spent in State hospitals, and some of those hospitals are better equipped than private hospitals, and have the same kind of

medical care available as is provided for those who are cared for in private hospitals.

A person in Louisiana does not have to be the recipient of old-age assistance—even though we have the most liberal program in the United States—in order to receive care in those hospitals. Fifty-seven percent of the old people receive old-age assistance payments.

In its old-age assistance program, pensioner dispenses with the relative responsibility requirement in the case of a person who might have a relative who could help support him. In some States such a person is required to certify that the relative cannot help him. Louisiana dispenses with the property lien requirement, under which it is suggested that property should be seized and sold under the sheriff's hammer to get back some of the State's investment in providing for the needs of the aged person after he dies and that he must sign the lien when he applies for assistance.

The program which is proposed in the committee bill goes beyond anything we have in terms of public assistance. It proposes to say that if a person is drawing a social security payment of $100 a month, and is drawing $1,800 a year in terms of additional income, which the bill would permit without any reduction of his social security payment—between the two, an income of $3,000 a year—and the person owns his own home and has relatives who could help if necessary, such a person would still be in the position under the plan we could set up—and which I believe Louisiana will set up—to receive assistance to pay his medical bill. He simply would state that, in his judgment, he is eligible to receive assistance.

What difference is there between that and the program for our veterans today, who are admitted to veterans' hospitals for non-service-connected sickness or disability? I have helped a great number of veterans to get into veterans' hospitals in Louisiana and elsewhere around the Nation, because they felt they could get good care in such hospitals.

They wanted to get into the modern veterans' hospitals to be cared for. But in applying for this care, a veteran must make some showing that he is in such a financial position that he is not able to pay, if he had to pay for it with his own income.

I find no shame in saying that I have helped relatives of my family to get into veterans' hospitals. They have felt not the least bit of shame about getting into veterans' hospitals on non-service-connected disabilities when there was some showing that the person was not in a position to meet the financial requirements of paying for the medical care which would be necessary otherwise.

If we are to undertake to provide health benefits, even for a person who can well afford to pay or not, whether he has all the resources and income necessary to provide the best of care for himself, it will tremendously increase the cost of the program we wish to undertake.

The Senator from Minnesota, very logically made a suggestion that he would like us to eliminate any income restriction whatever for eligibility for social security retirement benefits. I should like to eliminate that requirement too. I should like to have it provided that at age 65 anyone could make as much money as that person was capable of making and still receive full retirement benefits. But what would it cost? It would cost about $1,600 million a year to do it.

Among various ways in which we could spend revenues to the benefit of retired persons, there are quite a number of other things I would propose be done before we eliminate the proposal that a person would have his social security retirement income reduced if he were drawing more than $1,800 a year in other income. Let us keep in mind that if a person were making $1,800 a year and were drawing $100 a month, or if he were married and drawing $150 a month in social security income, that person would have net income well over $3,000. As a practical matter, he would be paying no income taxes on this income because of his high exemptions with regard to his outside income, his retirement income, other than social security, and because he would pay no tax under social security.

No one regards it as being downgrading or a shameful needs test if a person certifies that he is eligible to draw social security benefits, although he is drawing an additional $1,800 a year in addition to social security benefits. There is no shame about that. It is simply that he is eligible; and, if he had more income than that, he would not be eligible for the full amount of the benefits.

Mr. GORE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. GORE. I think there is more distinction than that. Eligibility is the test, and the test is eligibility. What is the test under the bill, as stated in the bill and in the report? One must be unable, and must certify his inability, to pay for his medical care.

Mr. LONG of Louisiana. I am reading from page 195, line 21, paragraph (b):

(b) of enabling each State, as far as practicable under the conditions in such State, to furnish medical assistance on behalf of aged individuals who are not recipients of old-age assistance—

What does that mean in Louisiana? It means that one is not in the 57 percent which are drawing public assistance under the old age assistance program. It means that a person is certifying that, for the purpose of drawing any type of assistance from our State welfare department, he cannot be classified as needy.

The langu .ge continues:

but whose income and resources are insufficient to meet the costs of necessary medical services.

Mr. GORE. That is exactly what I said.

Mr. LONG of Louisiana. How has this program been justified? The Gore proposal would take 1 percent of the payroll. The Anderson proposal would take one-half of 1 percent of the payroll. The Anderson proposal would cost, eventually, as much as the Gore proposal, because the cost of doctors would be included in the total amount, and in short order the program will be liberalized.

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

Mr. LONG of Louisiana. Let me answer the Senator's point. These proposals have been justified on the basis of providing medical care for those who need it, because those who need it are not in a position to pay. They do not have to certify that they are needy beyond that point. Persons can own their own homes. They can have relatives who are well able to pay the bills. They are in a position to have substantial income; and if the State will set up a plan, as we propose to do, they will be in a position to have medical care merely by stating that their income and resources are insufficient to meet the cost of necessary medical service. Does anyone regard the same requirement in veterans' legislation as being downgrading, as robbing the veterans of their pride and their self-respect? Not at all. Veterans are not embarrassed to come in and ask for such assistance, and they get it.

Here we say only that if the income and resources are not sufficient to meet the cost of the necessary medical service, a person is eligible under this program.

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

Mr. LONG of Louisiana. I yield.

Mr. GORE. The Senator has eloquently made a point which has not heretofore been made in the debate, and one which I wish to emphasize. Before doing so, let me say that I regard the committee bill as entirely inadequate, for two reasons: First, it depends upon State matching. Second, it requires a means test. However liberal that test may be, it is required.

The Senator from Louisiana has said that so far as the means test is concerned, it is not restrictive; that in his State and in others, all one need do is sign a little certificate stating that his resources are not enough to pay his hospital bill.

Mr. GORE. The Senator has criticized the bill I introduced, and he has criticized the Anderson amendment also, because it would cost, so he says, a vast amount of money. If the Senator will be so kind as to yield, let me say that in colloquy within the next few minutes I wish to demonstrate that if all States met the maximum requirements and if each State had a director of such a program who was, let us say, of the turn of mind of the late Harry Hopkins, and if the Federal administrator took the same view, there would be virtually no limits to the cost of the committee bill.

I ask the Senator whether in the committee bill there is any limit to the number of days in the hospital a year.

Mr. LONG of Louisiana. No.

Mr. GORE. But the Anderson amendment has such a limit.

In the committee bill is there any limit in regard to the number of days for which the Federal Government would be

required to pay up to 80 percent of the cost when a person over 65 years of age was in a hospital?

Mr. LONG of Louisiana. Permit me to answer that question with a few more words than those I used in answering the last one. There is no such requirement. But there is this difference: The bill being introduced by the Senator from Tennessee and also by the Senator from New Mexico provides, in effect, "No matter how much money you have, we shall provide for the most regressive taxation a person could think of, whereby the tax would be levied only on the first $4,800. In other words, we shall provide for the kind of tax that hits the poor man the hardest and hits the rich man the least; and we shall provide for payment for the entire hospital bill for a certain number of days, regardless of whether the patient needs to have the Government pay his bill or not."

Consider how much this proposal would cost. By 1969—9 years from the present time—our existing benefits will cost 4½ percent for the employer and 4½ percent for the employee; and the Senator knows as well as I do that the social security tax will work like a hidden sales tax; for the most part, it will be passed on to the consumer. That will amount to 9 percent tax on the payrolls, stopping at the $4,800 a year level. In addition, the Anderson proposal would add one-half of 1 percent; and with the modifications of it—which certainly will follow like those the Senator is suggesting—it would wind up costing at least 1 percent of payroll. With time, as the Senator from Arkansas and the Senator from Minnesota has suggested from time to time, and as I myself have suggested on occasion—the requirement that such a person cannot receive the full benefits if his annual income is more than $1,800, and the elimination of that requirement would add almost another 1 percent of payroll to the cost. In the meantime we would provide that the cost of providing such care for the aged who are not now covered by social security should be included, and that would add another one-third of 1 percent of income.

So if we agree that the Federal Government will provide this medical care for the aged, we previously had reached the point where a 9-percent tax on payroll would be imposed on the workingman. Even if he paid only half of it directly, inasmuch as it would operate in the same fashion as a hidden sales tax on every article he buys, to that extent he would pay the entire 9 percent, as a consumer.

So, as I said, under the Gore proposal, 1 percent would be added—it would be ½ percent under the Anderson proposal, to begin with; but by the time the doctors and the others were included, and the age limit were reduced to age 65, it would cost 1 percent.

In addition, elimination of the requirement in regard to retirement age would add three-fourths of 1 percent of payroll to the cost; and to provide for the care—out of general revenues—of those aged persons not now covered by the Social Security Act—as the Senators from Michigan and Tennessee have suggested and will suggest—would amount to another one-half of 1 percent to be derived from general revenues.

That represents a total of 11¼ percent of payroll.

Furthermore, in committee, as the Senator well knows, Senators said it makes no sense to provide such care for a man 65 years of age who still can work and still can help himself, if no provision is made to take care of a man 59 years of age who is totally and permanently disabled.

The bill already contains provisions for the payment of benefits to those who have retired, even if they are below age 60. So once we adopt this principle, we shall soon have to take care of all those who are retired or disabled. Then there will be the drive to provide medical care for everyone, it will follow. The medical costs for the Gore bill benefits extended to everyone will cost 4 percent of payroll.

Consider how unbearable would be the total bill for such medical care. The total social security tax would be 15 percent by 1970—if other equally logical extensions of the program were voted it would cost 20 percent, or one-fifth of the average worker's entire income, so far as the workingman was concerned.

If we provide for the same benefits on the basis of providing such care for those who need it, and providing it on a liberal basis, with the States matching the cost, we shall be providing care for those who need it but not by the most regressive type of taxation. I refer to the most regressive type which hits hardest at the poor man, but says that a rich man who makes $100,000 a year will not have to pay any social security tax on any part of his income which exceeds $4,800 annually. If a rich man were writing the tax bill, such a tax would be exactly the kind he would like to have included in the bill—but on the other hand, if we use the approach that general revenue will be used to pay for the medical care of those who need it, we shall have a much fairer way of approaching the problem, and the cost will be paid very much more in accordance with the ability to pay, and we shall be providing such care for those who really need it, instead of providing very costly medical care to persons who are well able to pay those costs themselves.

Furthermore, if the Federal Government or the State government is put in the position of paying the entire medical bill, the cost will be upward of 50 percent greater; and I can prove that by means of the experience in Louisiana.

Mr. GORE. Mr. President, will the Senator from Louisiana yield further to me?

Mr. LONG of Louisiana. I yield.

Mr. GORE. I was hoping the Senator from Louisiana would finally reach a point where we could discuss the committee bill.

This afternoon the Anderson amendment has been beaten all over the Senate floor; and just now the Senator from Louisiana made the statement that if the Government pays all the medical bills of all the American people over 65 years of age, the cost will be astronomical.

At this point I should like to read from page 6 of the committee report, where the committee bill is described. I shall begin to read with the last paragraph on that page, although the previous paragraph is very enlightening:

A State may, if it wishes, disregard, in whole or part, the existence of any income or resources, of an individual for medical assistance.

If a State may disregard in whole or in part the existence of any income or resources, then, if we examine the top of page 7, we find this sentence:

The State has wide latitude to establish the standard of need for medical assistance as long as it is a reasonable standard consistent with the objectives of this title.

Now I should like to read from the report which describes the Anderson amendment:

The cost of four important types of health service is covered, subject to certain limits within 1 year:

(a) Hospital inpatient services, for up to 120 days.

Is there any such limitation in the committee bill?

Mr. LONG of Louisiana. There is not. Of course the States may, if they care to, impose such a limitation. But in the committee bill there is no such requirement.

Mr. GORE. Very well.

I continue to read from the report on the Anderson amendment:

The individual pays the first $75 each year.

Is there any such requirement as that in the committee proposal?

Mr. LONG of Louisiana. No.

Mr. GORE. Very well.

I read further from the report on the Anderson amendment:

(b) Skilled nursing home recuperative care, up to 240 days.

Is there in the committee bill any limit such as one of 240 days on the skilled recuperative care in nursing homes?

Mr. LONG of Louisiana. No, there is not, so far as I know.

Mr. GORE. I proceed:

Home health services by a nonprofit or public agency up to 365 visits.

That is one visit a day. How many visits a day can be made under the committee bill?

Mr. LONG of Louisiana. There is no limit.

Mr. GORE. I continue:

Diagnostic out-patient hospital services, including X-ray and laboratory services.

Is there any limit on that?

Mr. LONG of Louisiana. Not in the bill.

Mr. GORE. Now I should like to read the scope of the benefits under the committee bill, which, as the Senator has said, are without limits, except that the States must match. That is a very important exception, but, anyway, I will read:

(1) In-patient hospital services;
(2) Skilled nursing-home services;
(3) Physicians' services;

(4) Out-patient hospital services;
(5) Home health care services;
(6) Private duty nursing services;
(7) Physical therapy and related services;
(8) Dental services;
(9) Laboratory and X-ray services;
(10) Prescribed drugs, eyeglasses, dentures, and prosthetic devices;
(11) Diagnostic, screening, and preventive services—

All of these things without limit, plus:

(12) Any other medical care or remedial care recognized under State law.

The Anderson amendment has been pummeled and criticized as being irresponsible and extravagant. On the contrary, the Anderson amendment provides specific benefits, limited in scope, limited in application, limited in definition, spelled out in the amendment; and the amendment provides for an additional tax to raise the revenue.

Here, strange as it may seem, the advocates of the Anderson amendment are being condemned and banished into outer darkness as being fiscally irresponsible when we have a bill which, as the Senator from Louisiana has said, is without limit, except that the States must provide a part of it. This is a remarkable situation, and I am delighted that this point has finally been brought out in debate.

I hasten to add that I think, whether we have a Democratic administration—which I anticipate—or whether we have another Republican administration—which I would abhor—I believe that we will have a Secretary of Health, Education, and Welfare who will place reasonable limits in this program. But no reasonable limits are stated in the bill.

I think my State would be unable to meet them. I am happy that the State of Louisiana is able to meet them.

Mr. LONG of Louisiana. Mr. President——

Mr. GORE. Will the Senator yield further?

Mr. LONG of Louisiana. I would like to have the floor back.

The PRESIDING OFFICER (Mr. HUMPHREY in the chair). The Chair will recognize that the Senator from Louisiana has the floor and that he is most graciously yielding to the Senator from Tennessee.

Mr. GORE. The Senator's courtesy has caused me to forget what I was about to say.

The PRESIDING OFFICER. That is one of the advantages of courtesy.

Mr. GORE. So I will desist.

Mr. LONG of Louisiana. To the best of my knowledge, I believe our program in Louisiana will compare favorably with that of any State that is going to have a program under the proposal brought forth.

As to how long one stays in a State hospital, he stays there until a doctor says there is nothing more he can do, or until the person is cured. Patients stay about 50 percent longer than they stay in private hospitals. That is the point I am getting at.

The big difference is that if a man goes into a private hospital for an operation, the minute the doctor tells him he can go home, he is going home, because the expense of that hospital bill is something that is concerning that man. He wants to be back at work as soon as he can go back, and he wants to go back to his home and be under the care of his family as soon as he can, because he knows that hospital bill is very substantial. That man is going to go home as soon as he can.

On the other hand, if he is in a State hospital, with the prospect of relieving his wife of the burden of caring for him as well as look after the children, and with the State paying the expense, he will be inclined to stay where he is and urge the doctors to permit him to stay.

The human factor of knowing that one's bill is paid completely at State expense, standing alone, even though the pressure is on the State to try to keep its costs in line with the costs of private hospital treatment, means that the cost of treatment in a State hospital will exceed the cost of treatment in a private hospital, based only on the number of hospital days, and nothing else.

Let us talk about the aged for a moment. The same thing is true with respect to sending an aged person back to a home. Many of the diseases and illnesses that are associated with old age are incurable. There is a limit to what hospitals can do. At that point, they have done all they can do for a while. If the family is in a position to urge a person to stay where he is, or there is less of a tendency on the part of a family to accept a person back into the home, there is a natural tendency for that person to stay in the hospital longer, so he can eat good meals, and have good care. Therefore, the cost is much greater than for private medical care.

The proposal may be limited to 120 days, but people will use those 120 days if the old folks feel they would be burdens on their families for a short period of time after they return. But there is a difference in providing a program under which we propose to provide all the medical care necessary to anyone who is not in a position to provide for the cost. One factor that will help reduce the cost is that, from the point of view of the State, the State having to pay between 20 percent and 50 percent of the cost, there is pressure on the State administrators to help keep costs down. On the other hand, if we are providing funds at the Federal level, and all we have to do is provide additional incentives to try to provide higher benefits under the social security system, I am sure that in short order we will provide hospitalization for those below 60 who are disabled, and, in short order, for those who are below 60 who are not disabled, and after a while we will be providing hospitalization for people at any age.

Starting with the premise of the Anderson amendment that the Government pays for it whether the person is needy or not, and a person has it available to him whether he would want the program or not, even persons in the high income bracket would have the cost paid for by the most regressive kind of program.

Mr. McNAMARA. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. It does not make too much sense to me, Mr. President, when we can hold down the cost to a great extent by providing care when it is needed. The committee bill would provide, in every State, that the State would be in a position immediately upon the passage of the bill to increase care for the aged by at least 100 percent. It could be increased without any additional State appropriation the minute the bill became law. Medical care could be increased as much as 400 percent in some States, compared to the medical care which is being made available in the States already.

I now yield to the Senator from Michigan?

Mr. McNAMARA. The Senator from Tennessee read from page 7 of the report the "scope of benefits" under the committee bill. Has the Senator estimated the cost if all States provided all these services to all the people who would be eligible for them under the terms of the bill?

Mr. LONG of Louisiana. I notice that the cost is estimated to be $12.9 million in Louisiana. My guess is that the amount may be more money than we will need to provide for the medical care aged we have in our State, if the State continues its present rate of expenditures.

Mr. McNAMARA. For all of those qualified?

Mr. LONG of Louisiana. I presume we could provide for between 80 and 85 percent of the aged in the State for a lesser amount of Federal funds than is hereby proposed, unless the State should reduce its expenditures.

Mr. McNAMARA. I am advised that if all States provided all the services listed under section 3, "scope of benefits," the cost would be $2.5 billion. The $2.5 billion would be the cost to be split half among the States and half to be paid by the Federal Government. It is fantastic. The listing in the report is simply window dressing, as to physicians' services and all those things. This is fantastic. Nobody is going to provide $2.5 billion. If all the States should take all these services, the estimated amount required would be $2.5 billion. Of course, the Anderson amendment is limited.

Mr. LONG of Louisiana. The figure of $2½ billion the Senator uses assumes that the State will pay for all medical services.

Mr. McNAMARA. For everyone who would be eligible under the terms of the bill.

Mr. LONG of Louisiana. It assumes the person pays nothing under the bill.

Mr. McNAMARA. That is correct. They would pay nothing.

Mr. LONG of Louisiana. In every State there would be some limitation as to who would be eligible to receive the benefits. That is fundamental to the bill reported by the committee.

In Louisiana probably 85 percent of the people would be eligible. Perhaps more would be eligible. I hope that the State of Tennessee, so ably represented by the distinguished junior Senator from Tennessee [Mr. GORE], who has a keen interest in the aged of his State and

other States, would certainly undertake vastly to liberalize the program, so that an equally high percentage of persons would be eligible for the care they need to receive.

When we consider the administration of this program, we should get it closer to the people, for the people are in a better position to get away from arbitrary standards and to look more at what a person actually needs. If the program is to be administered from Washington, D.C., it is easier to have someone say there should be an arbitrary number of days of hospital care than it is when the people who are paying for it have an interest in what they are paying for to medical care. That is a practical thing which would help reduce the cost.

We tend to reduce the cost of the program by having the States take a careful look to determine whether the expenditure of the money is necessary, because the States have to pay between 20 and 50 percent of the cost of the program. We also tend to get a better administration of the program when we get it closer to the people who are paying for it, for there is more of a desire not to provide service when the service is not needed—when the person, under proper standards, should not be eligible to receive it.

The committee bill represents a tremendous increase in the hospitalization available, as I have mentioned. It represents anywhere from a 100-percent increase to a 400-percent increase, based upon what the States are presently doing.

I wish to make another point, Mr. President. The social security program cannot indefinitely stand these 1-percent increases in the social security tax. It is true that this is a hidden tax. Most men have their social security taxes deducted from their pay before they ever see their paychecks. One of these days, however, they are going to have to start thinking in terms of how much they can afford. We are compelled to think in those terms, when we ask, "Can we afford to eliminate the $1,800-a-year earned-income limitation?" If we eliminate the $1,800 earned-income limitation, it will mean a 1-percent additional hidden sales tax on every family in America.

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

Mr. LONG of Louisiana. I yield.

Mr. McNAMARA. Is it not a fact that the people who will have to pay the increase in the social security tax are the ones who are advocating the social security approach?

Mr. LONG of Louisiana. That is what the Senator said, and I heard him say it, but I do not agree.

Mr. McNAMARA. I traveled from coast to coast, and even held hearings in Washington, D.C. We have reams of testimony to show that these people asked for it.

Mr. LONG of Louisiana. I have yet to have a single workingman, be he a member of an organized union or not, other than the union leaders themselves, suggest to me that he wished to have the social security tax increased by 1 percent.

Mr. McNAMARA. It is not 1 percent; it would be one-fourth of 1 percent.

Mr. LONG of Louisiana. One-fourth of 1 percent for the employee, and one-fourth of 1 percent for the employer, or a total of one-half of 1 percent. However, this is only the beginning.

Mr. McNAMARA. The consumer pays for both. The Senator knows that.

Mr. LONG of Louisiana. Yes.

Mr. McNAMARA. The manufacturer of the product or the producer of whatever service is provided will add that amount to the cost of the goods or to the cost of providing the service. The consumer pays for that.

Mr. LONG of Louisiana. And the consumer is the employee.

Mr. McNAMARA. The people, generally speaking, pay for it, but they wish to have this approach.

Mr. LONG of Louisiana. So he is getting it at both ends. There are many workingmen who are consumers.

Mr. McNAMARA. And they wish to have this program.

Mr. LONG of Louisiana. Oh, no.

Mr. McNAMARA. Yes; they do. They would like to have it as much as they wish to have the present social security law.

Mr. LONG of Louisiana. I am in a position to tell a workingman in my State, "My friend, we can do one of two things for you. We are considering one bill which will cost, in the first year, $200 million. That is the estimated first year cost. I can vote for that bill, which will not result in any increase in the tax on you. There is another bill which we are considering. The estimated cost for the first year is a billion dollars. I could vote for that bill. If that bill should be passed, it would mean that in short order you would have to pay an additional hidden sales tax of 1 percent on every dollar you make."

My guess is that the average man I know in my State—and I suspect this is true in the Senator's State also—would say, "Just a minute. If it is a difference of five to one, if it means a difference of paying five times as much, or an extra 1 percent hidden sales tax, I would rather settle for the proposal whereby I pay only one-fourth as much.

Mr. McNAMARA. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I yield.

Mr. McNAMARA. The Senator says this is a regressive tax. Is that what the Senator called it?

Mr. LONG of Louisiana. It is as regressive as taxes can be.

Mr. McNAMARA. Very well.

Mr. LONG of Louisiana. It is nonprogressive. The richer a person is the less he pays, proportionately. The poorer a person is the heavier the tax is on him.

Mr. McNAMARA. I wish to ask the Senator a question.

Mr. LONG of Louisiana. This tax applies against the man who cannot even afford to pay income taxes.

Mr. McNAMARA. Very well.

Mr. LONG of Louisiana. He gets no consideration at all. He does not get even a deduction for a wife or child.

Mr. McNAMARA. Would the Senator advocate that our whole social security system go under the general fund? The same argument prevails as to the present system for social security payments as it does for the additional one-fourth of 1 percent. Would the Senator advocate changing the whole structure of our social security system, so that everything would be paid out of the general revenues? If the Senator would not, then he should not desire to do that with regard to this one-fourth of 1 percent.

Mr. LONG of Louisiana. What did the Senator advocate for persons not covered under social security?

Mr. McNAMARA. My bill included them.

Mr. LONG of Louisiana. Yes. The Senator himself provided that payment for care of those not presently covered by social security should come from the general revenues. At least, he was thinking with the junior Senator from Louisiana at that time.

He said that people who are not presently under the social security program and who are not presently retired ought to have their health care provided for, but he did not wish to tax the workingman to provide that service. Instead, he preferred to take the money from the general revenues.

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

Mr. LONG of Louisiana. We are going to take care of those who are already retired, but who have not paid anything into the fund for medical care purposes. The Senator was starting from a beginning point by saying, "How can this care be provided?" By starting to provide first for those most needy out of the general revenues, and then for those not quite so needy, in my judgment eventually he would arrive at the conclusion that the general fund ought to provide benefits for those who never paid initially, because he would wish to see the millionaire pay his share.

I know the Senator would not ordinarily wish to have a tax imposed to care for the needy or even to care for those who are under social security, when the rich man making a million dollars a year would get a deduction for everything over $4,800.

Mr. McNAMARA. We have this program under the social security law. If the law is a bad law, let us change it. If the law is not a bad law, let us operate this program that way.

Mr. LONG of Louisiana. The Senator is advocating the change. He seeks to provide medical care for people who do not need it, for people who are in a position to take care of themselves. He wishes to take care of a millionaire, even though the millionaire is not interested in being cared for.

Mr. McNAMARA. We do so now.

Mr. LONG of Louisiana. Then the Senator proposes to pay for all these benefits by means of a plan which exempts the millionaire from taxes on everything over $4,800?

Mr. McNAMARA. We fought over that subject 25 years ago.

Mr. LONG of Louisiana. It is a hidden sales tax.

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

Mr. LONG of Louisiana. I yield.

Mr. HUMPHREY. The Senator asks for an answer to this question: What would be the responsibilities of the State under the committee proposal for medical care costs? What percentage of the cost would the State be required to pay under the terms of the committee bill?

Mr. LONG of Louisiana. We are talking only about people who are over 65.

Mr. HUMPHREY. Yes.

Mr. LONG of Louisiana. In Louisiana the cost would be around 30 percent. I can determine what the cost would be in Minnesota.

Mr. McNAMARA. It would be about one-third.

Mr. HUMPHREY. Therefore the State would have to pay 41 percent, approximately.

Mr. LONG of Louisiana. Yes.

Mr. HUMPHREY. Would that cost be additional cost?

Mr. LONG of Louisiana. As a practical matter, the Federal Government would first be required to match what Minnesota is now paying.

The Senator from Minnesota said that he had visited hospitals in Minnesota at which the State is providing care for many of the aged. The Federal Government would be required to pay 60 percent of the total cost. The State would be paying 40 percent. So the State could immediately experience an increase in Minnesota of approximately, let us say, 150 percent over and above what the State is presently providing, even if the State did not put up an extra 5 cents.

Mr. HUMPHREY. How does the State of Louisiana finance its medical care program? What kind of tax does it impose for that purpose?

Mr. LONG of Louisiana. Our public welfare program has a vendor payment scheme to it, which is only a small portion of the medical care that we provide in Louisiana. That is paid from a sales tax. We have also an income tax.

Mr. HUMPHREY. That is a regressive tax, is it not?

Mr. LONG of Louisiana. It is not as regressive as is the social security tax.

Mr. HUMPHREY. Would the Senator say that a sales tax was a progressive tax?

Mr. LONG of Louisiana. It is a regressive tax.

Mr. HUMPHREY. Then there are degrees of progression and regression, is that not correct?

Mr. LONG of Louisiana. That is correct, but consider the difference. When we imposed a sales tax to provide for welfare, we provided as much care as we could for those who needed it.

Mr. HUMPHREY. I compliment the State of the Senator from Louisiana for its fine program.

Mr. LONG of Louisiana. It is true that while the needy and the aged in Louisiana do pay some of the sales tax, that money, together with everything a rich person pays in that tax, goes to match funds of the Federal Government in an overall program to provide for the care of the needy persons. With regard to our hospital program, which is the major part of our health care in Louisiana, is derived from almost all taxes, whether they be the State income tax, taxes imposed on corporations, or taxes on oil and gas severance. The money comes from the general fund.

Mr. HUMPHREY. Would those taxes include the sales tax?

Mr. LONG of Louisiana. Actually the sales tax, for all practical purposes, is pretty much devoted to our welfare program.

Mr. HUMPHREY. Does that program include health?

Mr. LONG of Louisiana. Some of it does.

Mr. HUMPHREY. The point I am trying to make is this: I wish to say, first, that the Senator from Louisiana has made some good arguments. Let me assure him again, as I have before, I believe, that the record of the State of Louisiana in the field of welfare is primarily due to the great influence of the Senator, his father, and those who have supported him in his political program. I think it is one of the best programs in the country, and it surely is something which will stand as a living memorial to the Senator's late father and to himself. I say that most respectfully.

Mr. LONG of Louisiana. My uncle also had much to do with that program. You did not mention him.

Mr. HUMPHREY. Yes; I wish to add that the former Governor, Earl Long, contributed also.

Many of the States do not have State income taxes. Frequently State revenues are acquired from excise taxes, which are indirect sales taxes, or acquired from sales taxes or from property taxes; and of all the problems that face local and State governments today, none is more crucial or more difficult than local financing. I have wondered where the States would get the additional money that they require.

In my State we have a State income tax; and every business interest in the State, with few exceptions, has said that it drives business from Minnesota. It does not, by the way, but those who feel that way like to talk about it. If we did not have a State income tax, we would have to get the funds from a sales tax or from increased property taxes. Property is now taxed to the hilt, because the increases in State and local government expenditures have been fantastic since the war.

The other day our Governor testified before a committee of Congress. He is a member of the Governors' conference that meets once a year. I believe State and local government costs have increased something like 300 percent since the end of World War II, which is a great increase. Indebtedness has risen fantastically in State and local government. The burden of governmental cost, State and local government, is very heavy. The worst feature and the most inequitable part of that burden is that while the financing of State and local governments is not in every instance, unfair or unjust, in many instances it is on a very unjust and unfair basis, relying upon the property tax, upon excise taxes, and upon State sales taxes.

As I recall, in Louisiana there are exemptions made in the sales tax for rent, food, and medical care.

Mr. LONG of Louisiana. There are some exemptions. They are not as broad as they once were.

Mr. HUMPHREY. It is inevitable that as new requirements come upon the States which have a limited taxing jurisdiction, they must impose heavier and heavier levies through existing types of taxes.

State and local governments will have a very difficult time paying their fair share under the committee bill, but the committee bill, of course, does provide assistance to States, and very valued assistance in terms of the Federal contribution.

The Senator makes a very persuasive argument when he points out that there is not much wrong with financing out of the general revenues. There is merit to his argument. I must say that one of the limitations of the Anderson amendment, of which I am a cosponsor, is that it does not cover those who may need medical care, and surely are as deserving of it as elderly citizens who are not under social security. There is in a sense a need in part for what the committee bill offers, at least in some portions of it, plus the provisions of the Anderson amendment, which contains the social security provisions.

We in Congress must face the fact that if we are to have additional services for our people, we must pay for them. The point is that the working people of America are heavily taxed. I think they are disproportionately heavily taxed because they get it coming and going. They pay excise taxes, sales taxes, or a tax which is charged back into the cost of an item of service they purchase. Most often such people can least afford to pay those taxes. But we must face up to it. If we want these extra services, the bill must be paid, and that means that revenues must be raised.

We cannot have more defense, a greater education program, and a public health program unless we are willing to pay the bill, and it becomes fiscal irresponsibility if we are not willing to pay the bill.

I believe the Senator from Michigan made a very good argument. There are good arguments throughout this debate The Senator from Michigan asked if we are unwilling to apply the social security principle to health care because it seems to be a regressive tax, as the Senator from Louisiana said, why apply the social security principle to old-age and survivors insurance itself? That decision was made a quarter of a century ago. I sincerely believe it was a proper decision, particularly as we have expanded coverage and, may I add, as we have increased the base upon which the tax has been levied. At one time the social security tax was levied upon income tax much lower than $4,800. Now it has risen to the $4,800 level, and there are those who have recommended that that level be raised in order to give the fund a greater amount of money and a greater degree of solvency.

Mr. LONG of Louisiana. If we depart completely from a standard eligibility entitling a person to have his bills paid because he finds that his income is not sufficient to meet those needs, the cost is going to be very much greater. We will pay these bills even though we provide—as Louisiana provides and will continue to do so—that we will not call upon his relatives, will not seize his home, will not seize his property, and will make no effort to obtain reimbursement from the modest income that he has been drawing either prior to or after his stay in the hospital. When we take the position that we will pay for these hospital costs, whether the person is in the position to take care of them himself, the cost is going to be very much greater. When we do that, we eliminate one of the greatest means of keeping down hospital costs, specifically the desire of the patient himself to keep them down.

Mr. HUMPHREY. The argument which the Senator made while I was temporarily occupying the position of the Presiding Officer applies to either the Anderson amendment or the committee bill. It is a factor with which we are confronted in connection with public payments, namely, that some supervision is needed to see to it that the service is not abused.

I have observed what is done in veterans' hospitals. I have seen extraordinarily good medical care, which is an argument in behalf of the Senator's position. However, I have seen doctors in Veterans' Administration hospitals, by good professional treatment and care, expedite the discharge of the patient from the hospital, without, of course, jeopardizing his health in any way.

We have seen, for example, in the case of mental patients, new medical care and procedures making it possible for mental patients to be released from the hospital months sooner than was the case several years ago.

The same situation is true with respect to other ailments. It is due to modern medicine and modern medical treatment and modern drugs.

I invite the Senator's attention to the fact that there are very few people under social security who are millionaires, and that few people have extra money. One of the reasons for the social security principle is that if one is compelled to go to a hospital for medical treatment, it is for the purpose of not forcing him to utilize on medical care what limited funds he may have saved, and forcing him later to accept public assistance.

In other words, this is preventive insurance. The purpose is to see to it that if he has a house or some money in a Federal savings and loan institution or in a local bank, he will not have to spend all that money on hospital or medical care, and that he will be given the advantage of some insurance protection when he needs it, at a time when his earning capacity is lowest. The record shows that four out of five people aged 65 or over have an income of under $2,000 a year. That is four out of five. About one-third of our people aged 65 and over have an income of under $1,100 a year. Those are the people who are entitled to some kind of insurance protection.

Of course, if the insurance protection runs out—and that can happen under the Anderson amendment, because there are limitations as to the duration of the stay in the hospital that is allowed, or the care in the nursing home that is allowed—we would have to come back to the principle of public assistance.

I do not want my argument to be interpreted quite so strictly as my words might seem to indicate.

I do not believe that we should get ourselves in the position where we would say that public assistance, per se, is bad, because it is not. Many areas have been able to reduce the so-called requirements or the criteria for public assistance, so that there really is not a great deal of difficulty in that regard. The Senator has pointed out that in some areas there is practically no means test. Therefore, it would be a disservice to the cause of public welfare for anyone to interpret my argument as being aimed against the principle of public assistance.

I consider social security a better way of providing for the needs of our people. At the same time I also recognize the fact that there are limitations to social security. The Senator from Louisiana has pointed out some of them in the committee bill. Therefore, the public assistance concept may be supplementary. I thank the Senator for his generosity in yielding to me.

Mr. LONG of Louisiana. Mr. President, I might give the Senator a practical illustration of the difference between the cost of the proposal that is being offered as the Anderson amendment and the other proposals. The Anderson proposal would provide medical services whether a person was in need. Consider the case of a person who has a fairly modest hospital bill to pay. That is the case in the majority of situations in which a person has a small medical bill. In a great many cases employers let the employee stay on the payroll. He is drawing some income, and he is able to pay the bill.

That person, of course, would pay his medical bill. He would be the greatest ally in keeping the medical bill down. He would not be pressing the doctor to let him stay in the hospital. He would be eager to get out of the hospital and get back to work and get back to doing something productive, particularly if he had a job that he wanted to get back to.

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

Mr. LONG of Louisiana. I yield.

Mr. HUMPHREY. The Senator is referring to people who have jobs. Not many persons 65 years and over have jobs.

Mr. LONG of Louisiana. A great many of them do.

Mr. HUMPHREY. Yes, but a larger number do not. The Senator is quite right if he is talking about a person who is 55 or 45 or even 60.

Mr. LONG of Louisiana. I was talking about a man who had a job. That was my starting point. The average person does not retire until age 68, the way the situation is now. In other words, most people prefer to work after they are 65. It is a fine thing if people can retire when they want to, but a majority do not, because they can make a great deal more money by continuing to work. There must be something to it. Perhaps most of them enjoy the conditions of work, to which they have become accustomed all their lives, and they would rather work than make the adjustment to being nonproductive. Such a person would be the greatest ally in seeing to it that the medical services were kept at at the lowest practicable, sensible, and logical level. There is the additional fact that his family would be the greatest cooperator, by taking over where the hospital left off. They would be desirous to receive him back into the home. That has been the experience in Louisiana, with the same type of case taking much longer in a State hospital than in a private hospital.

Let us take the case of a person who has some assets. I would very much like to see the Louisiana plan permit a person to have as much as a thousand dollars in liquid assets such as cash in a bank, or Government bonds or various stocks, in addition to his social security entitlement. But if that person has more than that, and if it is well understood that if he spends some of his own resources no one is going to seize his home or take his automobile, or some small amount of cash in the bank, so long as he is looking to himself to make the payments, he will be the greatest ally in seeing to it that medical expenses are kept low.

The medical expenses become large when a person has no responsibility to keep them down. I very much feel that if we depart completely from the concept that we will pay the medical bills of those who need help, as contrasted with those who may not need it, the cost will be very great.

Mr. HUMPHREY. The Senator from Louisiana makes a powerful argument against the committee bill. The committee bill has no limitations on how long a person can be in the hospital. The Anderson amendment, of which I am a cosponsor, has limitations. It has, first of all, a provision that the first $75 one pays by himself. It has limitations as to the time one may be in a hospital or how much time he may be in a nursing home. There are cutoff dates. There are limitations. Furthermore, the Anderson amendment is not relief; it is social security. It is "prudential life insurance." After all, I suppose that when one takes out an insurance policy with a private company, it is really an unfair trick to die early; he does not pay in much. If he is to be real fair about it, he ought to live a long time. [Laughter.]

Mr. LONG of Louisiana. I do not know who we think will pay for these benefits if it is not the workingman. The Senator has insisted that he will have to pay for it, whether the person getting the benefits needs them or not. A person who is sick will be inclined to stay in the hospital longer than necessary.

Mr. HUMPHREY. If a man goes to a hospital under the social security program, the question will not be whether he needs a payment or not; he will be entitled to it. When he gets well, he may have what he has saved up; he can go on and live life again.

There are two different concepts. One is the concept of public assistance, under which a man is down and out, or if not down and out, has very limited, meager resources. Out of sheer compassion, a desire to do social justice, and out of a sense of decency, organized government says: "This man is entitled to medical care on the basis of need."

The other concept is the social security principle, under which a man pays in one-quarter of 1 percent of his income.

Mr. LONG of Louisiana. Oh, no; he does not pay it; someone else pays it. The man who gets the immediate benefit is not the one who does the paying.

Mr. HUMPHREY. It is actuarially sound.

Mr. LONG of Louisiana. It is actuarially sound, so far as we tax the workingman to pay for benefits that he is not receiving.

Mr. HUMPHREY. But if the same workingman, at his age, needs medical care, he gets it. It is like the man who does not have an automobile accident. He drives 5 years and never has an accident. He is paying for the fellow who is constantly nipping fenders.

This program is all worked out.

Mr. LONG of Louisiana. It is going to make the workingman find himself taxed an extra 1 percent. It is like a hidden sales tax of an extra 1 percent of his income.

Suppose he does not have any old folks in his family, and his children are sick. Suppose he has a child who has been run over by an automobile, and he has a $4,000 medical bill staring him in the face. It will certainly do him little good to know that while he is signing a mortgage for $4,000 on his house, it is actuarially sound for him to pay 1 percent of his income for some aged person to receive some medical care, even though that person is well able to pay for his own medical care.

Mr. HUMPHREY. The Senator's plan—the committee bill—is not exactly a gift from heaven. This is not manna which falls down to those in need. Somebody has to pay the bill. When it is paid, it will be taken out of the property taxes on homes, it will be taken out of sales taxes, it will be taken out of excise taxes.

Who does the Senator think will pay for the State portions in States where there is no State corporation income tax? There are plenty of States like that.

Mr. LONG of Louisiana. When the Senator talks about the poor little man paying a tax on his humble home, he is, of course, speaking of Minnesota. We do not have that situation in the State of Louisiana.

Mr. HUMPHREY. I appreciate that. Louisiana has no property taxes on homes.

Mr. LONG of Louisiana. We have what are homestead exemptions.

Mr. HUMPHREY. Louisiana has the homestead exemptions; but every home is not a homestead. The Senator knows that assessors look over the property each time to see whether it qualifies as such.

The Senator is a wise and prudent man. He knows much about local government and State government. He knows all about the inequitable tax structures in this Nation. Many of them are to be found in local and State governments. Why? Because of charter restrictions and constitutional restrictions.

Mr. LONG of Louisiana. Not one of those provisions is as inequitable or as regressive in the raising of revenue for general purposes as is the social security tax.

Mr. HUMPHREY. But the social security tax does not raise revenue for general purposes; it raises revenue for specific commitments; and the people who are brought into it know it. They pay into a fund which is assigned and relegated to a specific purpose.

The interesting part of the Senator's argument is that people like social security; they do not believe the Senator's argument, because the Senator's argument does not make sense to people in our country who are self-reliant and want to take care of themselves.

What the social security program does is to provide a larger group whence to derive revenues for a broader coverage for the individual and public good. It provides a system which is economically sound and is feasible and workable. It works. The Senator knows it works.

Mr. LONG of Louisiana. The Senator from Minnesota has made two proposals, one of which we are debating, the other of which I should like to see done if we could afford it. I am talking about the removal of the income limitation on earned income. Between those two proposals, there is a probable additional cost of 2 percent of payroll, a hidden sales tax on every workingman and his family in the United States. Within 9 years, that man and his family will be paying this hidden tax at 9 percent plus the 2 percent. The Senator from Minnesota knows the social security tax is based on such a tax, because such a tax becomes a tax on the consumer.

Mr. HUMPHREY. The Senator makes that generalization. I suppose we might say that every tax is a tax on the consumer. I might ask the Senator to name for me anyone who is not a consumer. The only ones who are not consuming are the dead.

Mr. LONG of Louisiana. It cannot be said that every tax is a tax on the consumer. The personal income tax is one example. It happens to be the principal source of revenue for the Government. It is a tax that not every person pays.

On the other hand, when a general tax is put on industry, such as a tax of a certain percentage of the payroll, industry will add that tax to the cost of its product. If industry cannot make a profit over and above that point, it will simply not produce any more of that product.

Mr. HUMPHREY. On that basis, we ought to eliminate the corporation tax, because corporations obviously will try to pass that tax along to the consumer. We could talk the tax argument down the road of absurdity. Of course, there will be some reflection of the tax cost in the service or the product which will be passed along to the consumer. But the same man who pays it is also a producer.

Mr. LONG of Louisiana. Will the Senator show me how the personal income tax is passed along to the general consumer? The Senator has not argued that in the 12 years I have been in the Senate with him.

Mr. HUMPHREY. The most fair tax is the personal income tax, provided it is not riddled with loopholes and a few other things. It is the most equitable tax.

But when we speak of property taxes, when a landlord rents a place, he includes the property tax in the rent. If the property tax is raised, he passes the increase right along to the person who rents the apartment. If any kind of excise tax is imposed, that tax is passed along.

Mr. LONG of Louisiana. It is not quite so easy, and I shall show the Senator why it is not.

Mr. HUMPHREY. The Senator's taxes are passed along, but mine are not.

Mr. LONG of Louisiana. If a man is in a position to buy his own home at so much a month, he looks at the amount of the payments, the deferred cost to buy that home, in comparison to what it would cost to rent a home or rent an apartment.

Mr. HUMPHREY. That is correct.

Mr. LONG of Louisiana. The landlord is compelled to make his rent competitive with what it costs to buy a home. That is one reason why I have been against all the proposed increases in interest rates. When the cost of interest is increased for a man buying a home, the landlord is put in a position to pass along the increase in higher rent. But when we make it less expensive for a person to buy his own home, we also tend to make it easier for him to pay the rent.

Mr. HUMPHREY. The Senator from Louisiana makes a good argument. One of the most disturbing parts of the debate over medical care is that we find the Senator from Louisiana on the side of the majority of the committee. In the main, the economics of the Senator from Louisiana is the kind of economics with which I find myself in agreement. The Senator from Louisiana is a considerate man. He is a just man. He has deep concern for the welfare of those who are or who have been mistreated or who are in need of justice.

I find some of his argument relating to the committee bill very persuasive. I only hope that by the time we are through we shall be able to have the better features of the committee bill, to which the Senator from Louisiana has applied his conscientious and skilled hand, and that we shall be able to have the Anderson amendment, which starts

to apply the social security principle at age 65, with the limitations we have written in; and that we can come away from here with the beginnings—and I think the Senator is right about this, I may say—of medical care. It is not the omega; it is the alpha, so to speak, of this structure. I hope we can have the Senator from Louisiana with us. He is a powerful advocate. He knows his business and does good work.

Mr. LONG of Louisiana. I thank the Senator from Minnesota.

Mr. President, permit me to say that we are facing the prospect of a social security tax of between 15 and 20 percent of income by the end of 1969. It is that point which causes me to feel that we make a better approach by means of the committee bill, although we begin with a large and extremely costly program, regardless of which approach is taken.

The approach of the committee bill will result in a $240 million cost to the Federal Government the first year, and the cost will rapidly grow thereafter. If that approach is taken, the cost under the committee bill within 5 or 6 years from now may well amount to $1 billion.

On the other hand, if we use the approach of including all those over 65 years of age, regardless of whether they need such assistance, we begin with an increased cost of $1 billion; and then we shall have to apply the same approach to those who are disabled, even though they are below 65 years of age, if they feel that they need medical care; and such provisions will tremendously increase the cost.

So, merely as regards medical care, if we went the rest of the way, the cost would be approximately 4 percent of payroll, which would be a tax on the workingman and his family—a tax twice as great as the entire social security program cost only 4 years ago. But that would not be the end. Just today we have heard three very able and effective Senators—one from the Midwest, one from the South, and also one on the other side of the aisle—say, today, that the Senate should remove the income limitation in connection with the receipt of social security income. If that were done there would be an additional cost of 1 percent of payroll, or more.

So we are moving in the direction of making the social security tax 15 to 20 percent; and even that would not be the end, under all the proposals, because at least half the Members of the Senate have some suggestions in regard to how they would like to see the social security program further liberalized.

Mr. President, there is no need for us to take such action for the benefit of those who at the present time are well able to pay their own hospital bills. In that respect, certainly the Anderson bill would go too far.

In addition, this program, which is going to be enormously costly, is one which could better be approached gradually, rather than to try to go all the way at one time.

Furthermore, I am not at all sure that any bill at all will be enacted, if the bill is made as costly as is advocated by some. If the bill ever passed the House, the President might veto it; and we have some indication that result would obtain if some of the proposed substitutes were accepted.

I make the point—which I began to make at the beginning of my remarks—that every State which has some program of medical care for the aged will be in a position, under the committee bill, to increase that care at least 100 percent, without any additional cost at all to the State, merely by means of the requirement that the Federal Government match what the States are now doing. Some States will then be in a position to increase by 400 percent the medical care they now are providing, without placing any additional tax or anything of the sort on the workingman or his family.

So far as concerns those who are not presently receiving any such assistance, this bill proposes, as a standard, that those who are not now regarded as needy, for any purpose, in a State—neither for purposes of public welfare nor for any other purpose—can simply certify—and here I read that part of the bill—"that their income and resources are insufficient to meet the costs of necessary medical services."

Mr. President, I have represented relatives of my family and others who have had to discuss this matter with their doctors time and time again. They have had to ask, "What are we going to do about the medical bill, which is going to be very large? This relative is not in a position to pay the entire cost. So you will not please reduce the bill or else allow a longer time in which to pay it?" That often is asked in regard to a doctor's bill or a hospital bill. On many occasions I have made that sort of representation on behalf of someone to whom I was related or on behalf of someone in whom I was interested; and the person concerned never was embarrassed by having to explain to the doctor that he did not have enough money with which to pay all of the bill at once, and that it would be necessary for the doctor to allow him a considerable length of time in which to pay the bill.

But this provision is to the effect that the Federal Government will pay from 50 percent to 80 percent of the cost, merely on the person's statement that his income or other resources do not enable him to meet the costs of his medical care.

This entire program is being "sold" on a need basis. But I do not know of anyone who is fully able to meet his medical-care bills who is asking the Government to take care of his medical-care expenses.

On the other hand, based on my experience, one who actually needs help in connection with the payment of his medical bills will not have a false sense of pride in that connection. For example, when a veteran goes to a veterans' hospital when he has some nonservice connected disability, he does the same thing, and he does not have any sense of shame about it. As a matter of fact, he feels somewhat proud that, as a veteran, he is eligible for such assistance.

Therefore, this is not a program for the indigent. The change called for by the committee's approach has little to do with the indigent. Under the committee bill, those who are in no sense qualified to receive old age assistance can simply state that their resources are insufficient to enable them to meet the costs of such medical-care expenses or services; and when they make that report, they will be in a position to have their medical-care bills paid.

Mr. President, I yield the floor.

Mr. JAVITS. Mr. President, I have heard with great interest the most enlightening presentation by my friend the Senator from Louisiana. I did not interrupt his remarks, because I thought the debate was very heavily concentrated upon the committee bill versus the Anderson amendment; and earlier in the day I had spent a considerable amount of time debating my own substitute for the Anderson amendment and also answering many questions by Senators who feel strongly about the Anderson amendment. Interestingly enough, many of those questions were of the same general character.

I hope that, overnight, Senators will read with special care the remarks of the Senator from Louisiana about the matter of the strange change which has taken place—with Republican Senators who support my amendment advocating the idea of a general revenue plan; and with Democratic Senators, who generally wish to equalize these burdens by charging them to the whole of the taxpaying capability of the country, concentrating on the part of the taxpaying capability—I think the Senator made that point very clear—which is much more in the nature of a sales-tax approach than we would normally expect to have advocated by Senators on that side.

I very much appreciate the presentation made by the Senator from Louisiana and the details he has submitted on that point; and his presentation will be helpful to all of us, regardless of how we vote on these amendments.

Mr. LONG of Louisiana. Mr. President, I trust that the Senator from New York will forgive me for not understanding his plan. Let me point out that three or four plans were before the committee, and the bill itself is not the shortest or least complicated bill I have ever seen. In fact, it runs to 184 pages of legislative language.

Mr. JAVITS. Certainly.

Mr. President, it is now my purpose to read into the RECORD a statement issued today by the Secretary of Health, Education, and Welfare. The statement deals with my proposal which will be voted on at 2 o'clock tomorrow. I think the statement I shall read is very important, because today we have had a great deal of debate about what measure the President will be willing to sign or what measure he will not sign, and about the terrible frustration of voting for something which we know in advance the President will not sign.

So the light which is reflected on that subject by the statement issued by the Secretary of Health, Education, and Wel-

fare and also the questioning undertaken of him at his press conference are most important.

The statement reads as follows:

I have not yet discussed in full detail with the President the proposal for medical care for the aged which was introduced in the Senate on Saturday by Senator JAVITS on behalf of himself and eight other Senators. The proposal, however, is consistent with the basic principles which the administration has stated should be found in any program for medical care for the aged.

I should like to repeat that statement, because it is so important:

The proposal, however, is consistent with the basic principles which the administration has stated should be found in any program for medical care for the aged. The proposal sets forth a program that meets these four key requirements.

It would be voluntary.

It would provide for financial participation by the individual.

It provides for a Federal-State partnership in dealing with this very important problem.

It would be financed from general revenues.

These are the criteria which we know very well and which have been established by the administration in its testimony on its own plan.

I should like to conclude my part of the debate for tonight with the following points: In the program I have proposed, we would be able to give our older citizens a group of benefits in medical care of extraordinary coverage, including, very importantly, the preventive care which all the figures show 90 percent of them need far more than they need long-term hospitalization, and without encouraging the breakdown of hospital facilities, which will be encouraged by providing in the Anderson plan, long periods of hospitalization, with a whole range of facilities, when 90 percent do not need it, but will be invited to use those facilities because they are free, except for home care and nursing home care, which in many cases would be inapplicable, and to extend their hospital stay.

It seems to me the amendment which I have proposed is the really practical alternative before us, because it meets the criteria of the administration and has the best chance of becoming law.

Again, we cannot overlook what happened in the other body. Notwithstanding the procedure, as it was developed between the Senator from New Mexico [Mr. ANDERSON] and myself today, which normally ensues when a rule is presented to the House on a bill coming from the Ways and Means Committee, it is a fact that the House voted heavily to support the rule without endeavoring to undo it. Therefore, I think we have a right to assume that the House has, for all practical purposes in this session, no expectation of voting on a social security bill like the Forand bill which was before it.

I believe those who support the Anderson amendment must take cognizance of the fact, if they want to do something toward getting a law passed in this field here and now, I have presented an alternative, with substantial benefits provided, especially preventive care, which will do the job, and is the only alternative which will do it.

I commend it to Senators supporting the amendment, who I know are sincere.

Mr. President, I know one of our colleagues has something to present to the Senate, so I shall suggest the absence of a quorum; but before I do so, I ask unanimous consent to have included in the RECORD at this point the statement by Arthur S. Flemming, Secretary of Health, Education, and Welfare on this subject.

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

STATEMENT BY ARTHUR S. FLEMMING, SECRETARY OF HEALTH, EDUCATION, AND WELFARE

I have not yet discussed in full detail with the President the proposal for medical care for the aged which was introduced in the Senate on Saturday by Senator JAVITS on behalf of himself and eight other Senators. The proposal, however, is consistent with the basic principles which the administration has stated should be found in any program for medical care for the aged. The proposal sets forth a program that meets these four key requirements.

It would be voluntary. The individual would have the opportunity of deciding for himself whether or not he desires to be a participant in the program.

It would provide for financial participation by the individual. Persons who elect to come under the program would be required to make financial contributions toward its cost.

It provides for a Federal-State partnership in dealing with this very important problem.

It would be financed from general revenues. The Federal portion of the cost would be paid from general funds of the Treasury, not by a special tax.

The bill to amend the Social Security Act which was reported by the Senate Finance Committee would provide medical care benefits to the needy aged and represents an improvement and expansion of the existing medical care program now in operation under the Federal-State public assistance program. The bill also makes provision for Federal-State sharing of the costs of medical care for older persons who, while otherwise self-sufficient, need help in meeting their health care costs.

Under the program proposed by Senator JAVITS, participating States would offer the individual his choice of three benefit plans:

1. Diagnostic and short-term illness benefit plan. This plan would provide (1) 21 days of hospitalization (or equivalent skilled nursing home services); (2) 12 physicians' visits in the home or office; (3) diagnostic laboratory and X-ray services up to $100; and (4) organized home health care services up to 24 days.

2. Long-term illness benefit plan. This plan would provide, after a deductible of $250, 80 percent of the costs of (1) 120 days of hospitalization; (2) up to a year of skilled nursing home services; (3) surgical services; and (4) organized home health care services.

3. Optional private insurance benefit plan. This plan would provide reimbursement of 50 percent of the premium cost of private health insurance up to a maximum reimbursement of $60.

4. If the participating States decided to improve the first two benefit plans, the Federal Government would share in the cost of these improvements up to a cost of $128 per individual participating in the plans. The minimum plans as outlined would cost approximately $90 per individual participating in the plans.

Under the Javits proposal, all persons 65 or over who did not pay a Federal income tax in the preceding year or whose income in the preceding year was $3,000 or less ($4,500 for a couple) could participate in the program.

Approximately 11 million persons would be eligible, of whom it has been estimated 8.2 million might participate. This estimate does not include the approximately 2,400,000 persons who are recipients of old-age assistance.

The bill provides for an enrollment fee for each participant which would be fixed by the State according to the participant's income. It would be 10 percent or more of the estimated cost of the medical benefit plans provided by the State.

The Federal and State governments would share the total cost of the three benefit plans, less the enrollment fees collected. The Federal share would range among States from 66⅔ percent, in the poorest State, to 33⅓ percent, in the richest State, with an average of 50 percent in all States. State administrative expenses would be shared 50–50 by the Federal Government and States.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

Mr. GORE. Mr. President, our efforts in the field of medical research and in the development of new techniques in medical care must be vigorous and ceaseless if we are to succeed in unraveling the mystery which still surrounds the causes and the possibility of cure of some of the more deadly maladies which daily snuff out the lives of thousands of human beings.

Much progress has already been made. Particularly in the last few decades, medicinal science has made giant strides in the constant battle against diseases and ailments which have plagued mankind through the years.

These advances in medicinal science, together with a more nutritional diet, better recreation and hygiene which have accompanied a rising standard of living, have, ironically, made more acute the problem with which the Senate is now called upon to deal. We are blessed with a steadily lengthening life span. This has resulted in an increasing percentage of our population within those age brackets in which physical infirmity is more prevalent, with consequent increased need for medical care.

Improvements in the quality of medicinal care have been more than matched by increases in its cost. Simply stated, more and more elderly people need more and more money to defray the cost of more and better medical care at a time beyond the income-producing period of their lives. This is a big, costly order.

Our society, I think, has reached the stage at which we should take steps to insure that adequate medical care is available to all our retired citizens. It

must be available in a manner which will sustain the individual pride and dignity of all old people and all citizens.

I am concerned that this individual pride and dignity be preserved and sustained. I am not one of those who is willing to say that the larger a percentage of a State's population which is on old age assistance the better social security program or medical care program it has. In my way of thinking, this erodes the pride of our people. Instead of eroding it, we should nurture it, sustain it, and preserve it and encourage it.

How should the cost be defrayed? Upon whom should the burden rest? I regard it as significant, and happily so, that no responsible organization or organized political group familiar with the facts now takes the position that no medical care program is needed or that action by the Congress is inappropriate. With substantial agreement on the need for some kind of program, it behooves the Congress to enact legislation which is adequate to meet that need and which lies within the framework of responsible and proven principles of governmental action.

At this point, Mr. President, and before discussing the alternate legislative approaches to this problem from which the Senate will choose, I should like to note the fact that, whatever type of program of medical care for the aged may be enacted, we shall not have solved a problem which constitutes a fundamental obstacle to the provision of adequate medical service, not only for the elderly but also for all our people.

It is important to insure that no person shall go without medical care for lack of funds with which to pay for it. It is futile to undertake to do so, however, unless we take steps to insure that trained persons are available in adequate numbers to render the service.

Neither expert knowledge nor special research is required to support the statement that we do not today have as many physicians as we should have, as are needed. Moreover, a geographic distribution of physicians is such that there is great disparity among States in the ratio of physicians to population. For example, in 1959 in the United States there were 141 physicians for each 100,000 people. This compares with 142 per 100,000 in 1940, and 143 in 1949. Within individual States the ratio varies from a low of 69 to a high of 188.

Let us suppose that a State has only 69 doctors for every 100,000 people and the State implements the pending bill to the fullest. Would there be sufficient doctors to extend the medical services to the beneficiaries?

In September 1959 the Public Health Service published a special report of the Surgeon General's Consultant Group on Medical Education. I commend this report to the attention of all who are interested in adequate medical service for our people. In summary, the report states that to maintain the present average ratio of physicians to population, which we already observe is inadequate, even without the enactment of the program now under consideration, we must, by 1975, increase by approximately 50 percent the number of annual graduates of medical schools.

Specifically, in 1959 our medical schools turned out about 7,400 graduates. To maintain the present inadequate ratio we must increase the annual output to 11,000 by 1975. I quote from the report as follows:

> Of the 3,600 needed additional graduates, existing and planned schools will provide 500 by 1965. With adequate financing and construction aid, present schools could add about 1,000 graduates. New 2-year programs could add up to 800 first-year places for students who could then go to existing clinical places in 4-year schools. The balance of 1,000–1,500 graduates would need to come from new 4-year medical schools. This increase is equivalent to the output of 20–24 new 2-year and 4-year schools.
>
> An increase in graduates sufficient to maintain the present ratio of physicians to population is a minimum essential to protect the health of the people of the United States.

I digress from the report to say that the recommendation in the report is made on the basis of maintaining the present ratio of physicians to population. The present ratio is grossly inadequate, even without the enactment of the pending bill, which, of course, would greatly increase the demand and a source of funds to pay for medical services.

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

Mr. GORE. I yield.

Mr. ANDERSON. It certainly would increase the ability of the people to make a call upon those services, would it not?

Mr. GORE. Yes, if the plan is implemented. If only the committee bill is adopted, however, unless States act, the proposed legislation may be only a glittering promise to our old people.

I should like to continue to read from the report:

> The Consultant Group is convinced that the problem is of such magnitude and concern that immediate concerted action by the Nation as a whole is imperative. Delay will serve only to increase the seriousness of the situation.

If we are to achieve the goal which the Public Health Service describes as a minimum, we must begin promptly a program to expand the capacity of existing medical schools and to build new ones. The report specifically recommends the appropriation of funds by the Federal Government on a matching basis to meet the construction needs of medical education. We already have a program to assist in the construction of research facilities and in the construction of hospitals. There is presently no such Federal program to accelerate the construction of teaching facilities, the essential base for training more medical doctors.

I point out that we have the Hill-Burton program to construct more hospitals. We have under consideration on the floor of the Senate tonight a bill to aid old people in obtaining medical services. However, we have no program really to increase the number of qualified people to extend this service and to serve as doctors in the hospitals which we hope will be constructed.

The lack of physicians in adequate numbers in the Southern States was highlighted in an editorial in the Commercial Appeal of Memphis, Tenn., on August 15. I ask unanimous consent that this editorial be inserted in the RECORD at this point in my remarks.

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

MORE DOCTORS NEEDED

There is a limited reason for pride in Tennessee because of comparison with other Southern States in educating more doctors.

Figures from the Southern Regional Education Board show this State is outstanding for the number of first-year medical students in proportion to personal income of the State's residents. This "degree of effort in providing medical education" is 2½ times as much as the southern average. It is three times as great as the national average of effort.

The South in general has been making a substantial effort to catch up in training its own doctors. During the most recent 12 years medical school enrollment has increased by 36 percent, while in the remainder of the Nation it was going up 28 percent.

There have been several changes for the better, notably new schools of medicine for the University of Florida, the University of Kentucky, and the University of Miami, and expansion of 2-year schools to 4-year courses by State universities of Mississippi, North Carolina, and West Virginia.

But there remains a substantial difference between the South and the Nation in the number of doctors compared with population. Leaving out doctors on the Federal payrolls, there was a ratio of 101 doctors per 100,000 population in the South and 129 in the Nation last year. The Tennessee figure of 106.1 was well below the national average, even though it compares with 96.5 in Arkansas and 78.3 in Mississippi.

It is very well to hope that shifting attention from cures to prevention will decrease the need for doctors, or to assume that narrowing the gap between southern income and the national average income will be followed by more southern medical education.

But the situation in the present and for several years ahead is one of shortage of doctors in the South, especially too few doctors to serve rural areas and the mentally ill.

Educating a doctor is very expensive for both student and university but the South must find ways to pay for more of it.

Mr. GORE. In addition to providing adequate school facilities, steps must be taken to increase the number of qualified applicants for admission to medical school. According to the administration report to which I have referred, the number of medical students per 1,000 persons in the age 20 population bracket declined from 10 in 1950 to 6.6 in 1958. The apparent decline in interest in acquiring a medical education is attributed to several factors, not the least of which is the high cost of medical education and the lack of adequate financial resources on the part of many who would otherwise wish to enter. Forty percent of our medical students come from the 8 percent of our families having incomes in excess of $10,000.

Unquestionably the financial deterent is preventing many qualified students from entering medical school. The National Defense Education Act is not well adapted to the provision of loan scholarships in medical schools and little use

has been made of it for that purpose. The Administration report specifically recommends the establishment of a Federal scholarship program to assist on the basis of merit and need those qualified persons who wish to enter medical school.

The administration's attitude on this problem appears somewhat inconsistent. Both the need for and the use of medical facilities have increased markedly during recent years and can be expected to increase to an even greater degree in the future. The administration has now endorsed the enactment of some kind of medical care program for the aged. I would assume that its recommendation in this regard is based upon its expectation that its program would be effective. If so, it would increase the demand on all kinds of medical facilities and on those who render medical service. If, on the other hand, an amendment of which I am cosponsor is adopted the demand would be increased even more.

Yet the administration has not acted to increase the availability of facilities to train personnel. It has dragged its feet on the Hill-Burton program for the construction of hospital facilities. Although its report on the shortage of doctors was published almost a year ago, it did not until June 16 of this year present a bill to do anything about increasing facilities for physician training. This bill, presented too late for realistic opportunity of enactment during this session of Congress, authorized funds in amount that is grossly inadequate to accomplish the minimum goals set forth in the administration's report. This tardiness on the part of the administration does not excuse the Congress from an effort to solve the problem.

I have today introduced a bill (S. 3875) providing for a realistic grant-in-aid program to assist in the construction of new medical schools and in the construction of expanded facilities in existing medical schools. My bill would also establish a student loan program to encourage and assist qualified persons to enter the medical profession. By presenting it, I hope to bring into sharp focus the overall problem of adequate medical care. Unless my bill is acted upon now, which I do not expect under the circumstances, I will urge prompt action by the Committee on Labor and Public Welfare and by the Senate early next year.

I shall urge the new administration, whether it be under the Senator from Massachusetts [Mr. KENNEDY] or Vice President NIXON, to recommend and support action to meet this vital need.

With further reference to the bill now before the Senate, I repeat that the need for a program to provide medical care for the aged is generally recognized.

The Senate must choose between a program by which most all of our people would purchase by their own tax contributions, and those of their employers a paid up policy to provide medical care during their retirement years, or a program which discourages individual contributions to old-age security in favor of complete reliance upon Government handouts to those who are willing, either reluctantly or enthusiastically, to plead pauperism.

There are some things about the opposition to an adequate medical program within the framework of the Social Security System which I find it difficult to understand.

Some groups, of which the American Medical Association is perhaps the most vocal, oppose the social security method on the asserted basis that it constitutes socialized medicine, or a step in that direction. Yet the AMA, so I understand, supports the type of program contained in the House bill. I can find no logical basis whatever for such a position, and surely a great many doctors disagree with the AMA.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LONG of Louisiana. The Senator speaks about pleading pauperism in order to obtain assistance for medical expenses. Does the Senator feel that a person is pleading pauperism if at age 65 he applies for social security benefits and certifies his eligibility on the basis that he is making less than $1,800 a year, in addition to his social security retirement payments?

Mr. GORE. No; I do not at all. The purpose of the social security program is to provide for security in retirement. A person is not entitled to social security annuities until he retires from employment which provides earned income, under the present law, of $1,200 a year or more.

Mr. LONG of Louisiana. Under the bill he would be allowed $1,800 a year.

Mr. GORE. Yes. The bill proposes an amendment, which I have supported, to raise to $1,800 the level of earned income which may be received without loss of social security benefits.

Let us assume that a business has an employee whose salary is $6,000 a year. He is fast approaching the age of 65. His employer recognizes that the employee is no longer physically able to perform fully the duties of the position he holds.

Under the social security program, to which the employee and his employer have contributed through the years, the employee may retire and his salary stops completely. In consequence of the social security program the employee does not have to assert his pauperism. So far as the law is concerned, he might have a million dollars in Government bonds in the bank. However, when he retires from remunerative employment at age 65, he is entitled by law to the social security annuity in an amount in proportion to the contributions which he has made to the fund.

Mr. LONG of Lousiana. He is not entitled to it if he is drawing $3,000 a year of income from some other source.

Mr. GORE. From earned income. I will come to that. Let us assume a different situation. Let us assume that the employee at age 65 is still in robust health, and he wishes to continue to work. So he keeps the job at $6,000 a year. He is not entitled to draw benefits. So long as he continues in the remunerative job, his entitlement is not vested. At the time the social security law was enacted we had a vast amount of unemployment in the country. I recall it was considered socially advisable to encourage people to retire. Indeed, one of the arguments for the passage of a congressional pension bill was that it would encourage Senators to retire when they reached a certain age.

To come to the point the Senator has raised, if the employee who retires from a job at $6,000 a year, or $10,000 a year, desires to take some part-time employment, to write an article, or to make some speeches, or occasionally to substitute on his old job, he is still entitled to his annuity, provided under the law his earned income does not exceed $1,200 a year or, as the bill would provide, if enacted, $1,800 a year.

In neither of those circumstances do I consider that the man is asserting his pauperism. Indeed, he asserts nothing of the sort. He merely asserts the right to his annuity—that he has retired and that he is entitled, in consequence of this social insurance policy, the purpose of which is to provide security in retirement, to the benefits of the program.

Mr. LONG of Louisiana. The Senator certainly does not mean that a man would retire because he is making $100 a month. He could continue to work and draw his retirement. Under the bill he could continue to draw $150 a month for 12 months and still draw the retirement benefits without actually retiring. The point I have in mind is that he is either eligible to draw benefits or he is not, and the eligibility depends on whether he has presently $1,200 of earned income, or, in the future, $1,800, if the bill becomes law.

My question is, When the man certifies that he is not drawing that much income and therefore is eligible, does the Senator feel that he is asserting his pauperism under the social security program?

Mr. GORE. There is no test of resources, no test of wealth, no test for certifying ability or inability to pay living expenses, under the social security program.

It was not so conceived, and I would certainly resist the enactment of any such test. The eligibility to which the Senator refers is, in the case of the social security program, compliance with the law, which gives a legal entitlement under which rights are vested without respect to whether he owns a home or has $100,000 in bonds, or what not. In the case of the old age assistance program, which the committee bill would greatly broaden, one must certify his poverty in order to establish eligibility. To me that is vastly different. From what I have heard the distinguished Senator say today and on other occasions, he seems to minimize the difference, but to me there is a vast difference. I am not one who thinks that the greater the number of old age citizens who have certified their poverty the better and greater the State's social security program.

Indeed, I might even go further in the other direction. I think the larger the percentage of our population who can

in pride, dignity, and right draw an annuity for their security and their medical care, the sounder will be the program and the more uplifting, inspiring, and sustaining will be its effect upon our population.

On that point, apparently, the Senator from Louisiana and I disagree.

Mr. LONG of Louisiana. The Senator does not seem to feel that a man is certifying his poverty when he certifies he is not making $100 a month, and therefore is entitled to draw a social security payment. He can be drawing a social security payment and, in addition, get $100 a month. This brings his income up to $2,000 or $2,500 a year, and he can then proceed to say that he is not able, because he does not have the resources and the income, to meet the high medical bills which he incurs.

Why should that be a matter of certifying his poverty, a matter of degrading him, as the Senator from Tennessee seems to feel it would be? The Senator seems to be content with the situation that existed for a number of years, when a person certified he did not have more than $100 a month income.

Mr. GORE. I suggest to the Senator from Louisiana that the $1,200 a year to which he refers is earned income. That can come from odd jobs. It can come from part-time employment. It can come from the retired employee going back to his old job for 1 day a week, or perhaps a few weeks, to permit other employees to take vacations. There are many circumstances in which a retired person can earn small amounts without being employed full time in the main stream of our economic life.

I think the committee is wise to raise that amount to $1,800. However, I suggest again to the Senator that that is a test and a measure based on the amount of earned income. No certification is required as to dividends, rental income, interest income or income from any source of invested property; it is strictly earned income.

Mr. LONG of Louisiana. So the Senator feels that he is making a valid distinction; that the person might be drawing much more income than he actually is, in that there is a difference between earned income and other income, which would not affect eligibility.

The man says, "I am eligible. I do not regard myself as being indigent, or anything of that sort. I am simply eligible to draw these benefits"; and after age 72 he can have income in any amount and still be eligible. After all, it is the matter of eligibility which entitles him to this additional assistance. He is entitled to it; therefore, he is eligible, and he can so certify. Then he will receive the assistance. Certainly in the case of the great majority of those who will retire, they do not own any stock, and most of them do not own any bonds; they simply make it clear that they have no more than $100 a month earned income; therefore they are eligible. It can be $150 of earned income in the future.

Mr. GORE. They are eligible under the social security program as a matter of right.

Mr. LONG of Louisiana. Does the Senator feel that veterans with non-service-connected disabilities who apply for admittance to veterans' hospitals take a pauper's oath when they apply for treatment?

Mr. GORE. I do not believe that the law, if I recall it correctly, requires the execution of a pauper's oath. I think it requires the certification of economic inability to obtain the medical care needed.

Mr. LONG of Louisiana. What is the difference?

Mr. GORE. It is the same principle.

Mr. LONG of Louisiana. If medical care is to be provided for those who have not paid for it in the past, why should it be provided for persons who are well able to provide for it themselves, and at the expense of others who are less able to pay for it?

Mr. GORE. The last condition does not obtain. The amendment which the junior Senator from New Mexico and other Senators including myself, have offered would add to the social security program an additional category of benefits, namely, medical care and hospitalization, for which the employee who is under covered employment in the social security program would make contributions along with his employer, and under which, upon the attainment of age 68, each person under the social security program would be entitled by right to the limited benefits spelled out in the bill.

Those benefits are not without limit, as I said to the Senator early in the debate; they are very specific. The bill is carefully drawn. We have certification that it is actuarially sound. That is, the additional revenue which would be raised by reason of the enactment of the proposal would be sufficient to make payments out of the fund to pay for medical care for those who might become beneficiaries. That does not mean that everyone will become a beneficiary. I have paid fire insurance premiums on buildings for 30 years. I have never had a fire. I hope I never will have. However, I am still buying fire insurance. It may be that before morning my home or my business will burn. I hope not. They never have.

Of course, it would be nice to have the insurance companies refund me all the premiums I have paid in the past 30 years. But insurance does not operate like that. Neither does the Social Security program. It was never envisioned that every person who pays a small percentage of his salary to the social security program would receive a benefit. I pay every year on self-employment. I never expect to draw a social security annuity. Nevertheless, I am perfectly willing to contribute my small share in order to provide insurance for those who may need that benefit—and, who knows, things being so uncertain, I might need it. [Laughter.] If I do, I shall be entitled to it by right. The right will be vested. I will not have to go, hat in hand, to certify to some welfare officer that I am poverty stricken and, therefore, need my old-age assistance check. I would not wish to be put in that position. I think there are literally millions of old people in this country who do not wish to be put in that position. They want to participate in a program, and the young people want to participate in a program, which will provide for them, when they are old, rights which are vested, and not require them to be dependent upon a program which is essentially, in character, public charity.

Mr. LONG of Louisiana. Let us take an extreme case, the case of a retired lawyer, having assets of more than $1 million. Suppose he becomes ill. He has never paid toward a medical program and has never asked that the Government pay his medical bills. Let us assume he has invested his funds in tax-exempt bonds or in other ways which enable him to keep from paying any tax at all. Why should a working man, whose wife and children may be sick and may need these benefits, have to pay for benefits for that millionaire, who never expected to receive the benefits and never paid for them?

Mr. GORE. Mr. President, that is like asking me whether it was a great mistake for the Congress ever to pass the Social Security Act; or it is tantamount to asking me whether we should repeal this program which is financed by a small tax on both employees and employers.

I say to the Senator from Louisiana that the social security program is a social insurance program. The taxes levied on the individual are small. The benefits going to those who may need them may be very precious and out of all proportion to the contributions the individual makes into the fund.

Mr. ANDERSON. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. ANDERSON. Did not we find out, in the inauguration of the social security system, that there were many more poor people, on the average, than there were millionaire lawyers, about whom the Senator from Louisiana has been talking? And when we established the social security system, were not we more concerned with the millions of needy people than we were with the relatively small number of millionaires?

Mr. GORE. Of course.

Mr. ANDERSON. That is the system the Senator is discussing, is it not?

Mr. GORE. I am talking for the mass of the people, some of whom will need this program. In order to provide these benefits for those who may need them—and, incidentally, let me say that even one who today may be a millionaire may need these benefits a few years from now.

Mr. ANDERSON. Recently there was sent to the penitentiary, by the Federal court in New Mexico, a man who a few years ago inherited tens of millions of dollars. But he found himself in great difficulty in the courts, and today is penniless, and has been sent to the penitentiary. No one ever knows whether on the last day of his life he will wind up being rich or poor.

Mr. GORE. And many of us have confidence that we shall never be rich.

I dare say that the junior Senator from New Mexico never expects or hopes to receive any benefits from the social security program.

Mr. ANDERSON. I assure the Senator from Tennessee that that is correct. But I am very happy to add to the fund contributions which may be of use to someone who is in need. In fact, eventually I, myself, might be in need.

Mr. GORE. And if the Senator does not need it, he will be the happier for it.

Mr. ANDERSON. Yes.

Mr. FREAR. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. FREAR. Under the Senator's program or plan, is it provided that no one need apply for the assistance that is offered, but that it will be automatically offered to him?

Mr. GORE. He will be eligible to receive social security benefits; he will be eligible as a matter of right.

Mr. FREAR. But that is not the question. Will he receive these benefits automatically?

Mr. GORE. If the Senator means that if my house burns down, whether I have to advise the insurance company that my house has burned down and that I am entitled to be paid the insurance, I would say yes—both as regards social security and as regards private insurance.

Mr. FREAR. Then the Senator from Tennessee could have said "yes," in the first place, and would have saved the expense of printing all those additional words in the RECORD. [Laughter.]

Mr. GORE. Very well; the answer is yes.

Mr. FREAR. Very well.

Mr. GORE. But the manner in which he would apply would be different from the manner in which he would apply under a program which has the characteristic of charity.

Mr. LONG of Louisiana. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. LONG of Louisiana. When the social security program went into effect, there were many persons who could well have used the social security retirement income. But they did not get it until they had paid for a certain length of time into the social security fund. When the fund first went into effect, I believe payments for at least 1½ years were necessary, even for the most aged person. For instance, for a man age 65 or 70, regardless of his health—before he could come under the program and could receive the benefits he had to work and pay the tax for 18 months.

Today, we have approximately 10 million aged persons, most of whom are retired and no longer are contributing to the fund.

The Senator from Tennessee is proposing that the Senate vote that the cost of providing medical care for all those people be placed on the presently laboring man and his wife and children. I am willing to vote that the medical cost be borne by the people of the country if such persons need those benefits and do not have sufficient resources with which to pay those bills.

But on the other hand, I ask the Senator again, why should we vote to impose this additional expense in order to provide for the extreme case, which I admit is extreme—in other words, to provide medical care for a millionaire lawyer, at the expense of the working man who is earning $100 or $150 a month and is trying to support his wife and his children.

Mind you, this program will eventually place a 4 percent tax on everyone, regardless of need or regardless of the assistance that may be required. Why should we vote to have that tax placed on people who would have to pay it but would not receive the benefits for many years, inasmuch as a great many of those who would receive the aid are much better able to pay their doctors' bills than is the working man who would be paying this tax?

Mr. ANDERSON. Mr. President, will the Senator from Tennessee yield to me?

Mr. GORE. I yield.

Mr. ANDERSON. Does not the Senator from Tennessee agree with me that the claim that this will amount to a 4-percent tax is a little extravagant, inasmuch as the Social Security Board says one-fourth of 1 percent is enough? I did believe a little bit in the sound-money policy; but 16 to 1 went out with Bryan and McKinley. [Laughter.]

Mr. LONG of Louisiana. Let me point out how the 4 percent would be reached.

Mr. GORE. First, let me answer the inquiry of my able friend, the junior Senator from Louisiana. But, Mr. President, before doing so, let me now acknowledge my admiration of the very able junior Senator from Louisiana [Mr. LONG].

Mr. LONG of Louisiana. Mr. President, it is mutual. So let us dispense with any more of that, and get on with the debate on the bill.

Mr. GORE. Mr. President, I do not wish to dispense with it right now, because upon an overwhelming proportion of the issues, he and I vote alike; and most of the time, in regard to causes on which he is making a battle or causes on which I am making a battle, we are in agreement.

So it is with regret that I find that the Senator from Louisiana is not in agreement with me on the soundness of the social security program.

Mr. LONG of Louisiana. Just a minute, Mr. President; let me point out that we are not talking about the soundness of the social security program. The Senator from Tennessee and I are talking about the soundness of something the Senator from Tennessee wishes to add to the social security program.

Mr. GORE. But the Senator's question is really a challenge to the soundness of the social security program—to the base on which it rests, to the theory on which it has proven so successful. The Senator from Louisiana asked, essentially, why we should tax the workingman, in order to pay benefits to go to someone else, inasmuch as some may be well fixed financially.

Mr. President, one might ask why we should tax the workingman now, in order to provide retirement benefits for persons who may be well fixed financially. The same question would apply to the present social security program, the 25th anniversary of which we celebrated a week ago Sunday. The program has proved successful. It has been actuarially sound. True, under that program persons may receive benefits disproportionate to the payments they made into the fund. Those who began early to receive benefits, after making payments in the amount of a small percentage of their wages, and after making those payments for only 2 years, for instance, received benefits disproportionate to their personal contributions.

Every beneficiary who receives full benefits to which he is entitled would possibly receive benefits larger than the total of his own individual contributions. But that is the basis on which social insurance rests. All will pay a small amount which, added up in gross sum to a fund, is adequate to provide benefits to those who become entitled to benefits under the law. That is what it is.

So when the Senator asks me why we should do it with respect to an added category, he is asking me, Why do it for social security at all?

I fought here on the floor with the junior Senator from Louisiana to make it possible for one who was totally and permanently disabled to draw his benefits at age 50 or more. I am supporting an amendment now, which I am sure the junior Senator from Louisiana likewise supports, to allow that employee, at any age, upon becoming permanently and totally disabled, to start receiving the benefits to which he is entitled by reason of the contributions he has made, even though those contributions be small, indeed. That is the theory; that is the basis. It is a sound theory and a sound basis.

For 25 years the fund has been sound. It is actuarially sound today, and we propose an amendment that would keep it actuarially sound.

Mr. LONG of Louisiana. It can always be actuarially sound if enough taxes are piled on the working man to pay for what is being paid out. It can always be kept actuarially sound if the taxes are high enough to maintain the fund. But the question is basically the desirability of providing the payment of medical bills of persons who have made no contribution to the fund and who are well in position to pay their own expenses.

I was one who fought—and I was delighted to have the Senator from Tennessee with me—to provide benefits to those totally and permanently disabled. I was fighting to help a disabled man who had an earned income of no more than $100, or $150. I was not fighting to have the Social Security pay retirement benefits to persons who had a substantial income. A man who was receiving an income of $300 or $400 a month would not have received those benefits. I did not think it desirable, if he had a substantial income, that others should be taxed to pay for his expenses, when he could afford to pay them himself.

In my judgment, it does not make too much sense for us to raise social security taxes on persons who are working at this time.

The question was raised as to how I get the amount up to 4 percent. I am relying on the same calculations and the same calculator upon which other Senators are relying.

Mr. GORE. I hope the Senator will not again go into the extrapolation of payroll taxes.

Mr. LONG of Louisiana. The Anderson proposal is not one-fourth percent; it is one-half percent. It is a tax of one-fourth percent of payroll to be matched by another one-fourth percent, all of which is going to be passed on as a hidden sales tax to the consumer.

It is estimated that if the same proposal is extended to everybody in the country under social security, be they above or below age 65, it would require 4 percent of the payroll—which is about what the whole social security program was costing in 1954, after I had been in the Senate for 6 years. Of course, the amendment here provides only for those 68 and over. That is one way to keep the costs down. If it becomes law, next year we shall cut the age limit to 65 and include all disabled people.

Mr. GORE. Mr. President, as I started to say, some groups, of which the American Medical Association is perhaps the most vocal, oppose the social security method on the asserted basis that it constitutes socialized medicine, or a step in that direction. Yet the AMA supports the type of program contained in the House bill. I can find no logical basis whatever for such a position, and, surely, a great many individual doctors disagree with the AMA.

In either case the patient will select his physician. In either case the physician will be paid by the Government. In either case the physician must establish the reasonableness of his charge in accordance with regulations established by the administering Government agency. On these points there is no difference at all in the two plans. The major difference, aside from the method of determining who would be beneficiaries, is in the source of the fund from which payment is to be made. Under the social security approach the fund will be derived from the premiums paid by the beneficiaries and their employers. Under the public assistance approach, the fund is derived from the general revenues of the Federal Government and of the States, and payment constitutes an outright subsidy to those who are, or may successfully claim to be, poverty stricken.

The AMA has the right to believe, if it so chooses, that the social security method is socialistic. But if it does, in fact, so believe, I do not understand how it clothes the handout approach with enough of the attributes of private enterprise to justify its endorsement. There is not that much difference.

I say it is difficult to understand the logic of the AMA's position. It would only make sense in the event the AMA remains, in reality, opposed to any program at all, but endorses the House bill because it would be less effective and would benefit fewer people. Such a position, I am confident, would not represent the sentiments and views of many individual doctors. It could be that the AMA is no more representative of rank-and-file doctors on this issue than on inclusion of doctors in the social security program.

That reminds me, Mr. President. As an indication of whether or not working people desired to contribute small amounts to the social security program, and thereby gain this social insurance for themselves, consider the various groups who have petitioned the Congress to include them. Dentists, lawyers, ministers, employees of local, State, and municipal governments, and many groups that were not originally covered into the program have voluntarily sought inclusion. They have not fought this program, which levies a small tax on their income now to provide benefits for those who are eligible and have a right to benefits now, but which would also entitle them to similar benefits later. Instead of thinking this was so onerous and regressive, they have petitioned the Congress to lay its heavy hand upon them, but to give them legal entitlement to benefits later.

Similarily, Mr. President, I have difficulty in understanding the logic of the administration's position. On other matters, such as our highway improvement program, it makes a fetish of what it describes as fiscal responsibility. Specifically, President Eisenhower, in his public pronouncements has warned against the reckless spenders. He has made it clear that if the Congress enacts any new programs it had better provide new revenue to meet the costs. Yet his administration rejects a program which would provide additional revenue in favor of one which would not.

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

Mr. GORE. I yield.

Mr. ANDERSON. I am very much interested in the "reckless spending" suggestion. Am I wrong in believing that the Senator from Tennessee has raised some question as to the limits which might exist with reference to the committee bill? Did the Senator raise such a question?

Mr. GORE. I raised the question. Before going into that question, I wish to say, as the Senator knows, that I offered a substitute for these provisions. In our meeting of Senators who wished to add social security benefits, after the bill had been reported—perhaps I am talking secrets out of school—I was one who thought we still should offer a substitute of an adequate social security program, but a majority of the group felt we should offer an amendment adding social security benefits to the bill, accepting, though we regard it as of questionable soundness, the committee bill, in the hope of laying a firm foundation which can later be improved upon.

Mr. ANDERSON. I am very happy to confirm in public what the Senator from Tennessee has stated about his part in this circumstance. I congratulate the Senator for sticking courageously to his ideals.

The Senator from Tennessee is familiar with the fact that matters which go into a report, particularly a report of the majority, tend to become legislative history. I should like to read a few items from page 6 of the committee report.

Mr. GORE. This will describe the committee bill?

Mr. ANDERSON. This will describe the committee bill.

Mr. GORE. Which is supported by those who describe the junior Senator from New Mexico as the "captain of the spenders"?

Mr. ANDERSON. That is correct. This is what those prudent people would do. They say that the bill which they present would cover all medically needy aged 65 or over.

Mr. GORE. This is the report on the committee bill?

Mr. ANDERSON. Word for word.

Mr. GORE. Approved by all the Republicans on the committee?

Mr. ANDERSON. That is correct.

Mr. GORE. And by six Democrats on the committee?

Mr. ANDERSON. That is correct.

Mr. GORE. And supported by the Eisenhower administration?

Mr. ANDERSON. I now understand that the President is going to support something else, but at the time it was before our committee we understood it had the blessing of the administration.

Mr. GORE. Was it not described with a hyphen? I shall not use names.

Mr. ANDERSON. It was described.

Mr. GORE. The name Eisenhower, though, was attached to the proposal; was it not?

Mr. ANDERSON. Yes, along with certain Democratic names.

Mr. GORE. Orally?

Mr. ANDERSON. Orally. It was said:

> It would cover all medically needy aged 65 or over; it would cover every such person including those under the social security system.

It has been represented that this would cost only $130 million, but when we single out only a portion of it, the social security system, the cost for that would be $1 million. Does the Senator understand that the whole is usually the sum of its parts?

Mr. GORE. I was taught that. I am not sure it always applies in Washington, D.C.

Mr. ANDERSON. Those rules are repealed now and then. We never know when it happens. If the social security part will cost a billion dollars, how could the whole of it cost $130 million? Does the Senator know?

Mr. GORE. I do not know. Let me ask the Senator a question.

Mr. ANDERSON. I asked my question first.

Mr. GORE. I should like to ask the author of the amendment if the benefits provided by his amendment are limited?

Mr. ANDERSON. Yes. I was going to invite the attention of the Senator from Tennessee to that fact. He is completely correct.

The "scope of benefits" is listed on page 7 of the report. This is not imagination. This is the wording of the official report.

Mr. GORE. The Senator is referring to the "scope of benefits" of the committee bill?

Mr. ANDERSON. Yes, the committee bill.

Mr. GORE. Without the Anderson amendment?

Mr. ANDERSON. Yes, without the Anderson amendment.

Mr. GORE. Will the Senator read that?

Mr. ANDERSON. The first item, according to the legislative history, is "inpatient hospital services."

Mr. GORE. Is there any limit?

Mr. ANDERSON. Oh, no, there is no limit.

Mr. GORE. Is there any limit as to the days in a year in which those services could be obtained?

Mr. ANDERSON. 365 days out of the year is perfectly all right.

Mr. GORE. How many years.

Mr. ANDERSON. I do not know. It could be 50 years, if a person could live that long. It could be 20 years, if the person could not live as long as 50 years.

Mr. GORE. We might have a Methuselah. Is there any limit as to the number of years?

Mr. ANDERSON. None whatsoever that I can find.

Mr. GORE. Is there any limit as to the number of days? Is there any limit to the number of months?

Mr. ANDERSON. In the amendment to which the Senator from Tennessee and I inscribed our names it is provided that someone will have to pay the first $75, which will tend to keep people out of the hospitals. I see no limit provided in the bill, or any previous payment.

Mr. GORE. Is there any provision for any payment whatsoever by the beneficiary?

Mr. ANDERSON. No.

Mr. GORE. Of any kind?

Mr. ANDERSON. No.

Mr. GORE. To anybody?

Mr. ANDERSON. Not to anybody until we get down to a later provision. For "hospital services," it is absolutely unlimited.

I invite attention specifically to the fact that it is made a part of the legislative history that the bill covers "all medically needy aged 65 or over; it would cover every such person including those under the social security system, railroad retirement system, civil service system, or any other public or private retirement system whether such person is retired or still working, subject only to the participation in the program by the State of which they are resident."

It would cover widows.

The report goes on to list long categories. Since it is wide open, the "hospital services" are wide open.

Next we have the "skilled nursing-home services." There is a limitation in the amendment which the Senator and I have offered. I ask the Senator from Tennessee, who first called my attention to this situation, if he has as yet found any limit on the "skilled nursing-home services" available under the provisions of the bill.

Mr. GORE. The bill provides no specific limitation to any benefit.

Mr. ANDERSON. The third item is "physicians' services."

Mr. GORE. Oh, the Senator is about to refer to socialism.

Mr. ANDERSON. I will tell the Senator now——

Mr. GORE. Wait a minute. If the social security program pays a doctor's fee, it is socialized medicine. I cite the AMA.

Mr. ANDERSON. Yes.

Mr. GORE. But the Senator's amendment is now called socialized medicine, though it is the committee bill which proposes to pay doctors' fees.

Mr. ANDERSON. The payments are unlimited. Perhaps that is why the physicians like it. [Laughter.]

The bill is completely unlimited. Any price could be paid. There is no limit whatsoever. However, in the amendment which the Senator from Tennessee and I and others have offered, there is no provision for a physician to be paid for his service at all.

We are accused of sponsoring socialized medicine, and the people who leave the provision absolutely open and unlimited are washed white as snow.

Mr. GORE. Not quite.

Mr. ANDERSON. Nearly. Is it not strange that people who worry greatly about nonessential Federal expenditures do not worry at all about this program? This expense can be listed at $130 million, and everybody takes the figure for granted and says, "That is all it will be, because the States will not put up any more money."

Let us suppose that the States have a surprise party and do put up some more money. Has the Senator any idea what this might cost us if the States were really liberal with the program?

Mr. GORE. The staff members of the subcommittee which investigated the problems of the aged and the aging have estimated that if the States should provide matching funds in accordance with the provisions of the committee bill, and if the Federal Government were to appropriate the funds to meet its legal obligations, the total would amount to $2½ billion the first year.

Mr. ANDERSON. I find confirming evidence. I checked this point rather carefully. In 1957 the Health Information Foundation sponsored a study conducted by the National Opinion Research Center, a reliable polling group at the University of Chicago. They found that the per capita expenses for all health care for 65 and older population was $177, and based upon the increase in medical costs since 1957 and other factors, admitting the 1957 figure of $177, the medical economists now estimate the 1960 figure to be $250. If we accept what was pointed out in the hearings, which the Senator from Tennessee heard as well as I, I am sure there might be 10 million people who would be available for the benefits under this bill. The figure was repeated by the able Senator from Oklahoma [Mr. KERR] only a few days ago. Ten million people at $250 a head is $2½ billion. There is the Senator's figure and the staff figure. If one figures that 80 percent of the maximum available would receive the benefits, that might bring the total to $2 billion. If one figures a 65-percent minimum who would receive the benefits, it would bring the figure to $1.7 billion.

Yet the Senator from Tennessee and I are criticized for being fiscally irresponsible when we propose a system that would not cost the Treasury of the United States anything, but would meet the cost by a tax upon the workers, which, according to the record, they are happy to assume.

Mr. GORE. I find it perplexing that statements should be made by some that the committee bill would extend benefits to 10 million people. Is that what I am to understand the Senator from New Mexico to say?

Mr. ANDERSON. The statement was made that there were 10 million people who would be eligible and possible customers of this special category of medically indigent, but it was expected that only 500,000 to a million of such people would apply each year, although there was no way of knowing that to be true. I have the figure of 10 million only because that was the figure that was used in our committee meetings, in executive sessions, and again on the floor of the Senate.

Mr. GORE. On the other hand, we received an estimate that the plan would cost only $135 million a year.

Mr. ANDERSON. Yes. There are 9 million people who are covered under the social security system. We are told that the plan which would embrace that system would cost $1 billion a year. I think that it is one of the great marvels of this system that a group of 9 million people could account for a cost of $1 billion a year, and yet service to a group of 10 million or 12 million people would cost only $130 million. Again the whole is smaller than one of its parts.

Mr. GORE. If the Senator will turn to page 11, perhaps he will see the basis on which this low estimate of cost is based. Does the Senator see the table on page 11?

Mr. ANDERSON. Yes.

Mr. GORE. If the Senator will look at the figures for the State of New Mexico, he will find that all the benefits which are described in the report as being available without limit will be extended, according to this estimate, to the people in New Mexico at a cost to the Federal Government of only $9,000.

Mr. ANDERSON. That is the biggest bargain we have had in a long time. I hope that it holds out. I think they probably got that figure by figuring the State could not afford to contribute any more money because the budget increased in the last 2-year period by $17 million. That increased amount is not much in a large State, but it was large in a small State.

Mr. GORE. That is the catch in this bonanza. This low estimate of cost is based upon the estimate of the Social Security officials and the officials of the Health, Education, and Welfare Department. It is estimated that the States will not or cannot provide the matching

funds to make these benefits actually available to bring them within reach of the old people.

Mr. ANDERSON. From my standpoint the figure which the Senator read means that 52 people in New Mexico will take advantage of this plan—one a week. I greatly fear that more of the aged in New Mexico will need help than that. It may be the State will not be able to contribute more money than that, but that is the measure of our failure to take care of our people.

I call the Senator's attention to the fact that when we used the figures on the social security brackets and tried to estimate where the $1 million was coming from, we had a much higher figure for New Mexico, and I think a more realistic figure, if I know the State in which I live. That is why I appreciate the fact that the able Senator from Tennessee put his finger on the point when he asked, "Is it true that we will get all of these things at a bargain price?"

I have heard of cutrate stores, but I have never heard of a cutrate store that could sell $1 billion worth of medical aid for the aged for $130 million.

Mr. GORE. A few minutes ago the Senator started to read, but he did not quite finish the 12 benefits shown on page 7. Will the Senator be so kind as to read those 12 benefits, the 12 being all inclusive?

Mr. ANDERSON. I was about to read the eighth one. The eighth one is dental services. It has been pointed out that the amendment sponsored by the Senator from Tennessee and the junior Senator from New Mexico and others is deficient because it does not take care of all dental services. It is true that we did not take care of physicians' services and dental services. But if these are to be added, does the Senator from Tennessee figure that the costs will go down or go up?

Mr. GORE. The cost is bound to go up if any benefits are extended, but how will this be done on $9,000 in New Mexico?

Mr. ANDERSON. The State will not be able to do more, probably.

Then we come to physiotherapy and related services. We come next to laboratory and X-ray services. We come to prescribed drugs, eyeglasses, and dentures.

Then we come to the last item, "Any other medical or remedial service authorized under State law"—in case anything was left out.

Mr. GORE. Permit me to read a sentence:

> A State may, if it wishes, disregard in whole or in part the existence of any income or resources of an individual for medical assistance.

Mr. ANDERSON. That was written to overcome some of the objections of people who were worried about the means test. This is to show that while the means test was written into the law, we do not mean what we mean when we say it is a means test.

Mr. GORE. This all adds up to the fact that some States which have the means to do so will provide matching funds and will make available these benefits, the Federal Government paying up to 80 percent of the cost, while other States will be unable to do so, and the older people in those States will be denied the benefits. On the other hand, the amendment which the Senator from New Mexico has offered will provide a uniform system of benefits for those who are entitled to them, and they will be entitled to them without State matching funds, without considering the vagaries of State legislatures, and they will be entitled to the benefits as a matter of right, vested under the law, and without a show of poverty.

Mr. ANDERSON. May I say that I am much more interested in one more sentence? It reads:

> The Federal Government will not participate as to services rendered in mental and tuberculosis hospitals.

It may be all right to leave out the tuberculosis hospitals because we have developed some very excellent drugs. But we ought to include mental hospitals, because if the case aides must start to determine who among the 10 million people are needy and who are not, and who are medically indigent, or have no means, we would have a fresh crop in the mental institutions of the United States.

In the final analysis, Mr. President, the arguments against a social security medical insurance program, in my view, gives the appearance but not the substance of effective action.

It may be that the major advantage of the committee bill, in the eyes of some, is that few people would actually be covered by it. There are many obstacles in the path of full participation. Not the least of these is the fact that individual action by the States would be required. The legislatures of various States would first have to decide that participation would be desirable. Then, each State would have to devise and approve a plan for implementation and obtain approval of its plan by the Federal Government.

Finally, each State would have to find the money to pay its share of the cost. The action taken by the Nation's Governors at the annual Governor's conference this summer illustrates that solution of the problems involved, insofar as the States are concerned, will range from near impossible to very difficult.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LONG of Louisiana. The Senator knows that the logic cannot work both ways; it cannot be that the cost will be astronomical in providing the benefits under the committee bill, on the one hand, and that the States will not use it, on the other.

Mr. GORE. I believe the logic works not only both ways, but in any way in which a logical conclusion can be reached.

Mr. LONG of Louisiana. The Senator was suggesting that both things were going to happen, and that the cost of the committee bill would be greater than the cost of the Anderson amendment. He is also suggesting that the States would not do anything about it. It seems to me that those answers cannot both be correct. Does the Senator agree?

Mr. GORE. They are two answers that cannot both be logically reached: First, that all the people will receive these vast benefits; and, second, it is not going to cost very much. Those are two conclusions which cannot be logically reached.

Mr. LONG of Louisiana. Let us agree upon the last statement. With regard to a State's ability to pay, the Senator knows, does he not, that most States are providing a program, and in many States it is a very substantial program, for medical care of the aged and others?

Mr. GORE. Yes; I know that. I also know that there are several States, including my own, which are not now matching all the funds already available under present law. Just what benefit we would confer upon the old people in a State in which the State government has not found it advisable or possible to match even the present old-age assistance and medical-care program I leave for the Senator to suggest.

Mr. LONG of Louisiana. In Tennessee it is estimated that the Federal Government would increase its contribution by $1,934,000, compared with the present State program, which apparently is producing only about $7,000 a year with respect to the care for the aged.

I am surprised that the program in Tennessee is so modest, and almost nonexistent. That would mean an increase of very great proportions when compared with what the State is doing now.

Mr. GORE. Let me say this about my State. I have not been in the State government for a long time. Before I came to Congress I was in the cabinet of the State government. I feel that the State of Tennessee could possibly find ways to do more: However, under our constitution an income tax cannot be levied. We do not have gushing oil wells on which we can levy severance taxes. We do have a 3-percent sales tax. We do have a very heavy State tax burden to bear. It is so heavy that the State legislature has not seen fit to raise the matching funds necessary to take full advantage of the Federal old-age assistance funds already available under present law.

What are my people offered by the committee bill? More Federal funds, provided the State will raise even larger State matching funds, even though it has been unable to provide the matching funds necessary, as I have said, to take advantage of the benefits already available.

Mr. LONG of Louisiana. Mr. President, the estimate is that Tennessee would receive almost $2 million to assist in a program which is extremely meager in Tennessee, and that it would exceed very greatly what the State is presently contributing. I had hoped that the

people of Tennessee and the Legislature of Tennessee would take the attitude that the junior Senator from Tennessee takes on this subject, and show a willingness to tax themselves to provide for the care which the Senator feels is essential, and which I believe is essential in those cases where a person is not able to pay for it himself.

Mr. GORE. If the bill becomes law, I shall be glad to suggest that the State Legislature of Tennessee invite the junior Senator from Louisiana to come down and address them upon the subject of increasing State taxes.

Mr. LONG of Louisiana. I have advocated some of these same things to the Legislature of Louisiana and I have addressed myself to the committees of the legislature urging taxes to pay for the proposals before I came here.

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

Mr. GORE. I yield.

Mr. ANDERSON. One of the reasons why we have some difficulty with the committee bill is that the House bill came to us with a limit on its medical benefits, as follows:

> A State plan for medical services for the aged must—
>
> • • • • •
>
> provide that benefits under the plan shall not be greater in amount, duration, or scope than the assistance furnished under a plan of such State approved under section 2.

The Senate committee took out that language and left it wide open. I believe that is why the Senator from Tennessee and I find ourselves worried about what might happen under an open-end plan.

Mr. GORE. I thank the Senator. I should like to conclude now with my prepared statement, if I may.

Under the committee bill, even in those states electing to participate, with the exception of those beneficiaries who are eligible by virtue of being recipients of old-age assistance payments, eligibility will be dependent on varying standards of "need," and benefits will vary according to the condition of state finances and differing views of state planners in the several States.

Should all these obstacles be overcome, there remains the necessity for a potential beneficiary to plead and prove to the satisfaction of the welfare agent his inability to pay the cost of whatever catastrophe may have befallen him.

The means test may present little problem for some of those wholly indigent in an economic sense. But what of the large group of the elderly who have managed to save a modest amount which, added to their social security payments, permits a moderately comfortable existence? Are we to require them first to spend all they have before they qualify? If so, they, too, will become economically indigent, not only during the course of an unfortunate illness, but thereafter as well.

Regrettably, a substantial number of the aged now require public assistance. For this group, grant-in-aid medical care of the type proposed in the committee bill is the only solution. Let me make it clear that I support the expansion of title I so as to increase the medical care available to old-age recipients, because I have been unable to secure the adoption of a program which I regard sounder.

But, Mr. President, we should endeavor to reduce the number of persons in need of this type of assistance.

That is the purpose of the Anderson amendment. Indeed, that was, and is, the purpose of the Social Security Act, and it has been most effective in that regard. The provisions of the committee bill relating to medical care go in the opposite direction. Should the committee bill prevail, without the Anderson amendment, we will have more, rather than fewer, people on the welfare rolls.

Much is made of the "voluntary" aspects of the provisions of the committee bill. But in what way they are more voluntary is not readily apparent. Taxes are no more voluntary when paid into the general fund or to a State than when paid into the social security fund.

I do not know of any taxes which are voluntary; to me, they all seem to be a bit compulsory. Perhaps the committee bill is voluntary in the sense that taxpayers in all States will pay for a program that will operate only in some of them. Perhaps there is some moral value in inducing citizens to volunteer a claim to poverty, but, if so, I am unable to perceive it.

The real question, Mr. President, is whether we shall have a broadly based program which will make available to the great mass of the aged the assurance of adequate medical care, a program in which individuals can participate without loss of dignity and self-respect. If this objective is to be met, we must enact a measure providing benefits to which the individual may become entitled as a matter of right, without the necessity of submitting to the humiliation of a means test.

I urge the Senate to approve the amendment which the junior Senator from New Mexico and others, including the junior Senator from Tennessee, have offered.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER (Mr. ANDERSON in the chair). Without objection, it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1960

The PRESIDING OFFICER. Under the unanimous-consent agreement, now that the hour of 11 o'clock has arrived, the Senate will resume the consideration of the unfinished business.

The Senate resumed the consideration of the bill H.R. 12580, the Social Security Amendments of 1960.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that at this time I may suggest the absence of a quorum, and that the time required for it be charged equally to both sides.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSON of Texas. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MANSFIELD. Mr. President, I yield 10 minutes to the Senator from Pennsylvania [Mr. CLARK].

Mr. CLARK. I thank the Senator from Montana.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 10 minutes.

Mr. CLARK. Mr. President, I rise in opposition to the Javits amendment, and in support of the Anderson-Kennedy-McNamara amendment to the pending bill, which provides additional medical care for the aged.

My first point is that the Anderson-Kennedy-McNamara amendment clearly is in accord with the Democratic national platform adopted at Los Angeles on July 12 of this year. On the other hand, the Javits amendment is in opposition to that platform.

For the record, I should like to quote the pertinent parts of the Democratic national platform plank which deals with health, as follows:

> We shall provide medical care benefits for the aged as part of the time-tested social security insurance system. We reject any proposal which would require such citizens to submit to the indignity of a means test—a pauper's oath.

And again:

> The most practicable way to provide health protection for older people is to use the contributory machinery of the social security system for insurance covering hospital bills and other high-cost medical services. For those relatively few of our older people who have never been eligible for social security coverage, we shall provide corresponding benefits by appropriations from the general revenue.

And again, under the subtitle "A Program for the Aging":

> Health: As stated, we will provide an effective system for paid-up medical insurance upon retirement, financed during working years through the social security mechanism and available to all retired persons without a means test. This has first priority.

Mr. President, I take that plank seriously, and I am sure that the overwhelming majority of my Democratic colleagues do, too. It is indeed difficult for me to see how the Democratic Members of the Senate could fail to support that plank, here in the Senate, before the end of August, scarcely a month after the platform was unanimously adopted, according to the ruling of the Chair, at Los Angeles.

As the Senator from New Mexico [Mr. ANDERSON] said yesterday, I point out that never during the hearings before the platform committee or during the consideration of the platform by the convention was any question raised by any Democrat in opposition to that plank.

I feel morally committed to support that plank, for which I voted as a delegate. Other Democratic Senators will, of course, be guided by their own consciences.

It is not only the Democratic platform on which we on this side of the aisle base our opposition to the amendment submitted by my good friend, the Senator from New York [Mr. JAVITS], and our support of the Anderson amendment. The overwhelming majority of literate, intelligent, and modern editorial opinion throughout the country supports our position.

Much was made yesterday by my good friend the senior Senator from Florida [Mr. HOLLAND] of a couple of editorials indicating that the Senate was acting with undue haste and that the social security approach was an erroneous one. He quoted from an editorial from the Wall Street Journal, another one from the Baltimore Sun, and a third from the New York Daily News.

These fine newspapers, of course, are entitled to their own opinion. I sometimes think if we wanted to find out how Calvin Coolidge would have stood if he were confronted with these problems, or how Warren Gamaliel Harding would have stood if he were confronted with the problems of today, we could do no better than turn to the editorial pages of those great papers, the Wall Street Journal and the Baltimore Sun.

I submit that the position taken by so conservative an organ of the business community as Business Week summarizes perfectly the case in support of the Anderson-Kennedy-McNamara amendment and in opposition to the Javits amendment. Let me quote from it:

> The problem basically is that the aged are high-cost, high-risk, low-income customers. Their health needs can be met only by themselves when they are young or by other younger people who are still working. The only way to handle their health problem, therefore, is to spread the risks and costs widely. And that can best be done through the social security system to which employers and employees contribute regularly.

This position taken by the conservative Business Week has been supported by the New York Times, the Washington Post, the distinguished commentator Walter Lippmann, and a host of other people who have really studied this problem in the interest of getting something effective done to help our older people.

I submit the overwhelming weight of newspaper and commentator authority is in support of the Anderson amendment and in opposition to the Javits amendment.

Only social security can do the job in the field of medical care which so urgently needs doing. Here are the reasons why:

First. Only through social security can the risk be spread over virtually our whole population.

Second. Social security offers a system of prepayment through the period when a person is most apt to have earned income.

Third. Social security provides its benefits as a matter of right and requires no humiliating means test.

There are many objections, on the other hand, to the administration-Javits proposal, which bypasses the social security system.

Most States are not able now to provide the funds which would be required as their contribution. The recent Governors' conference went on record against plans along the lines of both the administration proposal and that of the Senator from New York. A leading advocate of the approach incorporated in the Anderson-Kennedy-McNamara amendment is the distinguished Governor of New York, Governor Rockefeller.

The administrative costs of the administration-Javits proposal would be fantastically wasteful, if not downright prohibitive.

Governor Lawrence, of Pennsylvania, has estimated that 700,000 people in our Commonwealth might be expected to participate immediately. Hundreds of caseworkers would have to be hired to investigate the required income test. A collection agency would have to be established to collect the $10 fee and other payments which each participant would have to make. A separate legal staff in each State would have to be set up to investigate fraudulent claims. There would have to be additional office space, equipment, and supplies to do the job, all of which would be expensive.

In contrast, placing medical care in social security would require no such monumental new apparatus. There

would be no income test—hence, no State-employed caseworkers, no new collection agency, and so forth. Social security would simply provide a mechanism for payment, a mechanism which is already in existence.

The Senator from New York has commented that the social security approach is practically a sales tax and that it taxes most heavily those at the lower end of the income scale. Let me point out that his proposal depends substantially on State revenues, which are derived mainly from sales and excise taxes. Most of the State tax increases since World War II have been in general sales taxes. The way to make the impact of social security taxes more progressive is to raise the taxable wage base—as many of us would favor doing—not to fall back on far more regressive State tax systems.

My attention has been called to an excellent editorial in the Washington Post of this morning, entitled "Security With Dignity," which, generally speaking, supports the position I have just taken. I thank the Senator from Michigan for calling my attention to it, and I ask unanimous consent that the editorial may appear at this point in the RECORD.

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

SECURITY WITH DIGNITY

In the range of its benefits and its emphasis on preventive medicine, the plan proposed by Senator JAVITS and endorsed by Vice President NIXON for medical care for the aged seems extremely appealing. It is now being put forward as a compromise proposal on the theory that it might be acceptable to President Eisenhower although it is much more generous and comprehensive in its coverage than the administration's "medicare" program. It is also markedly superior in every respect to the bill passed by the House and to the bill reported out by the Senate Finance Committee.

To adopt the Javits plan would nevertheless be a misfortune, we believe. It embraces two serious defects. Its benefits would be available only to persons over 65 with an annual income under $3,000 ($4,500 for a couple)—a relatively generous cutoff but nevertheless entailing a means test for eligibility. And it would be financed through a complicated system of Federal-State matching grants under which participation would depend upon State legislatures and be subject to variations among the States.

The funds for the program would have to be appropriated each year by Congress and State legislatures. Participation in the program's benefits would be voluntary; but there would be nothing in the least voluntary about the taxes levied to support it; everyone would share in paying those.

Insurance against the health hazards of old age seems to us an integral and inescapable aspect of social security—logically a part of the social security system which has helped to stabilize the national economy and safeguard the welfare of individual Americans for the past quarter century. The costs of such insurance would be met through a slight increase in the payroll tax levied equally upon wage earners and wage payers and would give Americans, as a matter of earned right—without having to prove themselves paupers—medical and hospital care in retirement years.

Such a program would, as AFL–CIO President George Meany put it the other day, "bring real security with dignity to the lives of our senior citizens." Senator ANDERSON's amendment would accomplish this. Even at the cost of getting no program at all through this short session of Congress, the Democrats should not settle for anything less.

Mr. CLARK. Mr. President, I yield back the remainder of my time.

Mr. JAVITS. Mr. President, I yield 10 minutes to my colleague from New York [Mr. KEATING].

The PRESIDING OFFICER. The Senator from New York is recognized for 10 minutes.

Mr. KEATING. Mr. President, I rise in support of the amendment which has been offered and so ably presented by my distinguished colleague. I am happy to be a cosponsor of this measure, which seems to me to be an extremely realistic approach to the health needs of the aged. I commend my distinguished colleague for his sponsorship of this proposal and for the depth of understanding which he has displayed in the debate over the past several days, during which he has so vigorously presented the case in favor of the amendment which is now before the Senate.

But it is not simply the arguments which my colleague has made here which are to be commended. He and the many experts in this field with whom he has worked so diligently have devoted countless hours of hard thinking and responsible planning to the framing of a health-insurance-for-the-aged program which is consistent with the fundamental structure of our Federal system and is geared to the special health and medical needs of the aged.

My colleague has placed before us a plan which consolidates the best thinking of the President of the United States, the Vice President, Secretary Flemming, the leading health and medical spokesmen in the Cabinet, experts from every part of our Nation, and countless aged persons who have written to us to tell us of their most pressing health needs and to suggest ways in which they may be met.

I recognize full well that many Members support the alternative approach which is before us and which was introduced by the distinguished Senator from New Mexico. I nevertheless feel that the needs which have been expressed by the aged are best met by the program which has been introduced by my colleague.

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

Mr. KEATING. I yield.

Mr. CARLSON. I appreciate very much the Senator's yielding to me. I think it is also important to point out a seminar was conducted by the College of Physicians and Surgeons earlier this year. I think the summary in the memoranda, which is contained in the hearings, if the Senator will permit me to do so, should be read into the RECORD.

Mr. KEATING. I am happy to have the Senator do so.

Mr. CARLSON. The summary of the memorandum reads as follows:

The problem of health care for those 65 years old and over is distinct from the problem of health care for those under that age; Federal assistance is necessary in handling any health care program for the aging; and any such health care program should be voluntary, with contributions by the beneficiary as well as by State and Federal governments. These are the major conclusions that may be drawn from the papers and discussions of those who engaged in the conference.

I think it is important to note that the amendment of the Senator from New York meets those requirements. It is voluntary. It requires contributions from the individual, from the State, and from the Federal Government.

Mr. KEATING. That is very true, Mr. President.

I appreciate the fact that the distinguished Senator from Kansas has brought this out. Since he is a member of the committee which has considered this entire matter, I know he speaks with a voice of authority.

I do not intend to dwell on the basic tenets of governmental theory upon which the proposal now before us is based, nor do I intend to repeat the excellent arguments made yesterday by my colleague on the relative merits of the two basic financial approaches to the health needs of the aged. I prefer instead to concentrate on a number of practical considerations which I believe should be taken into account in reaching a decision on the issue which is before us.

First, I am convinced it would be a cruel hoax to pass a social security health insurance measure today unless we make it perfectly clear to everyone—and this includes those older citizens who would be immediately affected—that such a measure will very likely not be signed into law this year. I insist this should be made clear. It would be unfair to do otherwise. Whether or not one is in agreement with the position which the President has taken, the President has certainly made his intentions extremely clear.

Furthermore, the House of Representatives undoubtedly would reject any social security health insurance proposal which we adopt. The powerful Ways and Means Committee of that body has already turned down this approach, by quite a decisive vote. Perhaps my colleague from New York remembers what the vote was in the House Committee on Ways and Means.

Mr. JAVITS. Mr. President, if the Senator will yield, it is my recollection the vote was not less than 2 to 1.

Mr. KEATING. That is my recollection, that the vote was at least 2 to 1. The House as a whole was not able, although it may have wished to do so, to muster the necessary strength to reserve the committee action.

We have no evidence whatever before us, Mr. President, that the House would now be prepared to accept what it has already rejected out of hand.

Even if the House were to completely reverse itself and to accept a social security measure along the terms of the Anderson proposal, it is clear, it seems to me, that the President would not accept it.

The President has made it abundantly clear that he is not prepared to accept the social security approach in any way, shape, or form.

Of course, I have no actual knowledge as to what the President will do. I have no secret pipeline to the White House. I do not have a Dick Tracy two-way wrist radio to keep in touch with the activities of the President or of those around him. I do not think anyone needs one. The President has made it altogether clear that the social security approach is not acceptable to him.

As I have said, whether or not one is in agreement with our position, it certainly has been made clear that any such approach will mean we shall have no legislation at this session.

Every Senator who votes for the Anderson amendment—and I do not by any means suggest it is not an honest preference on his part—must recognize the fact that in doing so he is saying to all who would be eligible for the health insurance that they will have to wait a couple of years longer for it. It may well be that it would be worth waiting in order to get a particular kind of program. I do not think so. I am very much convinced of the merits of the plan which has been advanced by the group, led by my distinguished senior colleague.

For those who may still be undecided as to the two alternatives, I point out that ours is a proposal which can be passed today and which, without much question, would be acceptable to the House of Representatives, and would be signed by the President, to go into effect shortly thereafter. Indeed, this is the only plan which contemplates going into operation on October 1 of this year. All of the other plans are expected to be in operation not before July 1 of next year.

This seems to me to be a very compelling practical argument in favor of the passage of the amendment before us.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. KEATING. Mr. President, will my colleague yield me another 5 minutes?

Mr. JAVITS. Mr. President, I yield 5 additional minutes to my colleague.

The PRESIDING OFFICER. The Senator from New York is recognized for 5 additional minutes.

Mr. KEATING. Mr. President, another practical matter of importance which I want to stess relates to the relative benefit packages of the two alternatives to be voted upon today.

I do not think anybody would dispute the fact that the benefit package in the amendment offered by my colleague is far superior to that offered in the Anderson amendment or, for that matter, to that offered in any of the other alternatives proposed.

The amendment before us would give the individual the choice as to whether he wishes to emphasize first cost coverage or insurance against long-run illness, or what the administration has called catastrophic illness. One program might suit one person while the other may be more appropriate for and suitable to his neighbor.

Within the two programs, our amendment would provide hospital care, physician's services, surgical services, and nursing home care; and, in the catastrophic program, laboratory and X-ray services, drugs, dental services, and home nursing.

The broad range of services in these two benefit packages offers a number of advantages. First, it is a "no fooling" proposition. By this I mean it does not, by promising only hospital care, ignore or further aggravate the existing serious national shortage of hospital facilities.

Mr. President, with a program limited to hospital care we may well have to turn a lot of people away from the doors. We shall perhaps be turning away people with very serious illnesses, to make way for those with minor illnesses who want to benefit under their insurance program.

That seems very serious to me. If everybody is to be given free hospitalization, it will naturally mean many will go to the hospitals who normally would be taken care of, as they could be under the proposal offered by my colleague, in a nursing home or by home care. In fact, by specifically including home care, home physician's services, and nursing home care in the proposal offered by my colleague [Mr. JAVITS] we may prevent people who are newly covered under a plan, who formerly had more limited plans, from going to hospitals when they do not need to in order to take advantage of their insurance benefits. Under the Anderson proposal those people would have to go to the hospital to obtain the benefits.

Good health insurance must be geared to the special needs of the aged, and must be varied in its benefit packages. If a man needs a doctor we cannot say to him, "Sorry, my friend, you are only covered for hospitalization, so go lie down for a while." Having a health-insurance-for-the-aged program which is unduly limited as to types of benefit is like asking a man to hammer a nail with a pair of pliers.

To sum up, I want to add my support to the very fine arguments which have been presented by my senior colleague during the past several days of debate.

At this moment, taking all present circumstances into account, I feel strongly that the best and most realistic course for the Senate would be to pass the very manageable and responsible program which we have put forth. I hope that any Senators who may still be "on the fence" will think hard, and in doing so, will recognize that of the available alternatives, the bill of which I am a cosponsor offers the best and most immediate solution to the health needs of our Nation's senior citizens.

Mr. President, at this point, if I may be permitted to do so, I should like to address a couple of questions to my colleague, who has studied this subject so thoroughly.

Am I correct that the proposd Anderson amendment would cover only those who come under the social security system, and that anyone who did not come under that system would not be within the purview of the Anderson amendment?

Mr. JAVITS. That is my understanding, and I draw that from section 226(a), page 2, of the Anderson amendment, which conditions entitlement upon attaining the age of 68, and entitlement under section 202 for monthly insurance benefits under OASI.

Mr. KEATING. Is it not true, furthermore, that the benefits in the Senator's plan would be extended to those who are not under social security?

Mr. JAVITS. As well as for those who are.

Mr. KEATING. The benefits would, I feel, be superior to those contained in the Anderson amendment as well as to those contained in the Kerr bill.

Mr. JAVITS. I believe so. I point out also that the fundamental direction, as the experts tell us, is for preventive care. At least the option for preventive care is something better than is provided under the Anderson amendment, and the comprehensive care package in the case of catastrophic illness is, I believe, superior to it, too.

Mr. KEATING. Much has been made here by the opponents of this plan and those who favor the social security approach, of the opposition of the Governors conference. Does not the Senator from New York feel that it is a perfectly natural reaction for a Governor of a State, without in any way impugning his motives, to prefer to have a health plan handled through a Federal system rather than one in which the State would participate?

Mr. JAVITS. It seems to me that is elementary. The State Governors are not eager to raise money for the purpose of paying their share of these programs if they can get them without doing so. So who would expect any other reaction? We could hardly expect anything else but that the Governors should say, "Sure, let the Federal Government do it."

Mr. KEATING. Under the plan of the senior Senator from New York, the beneficiary has three options; am I correct?

Mr. JAVITS. That is correct.

Mr. KEATING. He may select whichever one he feels best fits the particular problems which he faces and which his family faces?

Mr. JAVITS. The Senator is exactly correct.

Mr. KEATING. I think this answers the questions I wanted to ask. After the further presentation which my distinguished colleague makes today, I may have some further questions. In closing, I again commend him for the very great diligence which he has shown and the very constructive plan which he has presented.

Mr. JAVITS. I am very grateful to my dear friend and colleague, the Senator from New York.

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

Mr. JAVITS. I yield 7 minutes to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I support the amendment of the Senator from New York as an improvement on the administration bill. I believe Mr. Flemming himself believes that the amendment is an improvement, and supports the Javits amendment.

I think the essential feature of the Javits amendment as opposed to the so-called Anderson amendment is that it is

voluntary. I think the best forms of medical care that we can have are those which embody a combination of the voluntary desires on the part of the individual and the cooperation of the State and the Nation.

The Federal Government can well contribute help to America's aged citizens in meeting the cost of high—and in some respects, as the technical experts in the field term it, "catastrophic"—medical expenses.

I have tried to make clear my own beliefs about this need and to contribute emphatically and directly to this end by introducing the administration's proposal of broad benefits—the so-called medicare bill, and cosponsoring the more recent proposal embodying the same basic principles filed by Senator JAVITS. His proposal improves that which I filed.

The number of people in the United States age 65 and over is increasing at the rate of 1 million every 3 years. There are today 16 million of these older citizens—nearly 9 percent of our total population. Income for older people is drastically smaller than in the case of lower age groups—a substantial portion of our aged have personal incomes of less than $1,000 annually. On the other hand, the average old person has from 2 to 3 times as much chronic illness as a typical young citizen. Medical care expenses of our old people are close to two times as much as for the general population. General medical costs have gone up 46 percent in the last 10 years; and two-thirds of our aged have no private health insurance.

The problem of keeping healthy is, simply, compounded for older people. First, their medical costs are more expensive than for younger age groups. Second, since their so-called productive years are drawing to a close or are already over, they have less money with which to cover these costs.

Perhaps the most serious aspect of this social problem is the heavy insecurity and apprehension, the depression and despair suffered by people in their old age, knowing that their illnesses may be more serious and last longer than previously and probably that there will be less money to cover the costs.

Because of these striking facts there is general agreement that some plan of Federal assistance in this field should be provided in addition to existing Federal programs providing grants-in-aid to support State old-age assistance programs. No one person, group, or one political party has a monopoly on the urgency of this issue or the conviction that something must be done about it. The question is what plan should it be; how should this matter be approached.

S. 3784, the administration proposal which I filed, is based on the following essential beliefs about Federal assistance to cover medical expenses of the aged; it must be voluntary—that is, placed outside of compulsory social security schemes, paid for out of general revenues rather than by a special tax; it must not be discriminatory; it must meet the specific need of helping out cases of chronic, long-term illness; it must involve some participation on the part of the individual in providing for his own welfare; it must involve State sharing and State administration of the program; and it must not act to clog already jammed medical facilities and institutions.

The proposal which the Senator from New York [Mr. JAVITS] has introduced and which I and seven other Senators cosponsored is essentially a blending of the medicare concept and an earlier bill introduced by the Senators from New York [Mr. JAVITS and Mr. KEATING], the Senator from Pennsylvania [Mr. SCOTT], and others.

I want to make it clear that far from being inconsistent with S. 3784, the new Javits proposal embodies the basic principles and provisions of that bill, as Secretary of Health, Education, and Welfare Flemming has recently made clear.

The Javits bill provides three optional plans from which participants can select the one they feel is best suited to their individual need: First, a diagnostic and short-term illness benefit plan emphasizing preventative medicine.

From my experience in studying this plan, it is always wiser to keep a man healthy than to help him get well after he is sick. A healthy man is an asset to himself, to his State, and to his Nation. A sick man is not an asset either to himself or to his Nation.

Second, a major medical services plan emphasizing chronic and long-term illness; and third, an optional private insurance benefit plan, covering 50 percent reimbursement of private program's cost up to $60.

Those people over 65 years of age who do not earn over $3,000 annually—couples, $4,500—would be eligible under this bill. Federal payments for the program would range from two-thirds for the poorest State to one-third for the richest State, averaging 50 percent and paid for out of general revenues. The annual Federal cost under this proposal is estimated at from $320 million to $460 million; the State cost up to $520 million. The States would administer the plan as outlined in the Medicare proposal.

The first two options under the Javits measure constitute minimum requirements to qualify for the Federal-State partnership. In addition to this, the Federal Government would participate in the cost of improving these plans up to a per capita cost of $128 per year for benefits—that is, up to the level of benefits provided by the administration's original bill.

The Javits plan calls for individual enrollment fees to be determined by the States according to the participant's income and with the approval of the Secretary of Health, Education, and Welfare. Its third option—the major long-term illness benefits plan—requires payment by the individual participant of 20 percent of costs after a deductible of $250, as under S. 3784.

What we now have under the new proposal is a more flexible plan both in terms of the type of benefits offered and the level of benefits covered; an aged medical care program which directly and specifically meets the particular kind of need involved, which allows wide freedom of choice for the individual, and which stresses ability to pay in both participating States and individuals.

The first Medicare program has been criticized because it faced the danger of States withholding their participation in a broad and expensive program of high benefits, and because it put heavy emphasis on covering the cost of chronic illnesses without sufficient treatment for cases of short-term illness. The new measure has answered these questions, while following the basic principles of the earlier proposal which I have outlined. The States can now accept a limited version of the earlier plan or scale the benefits upward, according to their financial ability. The citizens of States agreeing to participate can select the first option under the program if they feel first-dollar costs for short-term and preventative treatment is more helpful in their particular case.

The Javits proposal represents substantial progress in finding legislation to answer the question before us.

Mr. McNAMARA. Mr. President, I yield 10 minutes to the distinguished Senator from Ohio.

Mr. YOUNG of Ohio. Mr. President, at the outset I state with all the emphasis I can muster that I support H.R. 12580, the bill to amend the social security law. I support it, although I hope later in the day or tomorrow to vote for amendments which will make it a better bill than it is in the form reported by the Committee on Finance. At 2 o'clock today I propose to vote against the Javits amendment, and at 6 o'clock this evening I propose to vote in favor of the Anderson amendment.

The amendment which we are considering, offered by the distinguished senior Senator from New York [Mr. JAVITS], is a step backward, in my judgment, although it certainly has meritorious features.

The Democratic National Convention this year adopted a platform which is designated "The Rights of Man." That platform was adopted a few short weeks ago. In it there is an obligation which the junior Senator from Ohio recognizes and intends to adhere to. It is my hope that the Senators of my party, the Democratic Party, will recognize the obligation of the Democratic platform. I should like to read a few excerpts from it:

> Illness is expensive. Many Americans have neither incomes nor insurance protection to enable them to pay for modern health care. The problem is particularly acute with our older citizens, among whom serious illness strikes most often.

Mr. President, protracted illness or extended surgical and hospital care should not be a financial calamity afflicting citizens who are 68 years of age and over. Stupendous debt should not be the penalty that the aged and the relatives of the aged should have to pay when serious illness comes into their homes. The social security system should be perfected and amended to take care of this situation.

The platform then goes on to provide:

We shall provide medical care benefits for the aged as part of the time-tested social security insurance system. We reject any proposal which would require such citizens to submit to the indignity of a means test—a "pauper's oath."

The amendment of the senior Senator from New York requires a means test sometimes called a needs test, compelling our aged to take that humiliating step.

The platform goes on to say:

For young and old alike, we need more medical schools, more hospitals, more research laboratories to speed the final conquest of major killers.

I will read one more paragraph from our Democratic platform, because I feel there is an obligation on the part of Senators who are members of the Democratic Party to support that platform. If within a few weeks we are to shoot down the platform of our Democratic Convention, or today vote against the social security concept by supporting the Javits amendment, let no one point to the junior Senator from Ohio and say his was the assassin's bullet.

The Democratic platform states—and I feel an obligation to support it, and I want to support it, and I am glad to support it—

The most practicable way to provide health protection for older people is to use the contributory machinery of the social security system for insurance covering hospital bills and other high-cost medical services. For those relatively few of our older people who have never been eligible for social security coverage, we shall provide corresponding benefits by appropriations from the general revenue.

That is a clear-cut pledge. The amendment we will vote on at 2 o'clock, in my judgment, is a violation of that pledge. The 87th Congress convenes in about 4 months, in January 1961, for the welfare of the Nation and for the peace of the world. If the bill reported by the committee, as amended, does not take satisfactory care of the elderly people who are not now covered by social security, it will be a very simple thing to act a few months from now. The Presidential veto, which now hangs over the Senate will not then be hanging over the Senate, I am thankful to state.

We shall, for those relatively few of our elderly people who have never been eligible for social security coverage, provide corresponding benefits by appropriations from the general revenue. I support the committee bill, but I submit at this time an amendment——

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. McNAMARA. Mr. President, I yield to the Senator from Ohio the time necessary for him to conclude his statement.

Mr. YOUNG of Ohio. I thank the Senator from Michigan.

Mr. President, I submit an amendment to the pending bill. The amendment would extend the coverage of the Social Security Act to the physicians and surgeons of the Nation. I ask unanimous consent that the amendment lie on the table and be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. YOUNG of Ohio. Mr. President, I have made it clear that I support the Anderson amendment and shall vote for it at 6 o'clock tonight. I shall vote for other liberalizing amendments, also.

Mr. President, when on August 14, 1935, Franklin D. Roosevelt signed the social security bill, the old age, survivors, and disability insurance program became the greatest law for the welfare of the American people ever enacted by Congress. We want to maintain this program. It is actuarially sound, and we propose to keep it so.

President Roosevelt stated on the day he signed the act:

This is a cornerstone in a structure which is being built but which is by no means complete. What we are doing is good, but it is not good enough.

It is well known that at that time the most powerful lobby opposing social security and urging its defeat, just as it is the most powerful lobby today, urging the adoption of the Javits amendment, was the American Medical Association.

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

Mr. YOUNG of Ohio. I shall be happy to yield a little later.

Mr. JAVITS. I shall yield a minute of my time to the Senator from Ohio.

Mr. YOUNG of Ohio. I shall yield in a moment. If the American Medical Association is not opposing the Javits amendment, which we are now debating, I shall be very glad to learn that. I consider that there are many meritorious features in the proposal of the senior Senator from New York. I have so stated. However, I oppose the Senator's amendment because it is not tied to the social security system, which even the Governor of the State of New York has declared is the proper approach. I now yield to the distinguished senior Senator from New York.

Mr. JAVITS. I yield the Senator from Ohio 1 minute. I know the Senator from Ohio, and have great affection for him. I know he would not wish to be unfair. The American Medical Association is not backing my proposal. The only clue I have to their attitude is that the Senator from Wisconsin [Mr. PROXMIRE] and I debated with Dr. Annis, of Florida, on a television program relating to this type of legislation. I think the Senator from Wisconsin will bear out my statement that from what we could learn, Dr. Annis was clearly opposed to the Anderson proposal and to my own.

Mr. YOUNG of Ohio. The fact that the American Medical Association—that is, the ruling clique of delegates in control of it—is not supporting the Javits amendment enhances my present opinion of the Senator's amendment. It has many good features. Nevertheless, I hope it will be defeated because I believe the Anderson amendment is a better amendment; and I believe we can adopt the better amendment on the floor of the Senate later today.

Mr. President, the house of delegates of the American Medical Association has been operating in a high-handed, arbitrary, dictatorial manner. In my State of Ohio and in the States of Pennsylvania, New York, and New Jersey, physicians and surgeons have asked to be included within the beneficent provisions of the Social Security Act. I hold in my hand, for example, many telegrams and letters—almost 40—which I have received in the last few days from physicians and surgeons in all parts of Ohio. They all contain messages similar to those which I now read:

Please vote to support amendments to restore physician coverage in social security. Doctors desire that.

Please use your influence to restore coverage of physicians.

Vote for social security coverage for physicians.

Here is a package of telegrams.

Although the physicians and surgeons, in referenda taken in various States, have expressed a wish to be included within the Social Security Act, those willful men, holding onto their jobs and operating the American Medical Association as their own private property, have succeeded in having coverage for doctors stricken out of the bill reported by the Senate Committee on Finance.

The pending bill has many good features. It permits those who are covered by social security to earn $1,800 per annum after retirement instead of only $1,200; and even the $1,800 will, we hope, be liberalized a little later today. Disability benefits now commence at age 50. That is a misfortune for men and women who have been gainfully employed, who have paid premiums into the social security fund, but who have then suddenly become stricken at age 30, 35, or 40 and are totally and permanently disabled and may never again be gainfully employed. At the present time, under the social security system, such unfortunate persons must wait until they reach the age of 50—if they live that long—before participating in retirement benefits. Under the amendment of the committee such payments would begin immediately, regardless of a person's age.

The American Medical Association has made it very difficult for the aged of our country, who are not in good circumstances, to pay from their own funds for hospitalization, surgical and medical expenses. The little group of willful men who run the American Medical Association have upped the requirements for admission to medical schools. They have, in fact, so acted that there is an acute shortage of medical schools and medical departments in our universities.

The fact is that due to the actions, over the years, of the leaders of the American Medical Association, there is an acute shortage of trained physicians and surgeons in every section of the United States. The situation is becoming more acute. As it becomes more acute, the cost of medical and surgical attention zooms upward.

Mr. President, I should not admit this publicly, but as a young lawyer, with a young wife, in my first year in the practice of law in my home State of Ohio, I made $710. Today, when a man leaves

medical school as a practicing physician and surgeon, he does not have to struggle, as the present Presiding Officer of the Senate, the distinguished junior Senator from North Dakota [Mr. BURDICK], and other Senators, as young lawyers, struggled in their earlier years. Immediately, the income of a young physician or surgeon is very substantial and rises rapidly.

The highest paid group of professional men in the country are physicians and surgeons. Now the dictators of the American Medical Association are seeking to impose restrictions which would bar doctors from foreign nations, despite their training and admission to the practice of medicine in their own countries, from employment in hospitals in the United States in any capacity; this despite their training and experience in their own countries.

Twenty-five years ago the American Medical Association lobbied against and fought the social security proposal. It denounced it as state socialism and socialized medicine. Mr. President, social security was and is neither.

Despite the fact that physicians and surgeons in Ohio and other States have voiced, by overwhelming vote on every referendum taken, their desire to have the benefit of coverage in our social security program, during recent years the American Medical Association lobby has opposed coverage under this beneficent program for physicians and surgeons of the United States. That is the present policy of that small clique.

Despite their wishes, physicians and surgeons form the only professional group who do not pay social security premiums and are not covered by annuities purchased in the Old-Age and Survivors' Insurance System, affectionately known to millions of Americans as our social security system.

This AMA group fought the Forand bill and was instrumental in causing its defeat in the Committee on Ways and Means of the House of Representatives, and is fighting liberalization of the social security system to provide some hospitalization, nursing, and surgical benefits for elderly retired persons in need. It did that despite the fact that there was nothing in the Forand bill, or in any other seriously considered legislative proposal to liberalize the social security law, which would prevent individuals from employing the physicians and surgeons of their own choosing, or would prevent physicians and surgeons from choosing not to be so employed by any individual they may not desire to attend.

Mr. President, the bill now before us is a good one. It is an extension of our social security system. The actuaries of the Department of Health, Education, and Welfare, who serve under the direction of the Secretary, a member of President Eisenhower's Cabinet, agree that this bill is a good one, and point out that the Anderson amendment will be actuarially sound and will continue to be so, with its small increase of the present premium—an additional one-fourth of 1 percent paid by employers and employees and three-eighths of 1 percent paid by the self-employed.

Mr. President, the United States is the only important nation in the entire world in which there is not some form of universal state insurance for sick, aged people.

Anyone with a sense of history realizes that the social security system will always remain with us. Since the time when President Franklin D. Roosevelt first proposed it to the Congress and since he signed the Social Security Act in 1935, not one Republican presidential candidate has ever advocated repeal of the Social Security Act, although Republican candidates for the presidency like to orate against the New Deal. I doubt that any presidential candidate will ever advocate its repeal.

It is a fact that officials of the Eisenhower administration have adopted the theory of private old-age health insurance on a voluntary basis. Governor Nelson Rockefeller very accurately stated that this proposal is fiscally unsound. His position on this tremendously important subject is that the social security law should be amended and liberalized, and that surgical and hospital care and attention for our aged should not be on a Government-grant basis, at the taxpayers' expense, but should be tied to the Old-Age and Survivors' Insurance System.

We of the majority in the Congress, have all along proposed that.

Mr. President, let us liberalize and amend the Social Security Act in the ways provided by the Anderson amendment. Let us reject the Javits amendment. Then, let us go forward and provide hospital care and attention for our aged, but not on the basis of a Government grant at the expense of the taxpayers. Instead, let us tie this program to the Old-Age and Survivors' Insurance System, as is proposed in the Anderson amendment.

Whether the physicians and surgeons in the Nation are included under social security is a matter of relatively little concern, to be frank, to some Members of Congress who over the years have been amazed at the failure of the House of Delegates of the American Medical Association to respond to the wishes of the majority of the physicians and surgeons of the country. The intelligent and forward-looking physicians and surgeons who have been clamoring for social security coverage, many of whom have been sending me telegrams in which they ask to be included, are not properly represented by that little group of dictators.

Mr. McCARTHY. Mr. President, will the Senator from Ohio yield to me?

Mr. YOUNG of Ohio. Yes, Mr. President; I yield to the distinguished junior Senator from Minnesota.

Mr. McCARTHY. I thank the Senator from Ohio for yielding to me.

Mr. President, I wish to add to comments I made on yesterday in regard to a so-called scientific sociological study which was the subject of a release issued by the American Medical Association on Monday, August 15. The release reads in part as follows:

An independent national survey just completed by university sociologists emphatically proves that the great majority of Americans over 65 are capable of financing their own health care and are prepared to do so on their own, without Federal Government intervention.

The release also states:

The study disproves some dangerous misconceptions about the aged. Dr. Larson said it shows that most of these persons are in good health, not sick, and are in moderately good financial condition, not hardship cases.

The release goes on to cite a number of participants or, in the study at least, persons who were said to be participants by Mr. Wiggins and Mr. Schoeck, the authors of the report.

On August 18 the Wall Street Journal published an article by the same two men, Mr. James Wiggins and Mr. Helmut Schoeck. I must note that the article was published on the editorial page of the Wall Street Journal, and on that page the Wall Street Journal does not always follow the same standards of objectivity that it follows on its financial pages, and does not seem to impose upon its editors and those who contribute to its editorial page the same objective standards that it imposes upon its Washington reporters.

But, in any case, the Wall Street Journal published an article based on the so-called scientific study which was the object of the release by the American Medical Association.

Mr. President, on yesterday I inserted in the RECORD comments by a number of sociologists who, according to Mr. Wiggins and Mr. Schoeck, are said to have participated in the study. I should like to quote from a few statements made by some of those sociologists, who have commented since the release was made.

One of them, Professor Noel P. Gist, professor of sociology at the University of Missouri, wrote as follows:

The AMA news release, intentionally or otherwise, ignored these qualifications. Instead, it has presented data on a limited and restricted sample of older persons as if this sample were representative of the aged population in general. For this reason the statements in the AMA news release are both misleading and deceptive. The average newspaper reader would probably not be sufficiently informed to detect this deception.

Mr. Leonard Z. Breen, associate professor of sociology and coordinator of research in gerontology at Purdue University, at Lafayette, Ind., wrote to the Senator from Michigan [Mr. MCNAMARA], the chairman of the Senate Subcommittee on the Aged, a letter from which I quote the following:

I must report that I was appalled to read the paper which I found to be of poor quality of scientific research technique and writing. Indeed, I regretted at that point that I had been so naive as to have accepted the paper without having seen it in advance, especially since it would be presented before an audience of internationally known scientists who might think of this as representing American sociology. Fortunately, I had taken the precaution of appointing a well-known, highly competent research sociologist as the discussant of the paper following its presentation (a standard procedure in meetings of this kind).

I discovered also that a press release had been prepared and distributed prior to the presentation of the paper: this press release had not been prepared by the press staff of the congress, and I do not know how

who did prepare it. The release was couched in such terms, however, which made it apparent that there were motivations in its release other than the dissemination of scientific knowledge.

I read further from the same letter to the Senator from Michigan:

I hope the above comments make clear what I intend; namely (a) we did not see the paper prior to its presentation at the congress, (b) it is far below the quality expected of a professional researcher, (c) it is totally misleading, and (d) it was discredited by the professional research scientists present at the congress meeting where the paper was presented.

Mr. President, it seems strange to me that the American Medical Association would give publicity to such a report, which indicated that 90 percent of the people over 65 years of age have no medical problems.

As all of us well know, the medical profession has been very particular in opposing attempts of amateurs to diagnose disease. The medical profession generally argues that a person should be examined by a competent member of the medical profession. But here we find the American Medical Association, apparently without any hesitation, taking the word of a group of sociologists that only 10 percent of people over age 65 have any medical problems.

I suggest that the medical profession look to the American Medical Association about this matter, because if such an attitude is continued, the point might come when the American Medical Association would recommend a self diagnosis and a kind of "do it yourself kit" so that a person would not need to consult a doctor at all.

This morning another wire was received, addressed to the Senator from Michigan [Mr. McNAMARA], again making comment on this same study. The author of that telegram is Miss Ethel Shanas, senior study director of the National Opinion Research Center. I should like to read from this telegram at this point:

At the request of Senator McNAMARA, I am sending you a brief statement on the paper, "A Profile of the Aging: U.S.A.," by James W. Wiggins and Helmut Schoeck.

In general, I agree with Professors Wiggins and Schoeck that the "aged" cannot be considered as a single homogeneous group. Persons 65 years of age and over may differ greatly from one another. Wiggins and Schoeck have made this point in an admirable fashion.

That is an obvious point. I think it is generally accepted that one aged person is not like every other aged person. The Senator would agree; would he not?

Mr. YOUNG of Ohio. That is correct.

Mr. McCARTHY. But the fact is that the Wiggins and Schoeck study did not really cover a cross section of the aged. After making this fine and rather obvious statement, they then sorted out about 25 percent of the aged and made their study on that particular group. For example, they did not take into account those on old-age assistance. They left that group out. They did not include in their study any excepting people over 65 who were members of the white race. They left out all other groups. They moved on down, eliminating one group after another, after having said that if one is going to study persons over 65 years of age, one should take into account the fact that they vary greatly one from another.

The wire continues:

I am concerned, however, about certain of the findings in the Wiggins and Schoeck paper which are in disagreement with findings from the study of the health needs of older people with which I am associated. My concern stems from Wiggins and Schoeck's claims that "each person in the universe from which the sample was taken had an equal chance to be included in the sample."

That is an elaborate statement:

Each person in the universe from which the sample was taken had an equal chance to be included in the sample.

The sample was not taken from the universe, I assure the Senator from Ohio.

Continuing with the telegram:

And that "respondents were found through the use of area probability sampling" in our study; also, every older person in the noninstitutional population had an equal chance of being located and interviewed, and our respondents were located through the use of area probability methods. Theoretically, if in both studies the samples represent all older people, and all such persons have equal chances of being located and interviewed, differences between the two samples should fall within the range of sampling error. In the National Opinion Research Center study our findings on the utilization of health resources have been compared with the reports of the national health survey; our reports on income have been compared with the reports of the U.S. Census Bureau and the Social Security Administration. Both the health survey and the Census Bureau employ area probability samples. In all of these comparisons, the degree of agreement has been good between our reports and these independent studies.

I am therefore concerned to find major areas of disagreement between Wiggins and Schoeck and our own research. By disagreement, I do not necessarily mean contradictions between Wiggins and Schoeck's findings and our findings. I would consider as a disagreement any difference in the magnitude of the replies to comparable questions where such a difference in magnitude could not be explained by sampling variation.

Careful reading of the Wiggins and Schoeck paper, however, leads me to believe that the authors have not employed an area probability sample as the term is commonly used in the literature. What they have is a quota sample drawn in 25 different areas of the United States. They are, therefore, not correct in saying "Every person in the universe from which the sample was taken had an equal chance to be included in the sample (P &)". Because of the differences in sampling technique, the Wiggins and Schoeck findings cannot be compared with those of the National Opinion Research Center study. The Wiggins and Schoeck study apparently is based on what the statistician Edward Deming has called a "chunk" of the population. (W. E. Deming, 1950, Some Theories of Sampling New York: John Wiley & Sons, p. 8). The National Opinion Research Center study, on the contrary, resembled in general design the design used by the Census Bureau and other governmental agencies.

Because of the limited time available to me I shall comment only on the financial data in the Wiggins and Schoeck paper. I am not clear from the paper whether the authors are speaking of individual income or couple income when they state "The modal cash income reported was between $2,000 and $3,000. Half of the respondents reported incomes in excess of $2,000 per year and 1 of 20 reported more than $10,000 annual income (p. 9).

Income data is usually reported in terms of medians rather than modal categories. In our study we reported a median income of $1,935 for men and $880 for women. In describing these medians we said:

"The median income of persons 65 years of age and older with money income in 1956 as reported in this survey was $1,300. For men who had some money income the median was $1,935, for women it was $880. These medians derived from the National Opinion Research Center sample are probably somewhat higher than the true figures, as a result of the methods of tabulation used, that is, wherein husband and wife both received income from social insurance programs or from public assistance, the total income for the couple was reported as the husband's income because of the difficulty in differentiating between the amounts received by each member of the couple. The Census Bureau for the year 1956 reports a median income of $1,421 for men with income and a median income of $738 for women with income.

These figures are in direct contradiction to those which were included in the Wiggins and Schoeck report.

I ask unanimous consent that the remainder of the telegram from Dr. Ethel Shanas, senior study director of the National Opinion Research Center, be included at this point in the RECORD.

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

Over one-third of all persons 65 and over reporting money income in this survey had incomes of less than $1,000 a year in 1956 if persons with no money income of their own (including wives whose total income is reported by the husband) are added to that group whose money income was less than $1,000 a year, it may be estimated that about one-half (52 percent) of all persons aged 65 years and over had money incomes of less than $1,000 in 1956 (Ethel Shanas, "Financial Resources of the Aging," Health Information Foundation, p. 3).

Unpublished data from our study indicate that in 1956 the median income for couples both of whom were 65 years of age or over was $2,215 for couples where the male head was 65 years of age or older and the wife under 65, the median income was $2,625 our modal income categories for couples, based on 1956 data, was $1,000 to $1,999.

In conclusion, because of the limitations of the Wiggins and Schoeck sample, finding from their interesting and suggestive research cannot be generalized to the total older population of the United States.

Yours sincerely,

ETHEL SHANAS,
Senior study director, National Opinion Research Center.

Mr. McCARTHY. Mr. President, any Member of Congress who has taken note of the AMA release or anyone who has been moved by the Wall Street Journal article should look at these figures and note the contradiction.

Mr. YOUNG of Ohio. Mr. President, I express my complete agreement with the statement made by the Senator from Minnesota.

I ask this question of the distinguished Senator from Minnesota. He and I were both delegates at the Democratic National Convention a few weeks ago. I

was a humble delegate at large from the State of Ohio. The distinguished Senator from Minnesota has been acclaimed throughout the Nation as having made one of the greatest nominating speeches ever made in a national convention of any political party in the history of this Nation.

Does not the junior Senator from Minnesota feel that now, a few weeks after this convention, and for all time, there is a moral obligation on the members of the Democratic Party in the Senate to support the social-security approach and to expand and liberalize the social security system?

Mr. McCARTHY. If the proposal to develop a medical aid program as a part of the social security system had been initiated only at the convention, I would say we should come back in the next session and enact it into law. But this whole concept has been before Congress for a long time. We have had hearings on it and have had statements from many persons who are concerned with the problems of the aging, so I think we have an obligation in that regard—an obligation which was also sustained in adoption of the platform at the convention.

Those who are so critical of the welfare state seem to be in a position of suggesting, instead of the welfare state, a sort of hand-out state. If I must make a choice between the two, I will take the welfare state.

Mr. JAVITS. Mr. President, I yield 10 minutes to the Senator from Connecticut [Mr. BUSH].

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 10 minutes.

Mr. BUSH. Mr. President, I regret very much that we are rushing, in a politically charged atmosphere, to a vote on an issue of such tremendous importance to the people of the United States, especially the older people.

A few days ago I came across an article published in the Hartford Times, the headline of which is "Folsom Voices Caution Against Medical Aid Rush."

The article says that the former Secretary of Health, Education, and Welfare, who succeeded Mrs. Hobby in that job, said, "This is no time to be enacting far-reaching legislation 'in a political atmosphere' which would have a profound effect on the future."

He also said, "Congress has not given adequate study to the situation."

I agree with that, Mr. President. I do not think this problem has been given adequate study. I have in my hand the record of the hearings on the committee bill which is before the Senate, on the whole subject. There were 2 days of hearings, on June 28 and June 30. I submit that with regard to an issue of this magnitude this is entirely inadequate treatment. It is most unfortunate that we find ourselves in a position of having to vote upon this serious matter at this time.

Mr. President, the article from the Hartford Times gives the views of Mr. Folsom. He suggests the appointment of a nonpartisan commission to study and to report back by March 1. I considered offering an amendment, which would be an amendment to the committee bill, calling for the establishment of such a commission by law, but after appraising the political situation in the Senate I concluded it would be an idle gesture and would get nowhere, so I shall not offer the amendment.

However, I ask unanimous consent to have the article from the Hartford Times printed in the RECORD at this point.

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

FOLSOM VOICES CAUTION AGAINST MEDICAL AID RUSH

(By Paul Martin)

WASHINGTON.—Former Welfare Secretary Marion B. Folsom urged Congress yesterday to defer action on a Federal health insurance plan for old folks until after the 1960 election.

He said this is no time to be enacting far-reaching legislation "in a political atmosphere" which would have a profound effect on the future. He also said Congress has not given adequate study to the situation.

"There is no rush," Mr. Folsom declared. "This problem has been coming on us for years. There is no emergency to justify hasty legislation. We ought to give plenty of study to something like this before we do anything."

Instead of rushing into a new program in an election year, Mr. Folsom suggested that an advisory commission be appointed to study the entire field of health insurance for persons over 65 years of age, with instructions to report by next March 1, to the next Congress and the new administration.

Such a commission, he said, should include representatives of the medical profession, insurance industry, employers and labor unions, and the public. It should be given an appropriation and an adequate staff to conduct the study.

To avoid political partisanship, he said the commission might be appointed jointly by the chairmen of the Senate Finance and House Ways and Means Committee, both Democrats, and the Secretary of Health, Education and Welfare in the Eisenhower administration, a Republican.

"This is the logical way of getting the best possible program," Mr. Folsom observed. "This is a complicated business. We should go about it as we have the Social Security Act in the past. You would be surprised how much agreement you can get on a plan, once the facts are known."

The Democratic nominees for 1960, Senators JOHN F. KENNEDY of Massachusetts and LYNDON B. JOHNSON of Texas, have listed a compulsory health insurance program under the social security system as "must" legislation for this bobtail session of Congress.

However, the House has passed and the Senate Finance Committee has approved a limited program of medical care for old folks, to be handled by the States and financed out of the Treasury general fund, as proposed by President Eisenhower.

Mr. JOHNSON wants to make health insurance the next order of business in the Senate, after the pending minimum wage bill. Mr. KENNEDY has threatened a floor fight to expand the program and put it under social security taxes, as demanded by labor unions.

Mr. Folsom, now a director of the Eastman Kodak Co., Rochester, N.Y., is regarded as an authority on health and welfare programs. He helped draft the original 1935 Social Security Act, and served on two advisory commissions under Presidents Roosevelt and Truman.

Mr. BUSH. Mr. President, I think the senior Senator from New York [Mr. JAVITS] has rendered a very real service to the country in connection with this entire subject. This is not a new subject for him. As he pointed out himself, he introduced a bill more than 10 years ago very similar to the pending amendment upon which we are going to vote at 2 o'clock. I venture to say the Senator from New York has more background on this subject than any other Member of the Senate of the United States. I am grateful to him for his exposition of his own amendment, which to me, in the limited amount of time I have had to grasp the details of this important matter, makes a lot of sense.

First, we must realize it is quite clear that the House of Representatives will not support the so-called social security approach to this issue. The House has said so in its own proposed legislation. It would be idle for us, in my judgment, to pass such a measure, because it would simply mean there would be no legislation at all this year. If we are going to approach the issue in good faith and try to get a bill passed, I think we should support the committee bill, which I certainly intend to do.

It is equally clear, of course, that the President would veto a compulsory plan. How do we know that? He has said so. He said so plainly in his press conference a few days ago. Therefore, as I have said, I intend to support the committee bill as the first step in the right direction, because it would provide for those who are in dire need and distress.

Of the other alternatives which have been submitted, the Javits amendment appeals to me principally, and more than the others, because it is, first, a voluntary plan. It is designed for those who are 65 years of age and older who wish to be protected against health hazards but who cannot afford the full cost of such insurance.

Secondly, it is a program in which the subscriber himself pays a modest fee toward the cost of his protection. This fee the Senator from New York has estimated to range from $9 to $12.80 per year at the start.

Third, the plan would be participated in by the State governments and Federal Government. This is important, I think, because it stresses the responsibility of the States in this matter. The States are closer to the people than the Federal Government. I believe in this kind of welfare program the States should have control over the administration of the program. The Javits amendment clearly places the responsibility for administration upon the States. It also gives each State the option of buying insurance under the plan, if that seems to be the most logical way for the State to handle its responsibilities.

Fourth, the Javits proposal appeals because it would be financed from the general revenues. The budget of the Department of Health, Education, and Welfare is now about $3½ billion a year. It is true the Javits amendment would add something on the order of $450 million a year to that budget. But, Mr. President, it seems to me this approach

to the Federal Government's participation in the program is correct, because it would put the burden of assistance upon all the taxpayers, and not primarily upon the lower income workers in the social security system. It would not exempt a very large group of taxpayers who would be those best able to afford it, namely, those whose incomes are larger than the $4,800 a year which is the highest amount upon which social security taxes are paid. Everybody in the United States would have a part in the welfare program, exactly as we participate in the entire budget of the Department of Health, Education, and Welfare.

This is a welfare measure. It is for the welfare of individuals and it is for the welfare of the country. For that reason, Mr. President, the burden should be borne as a national one in the budget of the United States.

I have objected to the social security approach because it would exclude many people from the program and it would also exclude many people from supporting the program who, in my view, if there is to be such a program, have a responsibility to it which they are well able to discharge.

Mr. President, one thing which appeals to me particularly about the Javits approach is the emphasis upon preventive medicine.

As I have said repeatedly, if we can keep people out of hospitals, we shall do them a greater service than we could by taking care of such people while they are in hospitals. That is one of the strongest points in the Javits approach to this whole issue.

Finally, it has been very clearly indicated that the Javits amendment is acceptable to the President of the United States. It seems most likely he would sign the bill with that amendment. Therefore if we really want legislation and not a political issue, the Senate should vote to agree to the Javits amendment today. We have assurance from the President and the Secretary of Health, Education, and Welfare, who has given months of exhaustive attention to this subject, that the Javits approach is in line with their thinking.

I shall support the committee bill and the amendment offered by the distinguished Senator from New York [Mr. JAVITS], and I am grateful to the Senator for yielding to me this time.

Mr. JAVITS. I thank the Senator from Connecticut. Will the Senator yield back the remainder of his time?

Mr. BUSH. I yield back the remainder of the time allotted to me.

Mr. JAVITS. Mr. President, I yield 10 minutes to the Senator from Pennsylvania.

Mr. SCOTT. Mr. President, I have been associated with health insurance legislation since my early days as a Member of the House of Representatives.

I have cosponsored the Javits amendment since its inception, because of my conviction that we must recognize the needs of millions of our older citizens for adequate health care.

In 1949 I joined with the senior Senator from New York [Mr. JAVITS], Vice President NIXON, Secretary of State Herter, and the junior Senator from Kentucky [Mr. MORTON] in offering a health care bill which embodied the basic principles and approach of the present Javits amendment.

I do not want to repeat what has been so ably presented by my colleague, the senior Senator from New York [Mr. JAVITS]—although I am sure more time is needed to permit a better understanding of what the Javits amendment offers—and particularly to offset the widespread promotion of the Forand-type legislation.

The two amendments before us today represent a conflict of philosophies:

The Javits amendment would preserve the dignity of the individual to select and contribute to his own care; the established right of the State to administer and participate—if it so desires—in a program designed to utilize professional and commercial services through normal and established channels. It builds on existing agencies.

The Anderson amendment would force a program of compulsory participation in health insurance upon a large segment of workers through increased taxation upon employer and employee; it would foster a superstructure of bureaucratic expansion; it would benefit (at this point) millions who have made no contribution to their health insurance; and it would establish for the future a socialized medical program, forced upon both the professional medical men and the working public.

There are certain points I would like to emphasize.

Some doubts have been expressed that the Javits amendment may not have the endorsement of both President Eisenhower and Vice President NIXON.

I believe those doubts were dispelled by the announcements made by the Secretary of Health, Education, and Welfare at his press conference yesterday—which appeared in all of the newspapers this morning.

I ask unanimous consent that a part of that report be printed in the RECORD at this point in my remarks.

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

Arthur S. Flemming, Secretary of Health, Education, and Welfare, today joined Vice President NIXON in endorsing a scaled-down version of the administration's original Federal-State plan for medical care for the aged.

Flemming threw his support behind a medical aid bill introduced by Senator JACOB K. JAVITS, Republican of New York, and eight other Senators on Saturday.

"I like the plan," Flemming told a news conference. He said that he had not discussed it with President Eisenhower in detail but he added that the President had "made it clear" to him that the Javits bill was consistent with the general principles endorsed by the administration in the medical care battle.

Flemming repeated his view that the basic issue involved in the controversy is whether the Nation would be "regimented" or whether old people should be given an option to join a voluntary medical insurance program financed by both Federal and State general tax revenues.

Flemming said he had met with NIXON earlier today and that NIXON had shown no hesitancy in endorsing the Javits bill which would amend a measure voted out by the Senate Finance Committee.

Flemming estimated that the Javits bill would cost from $720 million to $960 million, divided 50–50 with the States. This compares to a cost estimate of $1,200 million for the administration's original medicare insurance package offered last spring as an alternative to the Democratic-backed social security proposal.

The HEW Secretary said the Javits plan also differs from the administration's original plan in that it provides an optional plan for diagnostic service and short-term illness benefits. The old plan focused entirely on insurance for long-term catastrophic illnesses.

Mr. SCOTT. The Javits amendment does encompass the administration proposals, furthermore, it provides a more comprehensive coverage at considerably less cost.

With all due respect for the sincerity of my colleagues who are sponsoring the Anderson amendment and who endorse the social security approach—it is my conviction through contact with thousands of older citizens and through observation of the public relations job done by those favoring the increased social security tax approach—that they are deluding those who will be forced to participate, and misleading millions who need to benefit, but will not.

To supersede upon the old-age and survivors insurance program, paid for by the employer and the employee, an enforced participation in a health insurance program, which will immediately benefit between 11 and 12 million over 65's, who have never contributed a cent to the program, is in my opinion a windfall—the cost of which should be borne by all taxpayers and not just by those employers and employees who are presently paying into the social security fund.

The combined social security tax is now 6 percent. It will increase to 9 percent within a few years. I do not think for a moment that the one-half of 1 percent additional tax which it is estimated will take care of the Anderson amendment health program will do so, or that it will remain static any more than the present social security tax has done.

It has been brought out earlier that the fundamental difference between the Javits-administration approach and the Anderson or Forand approach is recognition of the dignity of the individual and his desire to shoulder what he can of his own health program.

In my opinion, this is a very important consideration. Our older citizen is still an important thinking and acting part of our economy. He wants to be able to select his own plan of coverage and his own medical doctor or medical services. The problems is that present-day medical costs have made it impossible for him to afford the amount or even the kind of medical care he needs most.

To hold out as a bonanza a federally enforced social security tax health insurance plan to the 58 million workers who are now covered under old-age and survivors insurance is misleading propaganda. A person who would pay into OASI today for health insurance—might continue to do so for 30, 40, or 50

years before attaining age 68, and the privilege of participating in its benefits. And he may never benefit if death overtakes him before reaching that age.

Why should we delude the younger worker into thinking this program is for him, when for a decade or a half century he may be paying into a fund for the benefit of the older retired worker who happens to be covered by old-age and survivors insurance at the time of enactment?

And let us not delude our older citizens over 65 who have not been covered by old-age and survivors insurance, or those workers whose employment is not covered by social security. There are millions.

The Anderson amendment does not cover any worker not covered under social security, and it does not apply to any older person, now 65 or over, who is not insured under old-age and survivors insurance.

What of those over 65 dependent upon small incomes or upon their families, who would not qualify under the Anderson amendment, or might not qualify under the indigent requirements of the Kerr-Frear provisions of H.R. 12530, as reported; for example, teachers, farmers, civil service workers, railroad employees, and physicians, as well as many other smaller groups?

I say this with all due regard for the provisions contained in the committee bill, which covers those who are on public assistance, or those whose incomes are so small as to make medical care an impossibility.

The Javits-administration proposal takes the "bitter pill" out of these probabilities.

It adds to the committee amendment a voluntary medical insurance program—tailored by means of three options to the different categories of medical care and services the subscriber may require or select.

Priority is given to preventive care, which sound medical practice dictates to forestall the hazards of chronic illness, and which emphasizes physicians' care rather than overutilization of hospital and institutional facilities. This option is available at once to the subscriber, with no deductibility and no coinsurance.

For the individual who can pay his own preventive care but wants to protect himself against long-term illness, there is the option, wherein the Federal and State Governments pay the major cost of lengthy hospitalization and related services after the individual incurs medical expenses of $250.

Third, is the option for the person who wants to purchase his own insurance coverage, aside from the State administered plan. He may receive 50 percent of his premium expense for a private health insurance policy—not to exceed $50 per year.

I commend my colleague, the senior Senator from New York on the maximum estimates he has submitted in connection with his amendment. I think they are outside estimates, based, as he has said, upon full participation by all States and almost all of the estimated eligible persons.

This would be desirable, but I do not think it will be the outcome.

Most States have means of finding matching funds for an attractive program, but it is impossible to estimate how many persons will apply or subscribe for this insurance. Certainly it will be a gradual development, and not one that will bring a sudden impact upon the taxpayer, and upon our medical facilities.

An estimated Federal cost of $450 million for the Javits amendment, plus an estimated $200 million under the committee bill for the public assistance and medically indigent aspects—paid for by all of the people, for all of the people—is not to be compared with the weight of paying for a social security-Federal superstructure and an increased tax burden upon the covered workers alone, who are already heavily tax-burdened.

And who will the worker, now contributing to old-age and survivors insurance, be paying for?

Mr. President, there is no way provided under the Anderson amendment for excluding the wealthy, the millionaire, the comfortably fixed person, who is thoroughly capable of paying for any kind of medical insurance he desires.

There is no way of excluding high income people from benefitting under the plan as laid down in the Anderson amendment. Limitation on earned income is the only limitation placed upon recipients of old-age and survivors insurance. Income received from investments—be it in the millions—does not exclude the insured.

What will be the reaction of the low income worker when he realizes that he is contributing to benefits for those who can well afford to pay for it themselves?

The Javits amendment has an income limitation for participation of $3,000 for the individual, $4,500 for the married couple. We want to reach and serve the older citizen living on a reduced income, which cannot stretch to cover the cost of expensive or extensive medical care.

The Javits amendment far surpasses any proposal yet before us in serving those who have served us in the prime of their life—and who deserve a better share in the benefits and comforts which medical science can offer.

Mr. President, I am very eager that we secure a proper, fair, and just medical care bill for our older citizens. I believe that of all the programs submitted, the Javits program best fits the needs.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, an article entitled "Congress: Medical Issue," published in the New York Times of August 21.

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

CONGRESS: MEDICAL ISSUE—THREE PLANS ARE PROPOSED TO DEAL WITH INCREASING NEED OF OLDER PERSONS FOR HEALTH INSURANCE

(By Tom Wicker)

WASHINGTON, August 19.—The Senate of the United States comes to grips next week with what many believe to be the most potent political issue in domestic politics: the high cost of medical care for the Nation's 16 million persons over 65.

It is not simply that there are so many of these people—9 percent of the population. It is not even that their number is growing—by about 1,000 daily—so that by 1975 there will be 20 million in this age group.

Two other factors aggravate the issue, emotionally as well as economically. They are the high and increasing cost of medical care, particularly drugs and medicines, and the fact that so many younger persons have to devote part of their incomes to the support of aged relatives who can no longer support themselves.

ACUTE NEED

Moreover, it is precisely in the 65-and-over age group that the most acute need is felt for hospital and nursing care, and for the marvelous but costly drugs of the postwar era. Most people spend about $19 a year for drugs; those over 65 spend about $42 a year.

Paying for such services and medications is a real problem for many oldsters, about half of whom have incomes of $1,000 or less. Almost 2,500,000 Americans are old-age assistance recipients; they are officially paupers. An undetermined number—estimated as high as 10 million—are not needy in a strict sense but probably could not pay stiff medical bills.

Private insurance helps those who can afford it—but not enough. About 35 to 40 percent of persons over 65 were reported insured for health care in 1956 by the Census Bureau.

Most States provide varying levels of medical services for the aged—from the approximately $17,000 a year spent by Alabama and Montana to the $26 million expended by New York.

THREE PLANS

When the Senate debate opens tomorrow there will be three specific proposals, each backed by powerful segments of public opinion and political influence. Here are the provisions and the arguments for and against each.

First. The committee bill: This is a measure originated in the House Ways and Means Committee and expanded by the Senate Finance Committee. It has the backing of powerful Senate conservatives in both parties, with southern Democrats providing a basic core of support.

This bill would provide Federal participation in a State payment of $12 a month, specifically for medical care, to 2,400,000 persons on old-age assistance—although not all of them would need it. It also would permit Federal participation in State payments to older persons not on old-age assistance but unable to pay medical bills—probably less than 1 million of them.

The cost to the Federal Government would be $30 million in this fiscal year, and $160 million in the first full year, to be paid from general revenues. Its opponents point out that it would cover not many more than 1 million needy oldsters, would be dependent upon recurring appropriations at both State and Federal levels and would impose a "degrading" means test upon beneficiaries.

Its supporters contend that it helps only those who need help and spreads the cost among all taxpayers. The plan appeals to poor States, with big relief rolls, and is put forward as one that President Eisenhower would not veto.

KENNEDY PLAN

Second. The social security approach: This is embodied in the Kennedy-Anderson amendment, which liberal Democrats will seek to add to the committee bill. It is backed by Senator JOHN F. KENNEDY, the Democratic presidential nominee; and by the Democratic platform.

The plan would impose an additional one-quarter of 1 percent tax on employers and employees to build up a fund from which medical benefits would be paid, when

needed, to those who are eligible to receive old-age and survivors insurance payments and who are over 68. There are about 8,500,000 of these persons, but not all are receiving OASI payments.

The social security approach would not reach the needy aged, but its proponents seek to combine it with the committee bill, which would. Those who received social security medical benefits would get them regardless of their means. They could choose their own doctors, hospitals and nursing homes, and payments would be made directly from the Government to these vendors of medical care.

Benefits would include 120 days' hospital care, 240 days' home nursing care, 360 home health visits and diagnostic outpatient hospital services.

The plan would be fully self-financed, except that hospital patients would pay the first $75 of costs. There would be no drain on the Federal Treasury and no dependence on State appropriations.

VETO THREATENED

President Eisenhower calls this "compulsory medicine" and threatens a veto. Others point out that it puts the burden on the 70 million participants in social security, and that those who are already receiving OASI payments would contribute nothing for the new medical benefits. The American Medical Association calls the plan socialized medicine.

The social security approach, however, has powerful labor union, university and public support.

3. Contributory insurance: Originally proposed by President Eisenhower, this approach will be put forward by Senator JACOB K. JAVITS and other liberal Republicans in a somewhat altered form. It would provide Federal-State payments to help individuals defray the costs of private, voluntary health insurance.

Those subscribing could choose a major medical services plan, a preventive and short-term medical option, or payment of part of the cost of an existing private insurance policy. The cost to the participating individuals would vary according to their means. The minimum would be 10 percent.

Persons over 65 would be eligible to participate, except those with annual incomes over $3,000 individually or $4,500 for couples, and those needy aged covered by the committee bill—to which the Javits plan would be added. Senator JAVITS estimated that about 11 million would be eligible, in addition to those covered by the committee bill. The cost to the Federal Government would be about $450 million yearly.

Beneficiaries would choose their own medical vendors, with payments made much as in ordinary private health insurance plans. Benefits would vary according to the basic option chosen by the participant.

KEY BLOC

The original battle lines thus are fairly clear. In the final analysis, however, much depends upon the attitude of liberal Republicans. If they fail to put across the Javits insurance amendment, will they support the liberal Democrats in the social security approach, or rest content with the committee bill?

If the former, they will have to buck the opposition of Vice President NIXON, their presidential nominee, who has consistently opposed social security as a vehicle for medical benefits. If the latter, they will be accepting less than they desire and opening the way for the Democrats to exploit the issue against their party in the fall campaign.

Liberal Democrats concede they need a few Republican votes to put over the social security plan. They also know that a social security bill would face tough going in the House of Representatives, where a narrower measure than the committee bill has been passed already. They acknowledge that President Eisenhower has plainly signified his intent to veto a compulsory medicine bill.

CLEAR STRATEGY

But their strategy is clear. They will go to the country as the friends of the old folks. If their bill becomes law they can point with pride. If President Eisenhower vetoes it, they can view with alarm. If they cannot pass it, they will try to blame the Republicans.

The latter course, if it becomes necessary, may take some doing. For the real balance of power is held by the fiscal conservatives, most of whom are southern Democrats. Their strategy is the simplest of all. They will vote against any and all liberalizing amendments to the committee bill—Senator KENNEDY and the Democratic platform notwithstanding.

Mr. PROUTY. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 15 minutes.

Mr. PROUTY. Mr. President, Congress and the American people generally can ignore no longer the fact that one of the most important problems facing this Nation is how to provide adequate health care for our growing number of senior citizens.

There are approximately 15 million persons now age 65 and over in the continental United States—or about 8 percent of the population. Every day the number increases by about 1,000.

It is currently estimated that by 1970 we can expect to have approximately 20 million persons in the United States age 65 and over—about 9 percent of the population. Roughly two-thirds of the aged are between 65 and 75, and one-third are over 75. More than 2 million are over 80.

Census Bureau estimates of the 1958 income of the aged show that 60 percent of the individuals over the age of 65 had incomes of less than $1,000. Census figures also show that half of the families with older persons at the head had no more than $2,600 income in 1958.

How do the 15 million people of this country, past 65, most of whom are without jobs, and living on small incomes, meet the costs of medical care? Only about 40 percent of these people have some hospitalization insurance, notwithstanding the fact that voluntary insurance coverage for the aged has been increasing proportionately more rapidly than for all age groups.

Dr. Wilma Donahue, chairman of the division of gerontology at the University of Michigan, says that—

Many old people neglect chronic illness (with greater cost later), others obtain medical care by sacrificing other essentials of healthful living, or turn to relatives for help.

She believes the mounting number of admissions of older patients to mental hospitals is one example of the effects of worry and lack of preventive and restorative medical care of this group. Many elderly people and even some middle-aged persons are emotionally beset by fears of becoming sick and not being able to pay for medical care. This insecurity, Dr. Donahue says, is the basis for what is called widows' disease, in which an elderly woman becomes overtaken by the fear that her money will not last until the end of her life.

It is only when we look at the financial aspects of medical care for the aged that we can see clearly how great our problems are.

Expenditures for medical care are more unevenly distributed among the aged than among younger persons. Very large expenditures for medical care occur about one and one-half times more frequently for the aged than for the total population. The costs of insurance and other prepayment for the aged generally are higher than for younger persons.

Persons age 65 and over require more days of hospital care per capita than any other age group. Available data on hospital use by the aged population show considerably more hospital use for persons 70 and over than for those 65 to 69. There are widely varying estimates of the annual number of days of hospital care per 1,000 aged, but it is safe to say that those 65 and over have more than twice as many days of hospitalization per 1,000 population as does the population as a whole.

More than 20 percent of all patients in nervous and mental hospitals are 65 and over. In private mental hospitals, about 42 percent are 65 and over.

In 1955 the tuberculosis case rate for persons age 65 and over was 83.2 per 100,000 as compared to 46.4 per 100,000 for the total population.

Data from a 1954 survey of patients in chronic disease hospitals in five States showed an average length of stay for all patients of 15 months; however, one out of six patients had been in the hospital for 5 years. The median age of these patients was 70 years.

Ninety percent of the patients in proprietary nursing homes are 65 years of age or over; and the average age of nursing home patients is 80 years.

The number of physician visits per person is 1.5 to 2.5 times as high for persons aged 65 and over as for the general population. The proportion of aged persons with 15 or more physician calls—home or office—per year is almost twice that of all age groups.

Mr. President, I think the facts which I have given make it unmistakably clear that there must be produced at this session of Congress a law which will give a greater health protection to the aged.

Basically, there are three approaches to the health-care problem which have been presented to the Senate. It is clear from the public statements of the President that he would be willing to give his approval to two of these proposals and that he would flatly reject the third. No one has any doubt about the fact that either the Javits proposal, of which I am a cosponsor, or the committee-reported bill would be acceptable to the White House. There is no clearcut division of sentiment in the Senate which would give one of the proposals a substantial margin of support not enjoyed by the others. However, one thing cannot be contradicted and that is the fact that a bill for medical aid for the aged, founded on the social security system, has no hope of becoming a law.

Listen to what the President of the United States said at his most recent press conference if you have any doubt about this situation:

I am for a plan that will be truly helpful to the aged, particularly against illnesses which become so expensive, but one that is freely accepted by the individual. I am against compulsory medicine, and that is exactly what I am against, and I don't care if that does cost the Treasury a little bit more money there. But after all the price of freedom is not always measured just in dollars.

The President is firm in his position and will not yield on the basic issue of the compulsory approach versus the voluntary approach. He feels, and perhaps rightly so, that the Anderson amendment and proposals like it would be the cornerstone of a compulsory national health scheme which once applied to the aged would soon be made applicable to all Americans regardless of age.

For the last two decades Republican Members of Congress have brought forth countless health insurance and related proposals for financing personal health services. Almost all of these have been devised on a voluntary basis. The interest of our party in providing health care to take care of the cost of major illness is without equal in legislative history. During the years 1949 through 1955 Senators Flanders and Ives fought for the enactment of a voluntary prepayment program for the entire population with Federal subsidy where needed. During those same years the distinguished senior Senator from Vermont and the distinguised senior Senator from Alabama also fought for their own bill which would bring voluntary health insurance within the reach of low-income families.

Between 1946 and 1949 the beloved Senator Taft of Ohio pushed a State-operated program for the medically indigent.

Senator Hunt, of Wyoming, introduced a national voluntary health insurance plan for persons with incomes under $5,000.

As early as 1940, 20 years ago, the Republican candidate for the Vice Presidency, Henry Cabot Lodge, advocated grants to the States to subsidize certain high-cost drugs and medical services.

Regrettably, all of these voluntary health care proposals met with little, if any, action. Had any of the major ones been adopted, we would not be having the problems we are facing today.

Mr. President, although there is a lot of talk about pushing on to new frontiers, I am reminded about the parable which formed the basis for the great speech of Russell Conwell entitled "Acres of Diamonds." Senators will remember that the principal character in this speech traveled all the way around the world in search of a fortune only to later find that a fortune was there for the taking in his own backyard.

For 20 years excellent voluntary health-care proposals have been sitting right in the backyard of the Senate and the Javits amendment, which is before the Senate, embodies the best of these proposals.

It is my understanding that in the highly unlikely event that the Anderson amendment were approved by the House and Senate and by the White House that the wealthy people in the country would pay very little toward a program of health care for the aged.

This is what the distinguished senior Senator from Oklahoma had to say on the point when he addressed the Senate on August 15:

I am advised by the representatives of the Department of Health, Education, and Welfare * * * that about 40 percent of the national income would make no contribution to the fund if it were secured from a social security tax.

Such a situation seems to me highly discriminatory because the cost of the Anderson program would fall on those who can least afford to pay for it.

The administration has been forthright in advising Congress with respect to a health care program for the aged. The President has set down four criteria which should be met in any health care bill.

Let us look for a moment at the criteria approved by the administration. First, that the plan should be voluntary; second, that it should be financed in part by the individual; third, that it should be financed in part by Federal-State cooperation; and, fourth, that the Federal Government's share of the financing should come from the general revenues.

It is the President's philosophy that the greatest in terms of wealth should help to pay for medical services needed by those in the lowest income brackets.

I have previously pointed out that the Anderson amendment will be paid for in large measure by those whose incomes are $4,800 or less.

In other respects the Anderson proposal is prejudicial to the welfare of those with small incomes.

Under the Anderson amendment the subscriber must pay the first $75 of costs. Under the Javits proposal which I have cosponsored, the individual pays no initial medical care costs whatsoever.

Reliable figures furnished by the Department of Health, Education, and Welfare bring sharply to focus the fact that 90 percent of those over the age of 65 who are hospitalized have stays averaging about 14 days. The median hospital stay for all aged citizens is 21 days.

Those of us who support the Javits amendment feel that it is carefully drawn to meet the needs of older persons as they have been revealed by the Department of Health, Education, and Welfare and other responsible sources.

Basically, the Anderson program is one geared to catastrophe and not designed to take care of the typical problem of the older person.

I say this because the Anderson program provides for 120 days of hospital care or 240 days of nursing home care or 365 days of health services in the home.

The distinguished senior Senator from New York spotlighted the shortcomings of the Anderson bill when he said:

If we are going to legislate a program which marks such a tremendous wrench from the traditional way in which our country has handled its medical care problems, we are at least entitled to the comfort of knowing that this is something essential to the overwhelming majority of our people over 65. But essentially the thrust of this program for long-term hospital care applies to roughly 10 percent of those over 65.

I cite as authority for this point the findings of experts who met in a seminar which I conducted with the College of Physicians and Surgeons in New York. I will key the Senate to the report of that very fine seminar, with the names of those who participated, who are probably among the most eminent doctors in the field of geriatrics in the United States.

That report showed that what was very desirable for our older people was preventive health care of the kind which is afforded by my amendment, and which is not afforded by the amendment of the Senator from New Mexico [Mr. ANDERSON] without any invidious comment on that score, except to show the thrust of these particular bills.

Mr. President, another important advantage of the Javits proposal over the Anderson amendment lies in the fact that all those over 65 years of age may take advantage of the Javits health care program while on the other hand the Anderson amendment applies only to those 68 years of age and over. Well over 2½ million older persons will be denied opportunity to get greater health care protection by reason of the higher age limit in the Anderson proposal.

The distinguished senior Senator from New York made it remarkably obvious yesterday why his plan is superior to the social security approach when he said:

We are constantly inhibited in the social security plan in terms of costs, because we do not want the social security taxes to get out of line. Under the social security taxes, a burden is put on only 60 percent of the income of the individuals of the country. I started to develop this point before: As between Democrats and Republicans—the whole world is turned topsy-turvy—the Democrats are for a program, on the whole—I do not say every one of them will vote that way—which puts this responsibility on the part of the population which is in the lowest income level, and only on part of the population. Hence, it becomes subject to the very argument which has been made here so often against the sales tax as a method of financing the Federal Establishment. The social security tax is put on about 70 million payers who are responsible for 60 percent of the income. On the other hand, my plan puts the responsibility on the totality of the income of persons who pay income taxes, because it comes out of the general revenues, and therefore spreads the burden widely and upon the basis of ability to pay, rather than on the basis of wage brackets, which come into consideration under social security. It seems to me in this case the roles of the parties have been reversed, and in quite an extraordinary way.

Under the Javits proposal, of which I am a cosponsor, an individual will have an opportunity to choose the approach best suited to his personal health problems and financial status. There are three options under the Javits plan: (1) the option of preventive care; (2) the option of catastrophic care; (3) the option enabling the individual to participate in the presentation of a health insurance policy of his own.

Under the first option in the Javits amendment, the individual gets very large benefits which begin at once.

There is no deductible to discourage him from getting the preventive medical care he needs.

Contrast this with the Anderson plan, the McNamara bill, and the Forand-type plan which tend to promote hospitalization and deemphasize the importance of preventive treatment.

Mr. President, the second option in the Javits plan takes cognizance of the fact that millions of Americans over the age of 65 can afford a part of the cost of catastrophic illness but could not bear the major portion of such illness. Under the second Javits option which is geared to the needs of those with a modest income, an individual would have to pay his first $250 of the cost of a catastrophic illness and 80 percent of the remainder would be absorbed by Federal and State contributions.

There are still other Americans, Mr. President, who would like to select their own medical care or health insurance policy. For these older citizens, the Javits amendment presents a third option which would embody a governmental contribution of up to $60 a year to help them pay for the policy they deem appropriate for themselves.

Mr. President, every time a program of Federal-State cooperation is presented in the House or Senate there are always those who say, "Let the Federal Government do the entire job; the States might not want to participate." To those who make this bland assertion I would say that the record of the States in their response to grant programs is a superb one.

The general health grant program began in 1936. Before the program had been in operation 1 year all States were participating. The same is true of the tuberculosis control program, the water pollution program, and the hospital and medical facilities construction program.

The cancer control and mental health programs were instituted in 1948. By the end of the first year 49 States were participating in the cancer program and 45 States in the mental health program.

The maternal and child health services program was initiated in 1936. By the end of 1 year 47 States were participating and by the end of 3 years all States were giving full cooperation.

These figures and facts should put to rest the doubts of those who feel that the States are negligent in facing up to responsibilities in health care and related fields.

I do not know whether the junior Senator from Massachusetts has ever been under social security but if such should be the case, he would certainly be entitled to benefits under the Anderson amendment, the cost of which would be absorbed by those principally in the lower income brackets. The same would be true of other wealthy people.

Mr. President, I think it is significant too that there are millions of farmers who retired before those in agricultural occupations were covered by social security. They would be given some protection under the committee reported bill if they are in receipt of old-age assistance or are medically indigent. But, Mr. President, some of these farmers do not fit into the old-age assistance or medically indigent categories. Notwithstanding their modest means, however, they would be given no help by the Anderson amendment or the Kerr bill.

Under the Javits proposal, they could take out health insurance with some degree of Federal and State assistance.

In closing, Mr. President, may I point out that I support the Javits proposal because its cost would be shared by the general population while the cost of the Anderson proposal would be carried principally by those in the lower income groups.

I favor the Javits proposal because it emphasizes the importance of preventive medicine and makes it possible for an older person without funds to get care immediately—in contrast to the Anderson amendment which requires the older person to scrape up a deductible.

I favor the Javits proposal because it contains three options, any one of which the individual may choose according to the lights of his needs and financial resources.

I favor the Javits proposal because it will permit 2¾ million individuals between the ages of 65 and 68 to get help in securing health care protection while the Anderson amendment would deny people in this category assistance.

I favor the Javits proposal because it meets the criteria laid down by the administration and stands a good chance of becoming a law.

Lastly, I favor the Javits proposal because it will not be the cornerstone for any compulsory national medical scheme but represents instead another hallmark in the longstanding tradition of Federal-State cooperation in meeting pressing problems.

I think the Senate can have every confidence that if the Javits proposal is adopted, it will be approved by the White House. This confidence is based on a statement issued by the Secretary of Health, Education, and Welfare at his most recent press conference. This is what the Secretary had to say:

> I have not yet discussed in full detail with the President the proposal for medical care for the aged which was introduced in the Senate on Saturday by Senator JAVITS, on behalf of himself and eight other Senators. The proposal, however, is consistent with the basic principles which the administration has stated should be found in any program for medical care for the aged.

I yield back the remainder of my time.

Mr. JAVITS. Mr. President, I wish to thank the Senator from Pennsylvania [Mr. SCOTT]—I was not in the Chamber when he completed his remarks—and the Senator from Vermont [Mr. PROUTY] for the most eloquent way in which they have explained their stand for my amendment, and also for understanding it so well. I think this demonstrates, too, the fact that my amendment is a clear and understandable alternative and should go out that way to the country as we talk on it here today.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. JAVITS. May I be informed as to the time which has been consumed?

The PRESIDING OFFICER. The Senator from New York has 33 minutes remaining; the other side has 36 minutes remaining.

Mr. JAVITS. May I suggest that perhaps the Senator from Michigan [Mr. MCNAMARA] might use some time?

Mr. President, I ask unanimous consent that there may be a call for a quorum, without the time being charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded, and that the time taken for the quorum call may be charged equally to both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARTKE. Mr. President, I should like to speak for 10 minutes in the time of the opponents of the Javits amendment.

Mr. MCNAMARA. Mr. President, I yield to the Senator from Indiana as much time as he needs to make his presentation.

Mr. HARTKE. Mr. President, we are, in my judgment, now debating one of the most important and crucial domestic issues to confront the Congress in a quarter of a century.

It was just 25 years ago when the Congress and the President, working together, succeeded in enacting into law a program providing some semblance of security to our citizens.

Of course, at that time, there were great cries of socialism, welfare state, and other such epithets that tended to becloud the issue. But a great President and a great Congress refused to be "bullied," intimated, or swayed from carrying out its constitutional responsibility of providing for the general welfare—and I mean the welfare of all of our citizens.

But when this great social security program was enacted, our leaders foresaw that it was a new system, that it was just a foundation, and that time would indicate the weaknesses and strengths of it, and experience would guide congressional action in improving it.

There are in this body today Senators who were serving in Congress 25 years ago when this program was debated and approved. They will, I am sure, recall the words used in the Senate report in 1935, in which it was stated that insecurity of the American citizen and reliance on public charity stem from four sources: First, unemployment; second, old age; third, disability and loss of the wage earner; and fourth, illness.

Congress, over the years, has acted boldly in meeting some of these threats to the security of the individual.

We have provided a system of unemployment compensation which has been improved periodically.

We have attempted to remove the fear of growing old, by permitting retirement under the social security program. And I may add that we provided benefits under this program as a matter of right, not charity.

We have provided a system of disability insurance which we hope will be improved by the provision in the pending social security bill permitting the totally and permanently disabled to retire at any age if certain basic requirements are met. And this, too, is a matter of right, not charity.

Time—a quarter of a century—has shown the wisdom of the bold action taken in 1935. All but the most skeptical—and there are some—admit that this program has been one of the greatest humanitarian programs in the history of our Nation.

But, Mr. President, great as this program has been, it is still sadly deficient in meeting one of the grave threats to economic and personal security—the fear of illness in old age, when income is severely limited, and when illness and the need of medical care are the greatest.

There is a grave human need, Mr. President; and I challenge anyone here today to prove otherwise.

I do not believe it necessary to go through all of the elaborate statistics in order to prove that there is a pressing human need. The administration admits it. The Democrats admit it. The aged and their families agree. And the experts in health and medical economics have proven it.

All of these accept the facts of the special health needs of aged Americans, their limited financial means to pay for these basic needs, and the limited role of insurance companies in solving the problem.

So what we are really debating here, Mr. President, is not whether there is a pressing and critical human need, but, rather, how we are to fill it.

At this point, Mr. President, I want to emphasize my support for the medical care amendment approved by the Senate Finance Committee, and authored by my good friends and colleagues on the committee, the distinguished senior Senator from Oklahoma [Mr. KERR] and the distinguished junior Senator from Delaware [Mr. FREAR]. I compliment them for improving the old-age-assistance program and for providing for additional funds for other needy individuals.

But, Mr. President, that measure does not provide an adequate medical care program for all of our senior citizens. It must be supplemented. We can do that in either one of two ways: We can accept the Eisenhower-Nixon-Javits public charity approach, or we can accept the dignified, time-tested, prepaid social security approach.

I do not wish to be critical of our great President. But I would like to ask who is leading whom.

If I recall correctly, earlier this session the Senator from New York submitted a proposal which was similar to the one now pending. Soon thereafter the President said he had a program of his own which the Secretary of Health, Education, and Welfare would present to Congress. At that time, I believe we were playing follow the leader, and Vice President NIXON soon thereafter endorsed the administration proposal.

Now we play the game in the reverse order: The Senator from New York offered his proposal; the Vice President, we are told, endorsed it; and the President at the 11th hour, just yesterday, announced that it has his support.

This situation is, of course, confusing to many of us. The President never did submit a bill embodying his recommendations. When the President submitted his budget proposal, the message did not even contemplate any program of medical care for the aged. The President's state of the Union message did not mention the need for such a program.

Mr. RANDOLPH. Mr. President, will my distinguished colleague yield to me?

Mr. HARTKE. Mr. President, I am delighted to yield to the distinguished Senator from West Virginia.

Mr. RANDOLPH. I do not wish to interrupt the Senator's presentation of the various plans, including the one now reluctantly approved by the White House. But when the Senator from Indiana mentions the threat of veto, it is necessary to call attention again to the fact that proposed legislation passed by the Congress goes to the President, either for his approval or for his disapproval. If he disapproves a measure which has been passed by the Congress, he returns it to the Congress with his veto message, in which he states his objections to the action by the Congress.

But constantly during this administration we have been faced with the Presidential threat—and I use that word advisedly—that if the Congress does not write proposed legislation in a certain manner, it will be subject to a veto; we have been told that either directly or by implication.

I think it is clear that there has been arrogated to themselves by those on Pennsylvania Avenue a power which under the Constitution is not possessed by the Executive under the checks-and-balances system under which we operate.

Mr. HARTKE. Mr. President, certainly the distinguished Senator from West Virginia has spoken the truth.

In substantiation of the point he has made, let me point out that at the hearings held by the Finance Committee, I had the following colloquy with the Secretary of Health, Education, and Welfare, as appears in the hearings on page 178:

Senator HARTKE. Since you state the need is so great and that Federal action is necessary, if the Congress should accept the benefits which you propose, and if we accepted the deductible provisions which you have proposed and if we extended the coverage to help those who are not covered under the social security program, but either in one of two fashions put on an attachment that the payment be by social security or by payroll tax, would your oversensitivity to this particular approach be such that you would still oppose this legislation?

Secretary FLEMMING. I so indicated to Senator DOUGLAS and I will indicate again.

Senator HARTKE. And in your opinion, would you recommend to the President that if all of these conditions were accepted, would you recommend to the President that he veto such a bill?

Secretary FLEMMING. I normally don't discuss communications that I either send or might think in terms of sending to the President on a matter that is properly before the President. The President has stated time and again that he will not indicate what he will do with a piece of legislation until it is on his desk. Certainly it would be inappropriate for me as a member of his administration to comment on a hypothetical situation as to whether or not I would recommend or not recommend.

Senator HARTKE. Let me change it then: Would you be very strongly opposed to it to such an extent that you would feel it would be unacceptable legislation from the viewpoint of the Secretary of Health, Education, and Welfare?

Secretary FLEMMING. I stated to Senator DOUGLAS and I have stated to you that I would be opposed to the legislation. I stand on that.

The truth is the administration is using the veto threat and clever parliamentary manipulations in an all-out effort to prevent any really workable medical-care program for the aged. That threat runs through all the veins of this debate; and if one had any doubt about it, the doubt was completely dispelled when the current issue of Business Week tipped the hand of the administration, as follows:

NIXON'S original measure to provide $1.4 billion annually from the Treasury funds for "catastrophic" illnesses has found meager support in the Senate. However, the measure may be put forward as a last-ditch effort to try to block a social security financed program.

So that is the last-ditch effort that is coming before us.

Mr. President, I did not mean to be diverted from my remarks on the two possible alternatives. However, it does become disconcerting to see this matter made a political football. I should like to comment briefly on the two approaches. In doing so, I am trying to consider on a purely human-need basis this problem of health insurance for the aged.

I think the issue has been resolved to three questions:

First. Who shall benefit from such a program?

Second. Shall eligibility be a matter of right or a matter of charity?

Third. How shall the program be financed?

Now, I propose to answer these questions as logically and dispassionately as possible.

First. Anyone who chooses to should have the right to benefits, just as anyone who chooses has the right to enjoy social security retirement benefits. The social security program is the only one which treats all Americans alike and in which virtually every American worker today participatess. It provides the nearest-perfect base for this health insurance program.

Shall we deny to the senior citizens of Indiana, for instance, the benefits of a health insurance program simply because a State administration has not the concern or the energy or the ability to set up a program? We have seen

in this Congress that the Federal-State system of rural libraries has no participation in Indiana, and about one million citizens of my State are, thus, denied access to libraries.

Second. I see old age health insurance as something which ought of right to be available for every American. Every plan except social security plans puts a needs test upon the individual who applies. It calls upon one who has paid for his home to sacrifice that before he can be eligible. It calls upon a senior citizen to beg for assistance.

Let us recall for a moment what Franklin Delano Roosevelt said about the social security program:

> I see an America where those who have reached the evening of their life shall live out their years in peace, in security, where pensions and insurance * * * shall be given as a matter of right to those who through a long life of labor have served their families and their Nation so well.

Did Jesus tell the sick and the poor to pawn their clothes before the community would help them? Did Isaiah tell the people to cast off the aged and let them shift for themselves? Did they put a price tag on mercy and justice and righteousness?

Charity medicine, I submit, is poor medicine.

Third. In the matter of financing, much has been said. Much of what has been said merely clouds the issue.

I think we can all agree on certain facts. If a person is eligible for benefits and he must be confined to a hospital for a goiter operation, for instance, the cost is the same—exactly the same—no matter how the hospitalization and surgery are paid for. It costs a certain amount whether the individual pays himself, whether it is through an insurance carrier, whether the State pays, as the administration proposes, or whether it is financed through social security. There is no bargain basement, no fire sale for health insurance. It is foolish to state that one plan is less costly than another. The only way any plan can be less costly is to eliminate beneficiaries or benefits. In any case, it has nothing to do with financing.

If, indeed, any financing plan is less costly, it should be social security because the necessary administration is set up and in operation. Only the social security program is one in which virtually every worker participates and would be in position to lay aside in escrow an amount for protection of his health in the evening of his life when health needs grow and income declines.

Here we are in 1960 quibbling over facts and figures, listening to the same old record of those who have eyes, but seeth not; of those who have hearts and nerves, but do not feel. The old phonograph record spins, but the label is that of 1935. When social security was debated in 1935, the record proclaimed: "When individuals realize that they can definitely count upon public monetary aid except in cases of adversity, the incentive for individual self-help, thrift, and forethought is weakened; and increasing proportions of the population receive support from public funds."

These are the words used in the 1930's. How familiar they seem today. Yet, self-help, thrift, and forethought still fit into the scheme of things today. And social security has worked, is working, and will continue to work.

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

Mr. HARTKE. I am happy to yield to the Senator who is a member of the Finance Committee.

Mr. McCARTHY. Is not the Senator aware of the fact that approximately 18 to 20 million veterans either have available or actually do use the veterans' medical care program? Is there any indication that their incentive or their American spirit has in any way been dulled as a result of that program?

Mr. HARTKE. To the contrary, their incentive has been strengthened and their future has been lightened with regard to their ailments and medical care.

Mr. McCARTHY. Does the Senator think it is un-American for veterans to receive medical care under the veterans' program?

Mr. HARTKE. Not only is it not un-American, but it is a part of the spirit and a part of the American way of life.

Mr. McCARTHY. It has not had any effect upon their spirit of patriotism, or their dedication to the free enterprise system, and all the other elements that go to make up the American way of life, has it?

Mr. HARTKE. The Senator from Minnesota, as he usually does, has stated the case quite well. So far as the opponents of the social security approach are concerned, they do not want to meet the type of challenge which the Senator, in a few words, has stated.

I care not whether a specific bill is called the Forand bill, the McNamara bill, the Anderson bill, or the Kennedy bill so long as its program is sound. They are alike in that they all would provide guaranteed, definite, and self-respecting programs of medical benefits for millions of senior Americans through a system of self-financed, pay-as-you-work hospitalization and related insurance.

Mr. President, the issue, simply put, is this: The Nixon charity approach, based on inadequate State welfare programs and payments out of pocket during retirement, versus the social security approach, based on contributions while one is working and then benefits—as a right—when one is retired.

The principle of social security is well established. I doubt there is one in this Chamber who favors the repeal of this great and humanitarian act. We cannot, however, overlook the fact that there are those who would tear down the principle of social security—the edifice upon which it is built. Those who would circumvent this social security system in a health insurance program for the aged would tear down social security, because such circumvention defeats the very principle of social security—prepaid assistance for the aged as a matter of right, in dignity. We who favor financing a health program for the aged through social security are attempting to build up the edifice.

Mr. President, we cannot simply look at cold statistics when we consider this problem.

No citizen of this great Nation is a mere statistic.

Had our great Founding Fathers been influenced by statistics we never would have become the great democracy we are today—the greatest nation in the world.

We have become great because we believe in the human dignity of man. We consider all men as individuals. This is why we are different from some other nations of the world.

I can only refer those who fear every action we take in providing for the welfare of our citizens to our Constitution. Have they so little faith in that great document and the safeguards it contains?

Mr. President, we cannot be misled. We cannot afford to avoid the challenge. We must act now. And we must act boldly. Meeting this challenge and removing one more fear of growing old is democracy at its finest. Let us permit our citizens to help themselves. And let us follow the dignified approach embodied in our social security program.

If we do not, we shall still have a program under which only two groups in our society today can afford to be sick when they are old—one must be destitute, or one must be rich. That is not the proper way to provide for our people.

I should like to ask my distinguished friend, the Senator from New York, a few questions. Is it not true that, with respect to the enrollment fee which the Senator has provided in his proposal, there is a provision for either $9 or $12, but such a fee is the minimum fee, and the States could set a higher fee if they so desired?

Mr. JAVITS. That is correct; that is the fee which is stipulated. I think it is fair to say we estimate that to be about the optimum amount which would be charged to the individual.

Mr. HARTKE. Would not my distinguished friend agree that this is, in and of itself, a heavy tax on an unemployed retired group, and that it is equal to or more than the social security tax of $12 annually to be paid by a full-time employed younger worker under the Anderson proposal?

Mr. JAVITS. I do not agree. I think both of us have already agreed that the Kerr-Frear approach would look after the people who have no capability at all in respect to health care. Therefore, we are now talking, realistically, about the people who have some capability. I do not see there is any barrier with regard to the effectiveness of the plan involved in the very modest fee.

Mr. HARTKE. I should like to ask my distinguished friend from New York a question with regard to page 16903 of the CONGRESSIONAL RECORD for Saturday, August 20, on which page there is printed a table showing the number of people it is estimated will participate in the program under the Javits plan, and the cost estimates for the States and the Federal Government.

How was the assumption of 75 percent participation by the 11 million persons eligible to participate in the program factually arrived at?

Mr. JAVITS. It is strictly an estimate of the Department of Health, Education, and Welfare. The expert from the Department is serving the Senator's side as actively as he is serving our side. We are all using the same figures, which I think is a good thing.

Mr. HARTKE. Assuming that is correct, how were the cost estimates factually determined?

Mr. JAVITS. In exactly the same way. The cost estimates are the estimates of the Department of Health, Education, and Welfare. Again I wish to have my colleague note that I think our actuaries made the cost estimates in regard to the Anderson proposal exactly as they made the cost estimates in regard to mine.

Mr. HARTKE. The only thing I wish to point out is that in the State of Kansas it is estimated there will be 116,000 participants, though there is a total aged population of nearly 250,000. This would not provide anything for the additional 130,000.

In New York, there is an estimated actual aged population of 1.6 million, and the estimate for participation in this program is 924,000.

Mr. JAVITS. I think, if my colleague will allow me to say so, we would not get anywhere if we tried to argue about the validity or the invalidity of the figures which have been equally made available to us, upon which both of us have figured our examples. I am not prepared to argue that the figures are invalid. I have accepted them. I have premised my case upon them. I think the other side has done the same. It would be futile to get into that question. I do not think either of us could win.

Mr. HARTKE. In other words, so far as we are concerned, we cannot really come to a good conclusion as to the apparent difference between those figures?

Mr. JAVITS. I do not feel that way at all. I feel that both of us have relied on the most authoritative information we could obtain from people who know, who appear to be acting with great objectivity. I have relied upon the figures. I strongly commend to my colleague that his side must do the same. Otherwise, both of us will get nowhere.

Mr. HARTKE. The point is, it remains true that in the States of New York, with 1.6 million people in this category, under the Senator's proposal only 924,000 would be covered.

Mr. JAVITS. New York may have special circumstances. There is disability insurance and all kinds of State programs which have an effect as to the number participating. That is why I think the Department of Health, Education, and Welfare is a better judge than we are.

Mr. HARTKE. I should like to ask the Senator a question in regard to another point. Since the date of the initiation of the Federal-State programs the old-age assistance program has included a form of cash payment. There has been medical care available to old-age assistance recipients through federally aided public assistance vendor payments.

How many States have taken full advantage of the Federal grant?

Mr. JAVITS. I had a chart printed in the RECORD in that regard. I could show it to the Senator. I do not wish to use the Senator's time, because I do not think he has too much time remaining.

Mr. HARTKE. That is the chart on page 282 of the report of the Finance Committee. It is not in the RECORD. I believe the Senator will find it on page 282 of the report.

Mr. JAVITS. When I speak affirmatively I will answer the Senator's question. I do not wish to intrude upon the Senator's time, because I do not think he has much time remaining.

Mr. HARTKE. I think my distinguished friend would agree with me that the States are not fully participating at the present time; is that not correct?

Mr. JAVITS. I should like to supply that fact when I speak.

Mr. HARTKE. Does my distinguished friend disagree with my assertion that the States are not fully participating at this time?

Mr. JAVITS. I will say to my dear colleague, his distinguished friend simply does not know at the minute. When he knows he will state the answer. [Laughter.]

Mr. HARTKE. I have a great admiration for the Senator. The Senator knows that.

Do not a large percentage of the aged persons have medical expenses each year amounting to more than $500?

Mr. JAVITS. I can answer that question. According to the figures of the Department of Health, Education, and Welfare 15 percent of the persons who are over 65, or 2,250,000, have total medical expenditures on the average of $700 per year, not including nursing home care, and that is quite regardless of income. It is 15 percent of the totality of those over 65.

Mr. HARTKE. Assuming that is a fact, and I am not disputing the fact, how would a person know whether he would be better off, under the Senator's proposal, to take option No. 1 or option No. 2? In other words, how would he know he would be better off to take the so-called preventive medicine option as opposed to the catastrophic illness option?

Mr. JAVITS. I think that is one of the virtues of my proposal. The individual can determine for himself in his own circumstances which option he requires for his own protection. I believe a person with a very small income would want the preventive care. I would say a person with a modest income would desire the catastrophic illness plan. I think that is one of the advantages given a person, a choice based upon his own circumstances.

Mr. HARTKE. He would not know what might happen to him in the future. He would not know whether he would have a catastrophe or need preventive care.

Mr. JAVITS. I respectfully submit that the Federal Government would not know, either. I would rather have the citizens run their own business than be led around by the hand by somebody in Washington, D.C.

Mr. HARTKE. This is exactly the point. Under the social security program we would not have the Federal Government calling doctors and hospitals. The doctors and hospitals would determine the care. No Government agency would tell the people what to do under the social security approach. The doctors would have freedom of choice, without socialized medicine.

If such a person were to have a catastrophic illness, how would he switch from option No. 1 to option No. 2, or could he?

Mr. JAVITS. He could switch in different years if he decided his circumstances were such that he wished to take another type of insurance.

Mr. HARTKE. Let us assume that this man will live for a period of 15 years. That is the average number of years a man is expected to live at the age of 65. Let us assume that in each year he has a chronic illness which costs him about $400. Which of the options should he take, in the opinion of my distinguished friend?

Mr. JAVITS. I did not understand the Senator's question.

Mr. HARTKE. A man ordinarily has a life expectancy of about 15 years when he reaches the age of 65. That is the anticipation at the present time. In each of these years let us assume a man has a chronic illness which costs him $400 annually. Which option should he take?

Mr. JAVITS. I think that all depends upon his circumstances. He would determine what kind of an insurance policy he would buy, or any other kind of protection. He could not forecast the future. I do not think anybody in Washington, D.C., is in a better position to do it than the person himself.

Mr. HARTKE. How would this man at 65 know he would live for 15 years? How could he anticipate that, so as to make an intelligent decision?

Mr. JAVITS. In the first place, the coverage under my plan would cover the man for the rest of his life. There is no argument about that. Whatever plan he should choose would depend upon his circumstances. He could change his mind every year. It seems to me that freedom of choice is very much more commendable than tying the man down to some plan which the Government thinks is good for him.

Mr. HARTKE. Mr. President, I yield the floor.

Mr. JAVITS. Mr. President, I yield 5 minutes to the distinguished Senator from Hawaii [Mr. FONG].

Mr. FONG. Mr. President, today nearly 16 million Americans are 65 years of age or older. Through the miracle of modern medicine, by 1970 there may be 20 million in this age bracket.

Paradoxically, the blessing of longer life is mixed with special problems of a serious nature, such as health care for

the aged. When these people most need medical attention, they may be least able to afford it.

Both major political parties this year acknowledged in their platforms that this is a national problem. And now the Senate of the United States is deliberating various proposals to meet that national problem.

It is my privilege and pleasure to cosponsor with eight of my colleagues a comprehensive amendment which adds on to the pending Kerr-Frear proposal recommended by the Senate Finance Committee.

Mr. President, the senior Senator from New York [Mr. JAVITS] on Saturday made a detailed presentation of our amendment. I shall not burden the record with repeating the various details of the preventive care option, of the long-term illness option, and of the option for private health insurance. The minimum and maximum packages under these options are set forth quite clearly on pages 16900 and 16901 of the CONGRESSIONAL RECORD for August 20.

Mr. President, my purpose in speaking today is to emphasize that the benefits under the Javits amendment are very generous, even in the minimum package. Furthermore, there is every expectation that time and experience will lead to improvements.

The medical care benefits are realistic—they will meet actual needs of our older citizens which are revealed by U.S. medical use statistics. And, the benefits provided meet the widely differing needs of our people age 65 and over.

For example, in the preventive medical care option, the minimum package includes 12 home or office visits by a physician. It includes the first $100 of ambulatory, diagnostic, laboratory, or X-ray services. It includes 24 home nurse service calls as prescribed by a physician. When necessary, on the certification of a physician, it provides 21 days of hospital or equivalent nursing home care.

This is a first cost program; there is no deductibility and there is no coinsurance. The individual gets the benefit at once, as soon as he needs it, enabling him to obtain protection before chronic illness has set in.

Mr. President, I point out that this is the only proposal before the Senate which provides for preventive medical care.

In addition to generous and realistic benefits, our amendment is eminently practical. It uses existing facilities, yet avoids the defect of some other pending amendments which would overload our hospitals. It recognizes that different individuals have different medical care needs. It recognizes the different individuals have differing preferences, including a preference for private health insurance.

Our amendment recognizes the variations that exist among States, as well as among people.

Our 180 million Americans are not all cast in the same mold. We are each individuals in our own right. We live differently from each other. We work differently. What would be an excellent medical care plan for one person might not meet the needs of another person. Therefore, we cosponsors of this amendment believe we should have several options to enable each individual to choose the plan most appropriate and suitable for himself. Furthermore, we provide that he may from time to time have the opportunity to subscribe to one of the options if he wishes to make a change.

Similarly, our States are not all 50 identical miniatures of a Central Government here in Washington. Our States differ, too, and the Javits amendment recognizes that fact of life. There are those who contend that a plan which depends on State cooperation will not provide the necessary medical care because some States may not rise to the occasion to meet the needs of their people. This same argument could have been made about the many Federal-State grant programs and the many Federal-State cooperative programs.

But the States have joined in these national programs and I am confident they will in such an urgent program as that of medical care for their senior citizens.

Apart from the 2.4 million persons on old-age assistance who will receive added medical care benefits under the pending bill, our amendment will cover 11 million persons, a greater number than are covered under the Anderson social security amendment.

Our amendment has a further advantage besides generous, realistic benefits, a choice of programs, flexibility, and broad coverage: the cost is minimal, to the Federal Government, to the States, and to the individual.

Furthermore, these costs are widely spread. In the case of the Federal Government, the program would be financed out of general revenues to which all taxpayers contribute. Social security financing would lay all the Federal burden on the limited number of persons who pay social security taxes—and it would put an unwarrantedly heavy burden on those in the lower economic pay scales.

The weight of equity is on the side of general-revenue financing. Let all taxpayers share the cost of the medical care program. More and more people are living longer. It is only proper, in my opinion, for these costs to be borne by the greatest number of persons possible.

Our amendment has the further advantage of avoiding property criterion for eligibility in the program, and of avoiding the need for a pauper's oath which is so repugnant to our people. Our amendment bases eligibility solely on income reported on their Federal income tax forms. Terms of the amendment, as I have already stated, would permit coverage of an estimated 11 million persons age 65 or over.

Today, we in the Senate are not confronted with a partisan issue.

We are faced with the question of how best to meet the medical care needs of those citizens over 65 years of age.

The amendment before us, which I have cosponsored, gives greater coverage and greater benefits to more people than any other proposal now before the Senate. It includes the medically commended preventive care option which no other plan contains. The cost is modest and is spread widely so that the burden is not excessive on any one person or any one group. Our amendment offers freedom of choice to elderly persons in need of medical care and is in the finest tradition of our American system of meeting human needs.

I urge adoption of the Javits amendment.

I thank my colleague for yielding to me.

Mr. JAVITS. I thank my colleague for his fine statement.

Is there a speaker on the other side who wishes to address the Senate? If not, I yield myself 5 minutes. First I yield to the Senator from West Virginia [Mr. RANDOLPH], who wishes to ask a question.

Mr. RANDOLPH. Mr. President, I am grateful to the Senator from New York for yielding. I do not wish to be argumentative. I am attempting to be objective in the questions I shall ask.

What would be the total administrative costs under the plan advanced by the Senator from New York [Mr. JAVITS] with the support of other Senators?

Mr. JAVITS. I have had no estimate of the State cost of administration beyond the experience which the States have had in respect to old age assistance. I would not, of course, claim an analogy between the two. Therefore I must tell the Senator that I do not have an estimate of the administrative cost.

I should like to ask the Senator from West Virginia in turn to give me an estimate of administrative costs under the proposed social security plan.

Mr. RANDOLPH. I shall be glad to do so. Before I do, however, I wish to indicate that the Federal, State, and local costs naturally should be combined in calculating the total administrative cost. The present social security cost, as the Senator knows, is approximately 2 percent; the medical care program as advanced under the Anderson amendment, joined in by nine other Senators, including the Senator from West Virginia, is estimated very conservatively at approximately 5 percent.

In answer to the question which the Senator from New York did not answer in detail, I believe that the plan proposed by the Senator from New York would cost not 5 percent, but approximately 11 percent. I believe that to be true. I think it would be more costly because of the collection of enrollment fees from the aged. I believe that there would be added costs which would come from the detailed and oftentimes difficult explanations which frankly would have to be made. The option of buying private insurance, I believe would cause the administrative cost to be increased.

I have indicated my belief that the cost of his plan would be approximately 11 percent, while the cost of the so-called Anderson plan, with which I am in accord, would be 5 percent or less.

Mr. JAVITS. Of course, the cost of the Anderson plan would be borne by the Federal Government alone, and whatever cost there would be, would be shared

by the States under my plan. I shall address myself to that subject later.

I yield back the remainder of the time I have yielded myself. I yield 5 minutes to the distinguished Senator from Kentucky [Mr. COOPER].

Mr. COOPER. Mr. President, I strongly support the amendment offered by the senior Senator from New York, [Mr. JAVITS], as a substitute for the amendment offered by the junior Senator from New Mexico [Mr. ANDERSON]. Both of these amendments offer a medical care plan. When we vote, we will express our choice between these plans, our judgment of their merits, and of their ability to provide an adequate medical care plan for persons over 65 years of age. Let us never forget that it is those who need medical care that should be the only object of our consideration, not the interest of either political party, or any advantage that may be drawn from what we do in this special session of Congress.

I am a cosponsor of the Javits amendment. I support it because I believe it does offer a better medical care plan than the Anderson amendment. Yesterday, Senator Javits made a magnificent analysis of his amendment, and there is no need for me to repeat much of what he said.

Comparing the Javits and Anderson amendments with respect to the benefits offered those who need medical care, I do make these points:

First, the Javits amendment would provide benefits for persons when they reach the age of 65, while under the Anderson amendment, benefits would not be available until the age of 68. I do not need to argue that in this respect the Javits amendment is superior.

Second, the medical care benefits provided by the Javits amendment are much more adequate and appropriate to the needs of those who must have medical care than are the benefits which would be provided by the Anderson amendment. The Anderson plan does not provide for the payment of physicians—for calls at home, in the doctor's office, or in the hospital. It does not provide for the payment of drugs—of medicine—and every person knows their cost. The Anderson amendment provides payment of hospital and nursing home costs. No provision is made for the less serious ailments—or for preventive care. It has been estimated that it would reach only 15–20 percent of those who need medical care—that is, those who must spend a protracted period in hospitals or nursing homes.

By comparison, the Javits amendment provides for doctor's care at home or in the doctor's office, for preventive medical care, for diagnostic and laboratory costs, drugs, nursing care and hospitalization. It provides for every needed kind of medical care.

The cost of the Javits amendment, to those who actually need help, is certainly moderate. If his plan should be chosen—and as I have shown, it is certainly more generous than the Anderson hospitalization provision—the cost would be approximately $10 per year per individual. If a second option is chosen under the Javits amendment, one offering wide benefits and provision for long illnesses and serious operations, the cost would be $12.80 per year per individual. For those who pay no income tax, no payment would be required.

Of course a basic difference between these two plans is in their method of providing funds to pay for medical benefits. The Anderson plan would furnish assistance only to those who have met the requirements of the social security system—some 8,500,000 persons—and then only limited medical care. The Javits plan would be available to approximately 11 million individuals whose income does not exceed $3,000 and for couples, $4,500. Objections are raised against the Anderson social security system plan, or any social security plan, upon the basis that it is nonvoluntary. I recognize this objection. But I say for myself that, unlike some who oppose medical care plans based on the social security system, I do not take the position that the social security system should not be used in a comprehensive medical care plan. It may be found by the Congress, after thorough consideration, that the social security system is a proper element in a comprehensive plan to reach all people over 65 years of age; and if proof develops that this is true, I would not oppose it.

My chief concern is that a plan be adopted which will serve the greatest number of people, and which will most effectively meet their needs for medical care. I recognize that the social security system plan could be more easily put into effect and administered, but I believe there is great merit in a plan which calls for contributions by the Federal Government, by State governments, and for small contributions by individuals who can pay.

So much for the merits, which I can discuss only in this brief fashion at this time. I turn now to another issue. One question to which we must direct our attention is whether it is possible to secure a carefully considered medical aid bill at this session.

The Javits amendment is sound, and has been carefully developed. If it is adopted today by the Senate, and the House concurs, I believe there is a good chance that it will become law.

I respect wholly Senator ANDERSON, his sincerity and his constructive efforts. But the Anderson medical care plan is a makeshift, and does not meet adequately the needs of those who require medical care. If it should be adopted, I assume it would be vetoed. If this is true, and I think it is, we will end up with no bill—not even the bill passed by the House which, while it is in no sense an adequate medical care bill, would provide aid to millions of our needy, particularly those on old-age assistance, and both those who support the Javits amendment and those who support the Anderson amendment accept the bill voted by the House of Representatives—because they are offered as amendments to it.

I want an adequate medical aid plan. But I have been concerned that we would adopt at this special session, without full consideration and thorough knowledge, a makeshift medical care plan. Frankly, I do not think that the subject of medical care has had the consideration, the analyses, the care that it deserves—and that the people it will serve deserve. In the atmosphere of this special session—one preceding a presidential campaign, and when it is generally considered that medical care has been brought up for its political effect upon the presidential campaign—I believe it impossible to consider fully and objectively this most important subject.

It is wrong not to deal fully and fairly with this subject. And it is cruel and cynical to treat people over 65 as footballs in a political campaign. The Congress can and will pass an adequate medical care plan, on its merits, in the early part of the next session—for the benefit of the older people and not as a vote-getting issue in this political campaign.

The best interests of our country, and of those people over 65 who desperately need medical aid, will be best served by voting for the Javits plan, which at least has been carefully considered, and by voting against the Anderson amendment.

I make it clear again that I support medical care for the aged—but I object to its political use in this session.

Mr. JAVITS. Mr. President, I am very grateful to my colleague from Kentucky. It is well known in the Senate that I have only the highest regard and deep affection for him. He more often than anyone else bespeaks the conscience of the Senate as frequently and in as timeless a way as the Senator from Kentucky has just done. I ask what the state of the time is, by way of a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York has 11 minutes.

Mr. JAVITS. And the other side has how much time?

The PRESIDING OFFICER. The other side has 4 minutes remaining.

Mr. JAVITS. I yield myself 5 minutes. I should like, in the remaining minutes of the debate to address myself to a few questions which have been raised with respect to my amendment, by way of rebuttal.

First and foremost, I am deeply concerned and affected by the complete mix-up in the minds of some speakers between the plan contained in the bill and my plan, and the indiscriminate reference to both of them as a means test plan or a charity plan. One of the speakers even called it the Nixon charity plan. That just is not true.

I do not believe the committee plan is a charity plan. Every recipient under the old age assistance program would resent any such label, which in that case, of course, would apply to him for receiving old age assistance, as well as the additional benefits; and my plan is not a charity or a means test plan either.

It would be just as cruel—and I would never do this, of course—to say to Senator ANDERSON, "Why do you cruelly exclude those between age 65 and age 68, instead of letting them into this fine program, when we all know they need it?" One would never do that, because

we realize that the Senator from New Mexico is architecting a plan according to the means available.

Now let us look at the facts. In my amendment we set up the qualification of a man or woman who does not pay any income tax. I refer to page 13, line 15 of the amendment. If the person did not pay an income tax, that is it; he is immediately eligible.

That applies probably to 80 percent of all the older people in the country. If his income did not exceed $3,000, as an individual, or $4,500, as a married man, or a couple, such person is eligible. It is based strictly on the income tax return, and I am sure any person would be happy to certify that he did or did not file a tax return.

If there are to be any slurs cast upon those in need, I should like to ask the proponents of the Anderson amendment: "Is it all right to have a means test for the benefits, but not have a means test for the payoff?"

The proponents would tax those who do not earn more than $4,500. Is that a means test? Is mine a means test? That is nonsense.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. LONG of Louisiana. Under social security we are taxing those who pay no income tax at all, as in the case of a man and wife who make $125 a month.

Mr. JAVITS. I thank the Senator from Louisiana. As long as he has interjected this fine bit of information, I would say that he touched a chord last night that was extraordinary.

What he said was, "What did you do when the social security system came into effect? Did you cover folks who had paid nothing?" Of course we did not.

Only 4 percent of those who were over 65 on August 14, 1935, when the social security system took effect, participated in the system, because Congress imposed strict rules as to eligibility based upon a payment of at least six quarters of coverage.

Of the 7,957,000 persons aged 65 or over in the United States, only 4 percent, or 340,000, who were over 65 participated in the system when it was first established. I think that is a significant point, as it bears upon the fact that this does not do any such thing. This embodies them all right into the system and lets the rest pay the bill.

This is the big difference between myself and those on the other side. I say, certainly, we have a responsibility for the aged; but it is a responsibility of all of us, not merely of the people who pay social security taxes. Let us all pay the bill. Let us all pay the bill for welfare both in the States and in the Federal Government.

One other point which I think is very important has just come up in the debate. When the Federal Government decided to adopt a plan for its employees, one would have thought it would pick the best and wisest plan for them. What plan did it pick? It picked the kind of plan I am now advocating. The employees contribute just about half the cost of the low option plan. They contribute something like five-eighths of the cost of the high option plan. The coverage is bought from private agencies. The Federal Government selected exactly the plan I am advocating. I think that is significant when we discuss whether this proposal is a gimmick for a campaign year or is a deeply entertained plan based on honest conviction.

I think this is the clincher. No one has yet stood up and stated whether it is 85 percent or 90 percent of the older people, or 84 percent or 93 percent. The fact is that the overwhelming majority of the older people do not need 120 days in a hospital. What they need is the kind of care they will get under my program. They need the care of physicians and the care of nurses. They need ambulatory and X-ray services. They need drugs. They do not need 120 days in a hospital. In other words, we will legislate a plan for 10, 15, or 16 percent of the aged, instead of a plan for 85 or 90 percent simply because it is felt that they should come under social security.

I am as good a liberal as any other Senator. I do not have to get it under social security. I can use my head and my 11 years of experience in Congress to find a better way.

Mr. President, I ask unanimous consent that there may be a quorum call, the time for the quorum call to be charged to neither side.

Mr. ANDERSON. Mr. President, if the Senator will withhold his request, I should like to ask unanimous consent that a technical expert on health, education and welfare from the General Counsel's Office may be permitted to be on the floor of the Senate during the discussion of the so-called Anderson amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, may I inquire how much time remains?

The PRESIDING OFFICER. The Senator from New York has 3 minutes remaining; the opponents have 3 minutes remaining.

Mr. JAVITS. Mr. President, I suggest to the Senator from Montana that there be a quorum call, the time for the quorum call to be charged to neither side.

Mr. MANSFIELD. Mr. President, I should like to yield the remaining time on our side to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 3 minutes.

Mr. HUMPHREY. Mr. President, I shall use the 3 minutes to make a summary in relation to the Javits amendment which provides a medical service plan for the aged. What I shall say has undoubtedly been emphasized in other parts of the debate.

What disturbs me about the proposal of the distinguished Senator from New York, who is well known for his genuine humanitarianism, is that his proposal, up until today, has lacked, through its preliminary stages, any of the support which it now seems to enlist as a last minute effort. I inquire if we are really to believe that the administration is sincere in the endorsement of this proposal, because it seems to me to have every mark of a political maneuver. I say this in the light of 2 years of stalling by the administration and the lack of any kind of support for any kind of workable medical program for the elderly.

On June 29 of this year the Secretary of Health, Education, and Welfare, when he appeared before the Committee on Finance, did not support the proposal which is before us; instead, he favored a bill which had not even been born, a bill which had not even been written, a bill which had not even been presented before the committee.

The Director of the Bureau of the Budget, Mr. Maurice Stans, on July 12, 1960, in a letter to the chairman of the Committee on Finance, the distinguished Senator from Virginia [Mr. BYRD], differed with Secretary Flemming on the provisions of the House bill for medical services for the medically indigent. Mr. Stans feared that the cost would be extravagant. Yet the Javits proposal, in the main, is at least in a form similar to the bill to which I referred, which had been introduced in the House.

So far as I know, this particular proposal, the Javits proposal, up until today, has not had the support of a single one of the many organizations which are concerned about medical care for the elderly.

It is a fact, of course, that the Anderson amendment has the support of the AFL–CIO—of organized labor; it has the support of the American Nurses Association and of the American Public Welfare Association.

However, the proposal before the Senate, with all due respect for it, does not command the support of the American Medical Association, the American Nurses Association, and the American Public Health Association. So far as I know, it does not command the support of a single organized group, including the Blue Cross Association.

This body has been lectured repeatedly, and Congress has been scolded often, by the administration for fiscal irresponsibility. The committee bill will cost somewhere in the neighborhood of $300 million; the Javits amendment, about $450 million. I say, most respectfully, that not one bit of financing has been provided for the proposal before us.

Fiscal irresponsibility means appropriating money which we do not have. Fiscal irresponsibility means suggesting to the public that we will do things for which we cannot pay.

Mr. President, the only fiscally responsible proposal is the one which has been offered by the distinguished Senator from New Mexico [Mr. ANDERSON] and his cosponsors. The proposal of the Senator from New York [Mr. JAVITS] lacks not only fiscal responsibility; it lacks organized support, as well.

Mr. JAVITS. Mr. President, I yield myself the remaining 3 minutes. The Senator from Minnesota is entitled to

an answer to the question he has raised, and I think it is a fitting point upon which to end the debate.

The administration came to my plan very slowly. I cannot say right now that I have the support of the administration. From what I know from the Secretary of Health, Education, and Welfare and from the Vice President, whose support I have, I assume that the President would very likely sign such a bill if it were passed.

Let us remember that the administration developed to this position by the fact that it presented its own program, in which I myself punched holes on account of its deductibility feature, grants, and the lack of preventive care.

If I have won something of a fight for my own party and within the administration, I think that is great. I have won something of which I would not want to deprive or shortchange myself.

Second, as to the element of support, certainly the American Medical Association does not support my program. It does not support any program, other than that for the needy, in which the Federal Government participates. Most of the welfare organizations have been supporting the social security approach.

But, Mr. President, the virtue of my program is that it follows the fundamental principle in which we have administered medical care, and will be administering it, even under the bill. Under the Frear-Kerr proposal in this bill, the States will simply have to extend what they are going to do anyhow in order to encompass my program, whereas under the social security scheme we have a brandnew sociological design. The bill which I have proposed provides better benefits, benefits which are more closely apportioned to what the American people need, than does the Anderson program, both in terms of eligibility at age 65 and in terms of a fine package of preventive care, with no deductibility of $75, or anything else, as would have to be paid under the Anderson proposal. My program will meet the first-cost medical care to provide for the individual who must have it when he needs it.

Mr. President, it is a plan entirely in the main stream of what we have been doing; and it is unnecessary to make the sharp break into a totally new and untried area of social security, because we can do all the things we want to do under this program.

I hope my amendment will be successful.

The PRESIDING OFFICER. The time available to the Senator from New York has expired.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names.

[No. 304]

Aiken	Bush	Case, S. Dak.
Allott	Butler	Church
Anderson	Byrd, Va.	Clark
Bartlett	Byrd, W. Va.	Cooper
Beall	Cannon	Cotton
Bennett	Capehart	Curtis
Bible	Carlson	Dirksen
Bridges	Carroll	Dodd
Burdick	Case, N.J.	Douglas
Dworshak	Keating	Pastore
Eastland	Kefauver	Prouty
Ellender	Kennedy	Proxmire
Engle	Kerr	Randolph
Ervin	Kuchel	Robertson
Fong	Lausche	Russell
Frear	Long, Hawaii	Saltonstall
Goldwater	Long, La.	Schoeppel
Gore	Lusk	Scott
Green	McCarthy	Smathers
Gruening	McClellan	Smith
Hart	McGee	Sparkman
Hartke	McNamara	Stennis
Hayden	Magnuson	Symington
Hickenlooper	Mansfield	Talmadge
Hill	Monroney	Thurmond
Holland	Morse	Wiley
Hruska	Morton	Williams, Del.
Humphrey	Moss	Williams, N.J.
Jackson	Mundt	Yarborough
Javits	Murray	Young, Ohio
Johnson, Tex.	Muskie	
Jordan	O'Mahoney	

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from South Carolina [Mr. JOHNSTON], are absent on official business.

I also announce that the Senator from Missouri [Mr. HENNINGS] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Iowa [Mr. MARTIN] is absent, by leave of the Senate, on official business.

The PRESIDING OFFICER (Mr. CANNON in the chair). A quorum is present.

The yeas and nays have been ordered.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. What is the pending question on which the Senate is about to vote?

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from New York [Mr. JAVITS], on behalf of himself and certain other Senators.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from South Carolina [Mr. JOHNSTON] are absent on official business.

The Senator from Missouri [Mr. HENNINGS] is absent because of illness.

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Missouri [Mr. HENNINGS], would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Iowa [Mr. MARTIN] is absent by leave of the Senate on official business.

The result was announced—yeas 28, nays 67, as follows:

[No. 305]

YEAS—28

Aiken	Dirksen	Mundt
Allott	Dworshak	Prouty
Beall	Fong	Saltonstall
Bridges	Goldwater	Schoeppel
Bush	Hickenlooper	Scott
Capehart	Hruska	Smith
Carlson	Javits	Wiley
Case, N.J.	Keating	Young, N. Dak.
Cooper	Kuchel	
Cotton	Morton	

NAYS—67

Anderson	Gruening	Monroney
Bartlett	Hart	Morse
Bennett	Hartke	Moss
Bible	Hayden	Murray
Burdick	Hill	Muskie
Butler	Holland	O'Mahoney
Byrd, Va.	Humphrey	Pastore
Byrd, W. Va.	Jackson	Proxmire
Cannon	Johnson, Tex.	Randolph
Carroll	Jordan	Robertson
Case, S. Dak.	Kefauver	Russell
Church	Kennedy	Smathers
Clark	Kerr	Sparkman
Curtis	Lausche	Stennis
Dodd	Long, Hawaii	Symington
Douglas	Long, La.	Talmadge
Eastland	Lusk	Thurmond
Ellender	McCarthy	Williams, Del.
Engle	McClellan	Williams, N.J.
Ervin	McGee	Yarborough
Frear	McNamara	Young, Ohio
Gore	Magnuson	
Green	Mansfield	

NOT VOTING—5

Chavez	Hennings	Martin
Fulbright	Johnston, S.C.	

So the amendment offered by Mr. JAVITS for himself and other Senators was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KERR. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. CANNON in the chair). The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The pending question now is on agreeing to the so-called Anderson amendment. The agreement is that the vote will come at 6 o'clock. The time is to be equally divided. The Senator from New Mexico [Mr. ANDERSON] controls the time in favor of the amendment, and the minority leader [Mr. DIRKSEN] controls the time in opposition.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. Is it the unanimous-consent agreement that we shall vote at 6 o'clock, or is it that we shall vote not later than 6 o'clock?

The PRESIDING OFFICER. Not later than 6 o'clock.

Mr. KERR. In other words, if all Senators who desire time have used the time they wish to use, the vote could occur prior to 6 o'clock?

The PRESIDING OFFICER. The Senator is correct. The vote could occur before 6 o'clock.

Mr. ANDERSON. Mr. President, I yield 2 minutes to the Senator from Montana [Mr. MANSFIELD].

The PRESIDING OFFICER. The Senator from Montana is recognized for 2 minutes.

Mr. MANSFIELD. Mr. President, in the past several years, my distinguished senior colleague [Mr. MURRAY] and I have cosponsored legislation which would provide a more equitable method for computing the self-employment income of farmers under the Social Security Act. Since the time that the farmers were brought in under the self-employed category of the Social Security

Act we have received a number of complaints from farmers who feel they are not receiving equitable treatment.

Only the other day a constituent wrote to me advising that he had recently become completely disabled at the age of 60 but he is being denied disability payments because he did not make a profit on his farming operation during 1956, which gave him only 16 units in the past 5 years as a self-employed farmer, and his previous credits under the Social Security Act as an employee are not being considered.

I think that there is some justification in my constituent's complaint about the disability provision of the act, since he is totally disabled with 44 units of credit. He should be able to draw retirement with this record of contribution to the social security fund. He points out that others with as low as six units to their credit are receiving benefits.

I would like to ask the distinguished chairman of the Senate Finance Committee, the Senator from Virginia [Mr. BYRD], if there are any proposed changes in the status of farmers under the Social Security Act contained in the general provisions of H.R. 12580?

Mr. BYRD of Virginia. There are no changes with respect to the farmers which are not applicable to all other social security coverage. As the Senator from Montana no doubt knows, the disability provisions have been changed so as to make people eligible whenever they become disabled, instead of at the age of 50. There have been no basic changes relating to farmers.

Mr. MANSFIELD. I thank the chairman of the committee.

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

Mr. MANSFIELD. I yield to the Senator from Nebraska.

The PRESIDING OFFICER. The time of the Senator from Montana has expired.

Mr. ANDERSON. Mr. President, I yield 2 additional minutes.

The PRESIDING OFFICER. The Senator from Montana is recognized for 2 additional minutes.

Mr. CURTIS. Mr. President, I believe the record will show that when the disability benefits were originally put into the act it was pointed out by the Senator from Nebraska that farmers were discriminated against because they did not have previous service upon which to rely. The Senator has pointed up a problem which exists. I hope at the earliest practical time the farmers can be given parity with other people.

Mr. MANSFIELD. Mr. President, I express my thanks to the Senator from Nebraska for his interest in this matter. I know, since the Senator comes from the State of Nebraska, he is aware of the problem involved.

I should like now to direct a question to the able junior Senator from New Mexico [Mr. ANDERSON]. Will farmers who qualify under the self-employed category be included among those eligible for benefits under the medical care program as proposed in the Anderson amendment to H.R. 12580?

Mr. ANDERSON. The answer is "Yes."

Mr. MANSFIELD. I thank the Senator.

Mr. ANDERSON. Mr. President, because he desires to speak upon a different subject, I yield 3 minutes to the able Senator from Ohio [Mr. LAUSCHE].

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H.R. 12580), the Social Security Amendemnts of 1960.

Mr. ANDERSON. Mr. President, I yield 10 minutes to the able senior Senator from Michigan [Mr. McNAMARA], who is a leader in the field of care for the aged, and who has the respect of all of us.

Mr. McNAMARA. Mr. President, I thank the distinguished Senator from New Mexico.

Much has been said in the past few days about the estimated cost to individuals under the social security approach in order to help solve the problems of medical care for the aged.

Strangely, those who would pay the cost are strongest for the social security approach to the problem before the Senate. If we analyze the subject, it is not hard to understand why. The participant would pay one quarter of 1 percent of $4,800 per year, which I understand is about $12. Twelve dollars a year would represent less than the cost of a pack of cigarettes a week.

The working people of this country, who are now covered by social security, believe that the program that has been offered in the bill, supplemented by the program embraced in the Anderson amendment, is well worth the cost to the individual.

The bill and the Anderson amendment would not only take care of those who are not covered by social security when their time to retire comes, but it would also help to take care of those who have been covered by social security and are now retired.

Certainly the plan is a bargain.

The charge of opponents of the Anderson amendment that the cost of one-quarter of 1 percent under the social security system approach is of alarming concern to the working people of this country is a gross exaggeration, I am sure.

I repeat that it would cost the individual less than the cost of a pack of cigarettes a week to provide the proposed insurance, not only for himself, but for those who are now retired and were formerly covered under the social security system.

The subcommittee of the Committee on Labor and Public Welfare which is charged with carrying on studies of the health problems of the aged, as well as many other problems of the aged, in the past 18 months has traveled throughout the country and has held a series of hearings in Washington. The members of the committee then took to the road and heard the testimony of hundreds of older people themselves.

Everywhere we went outside Washington we devoted part of our hearings to direct testimony from older folks themselves. They had an opportunity to be heard; consequently we know their problems firsthand.

We found that the greatest mental anguish of older folks is caused by worry over health and the high cost of health care in declining years. This is their No. 1 problem. There are many other problems, but this is the one with which we in the Senate are concerned at this time. Everywhere we went that point was emphasized. The aged want medical costs paid for, or to have the assurance that they will be paid for if they run into a serious illness that requires hospitalization.

Mr. RANDOLPH. Will the Senator yield?

Mr. McNAMARA. I am happy to yield to the distinguished Senator from West Virginia, who traveled with the subcommittee around the country, and who was probably our most active member. It was certainly good to have him on

these assignments. His great interest in the subject has been most helpful to the entire committee and the staff.

Mr. RANDOLPH. I thank my colleague from Michigan. I will not labor the RECORD on the particular point which is being discussed by the Senator from Michigan, who is not only a student, but an expert in this field. I use the word "expert" advisedly.

I believe it is important that the RECORD show that prior to the vote on the Javits amendment, it was pointed out in the hearings which were held throughout the country that there was practically unanimous approval of the program which would place the responsibility for medical care within the framework of our social security system. That information was brought to us by persons who are themselves authorities in this field, and who came before the subcommittee to testify on the problems of the aged and aging.

Also I wish to reinforce the statement of the Senator from Michigan, chairman of the subcommittee, with respect to the anguish and the concern, regarding medical costs of the aged of our country, which was the paramount problem presented in all the hearings.

I again commend our subcommittee chairman for his intense interest in this subject and his enlightened thinking. We oppose the medieval concept of charity, but would make workable a plan where the employer and the employee would assume the necessary costs. In the twilight years of their lives I want our aged, though they walk the earth with slow and measured steps—to take them with dignity.

I believe the editorial approval of the social security framework within which to begin a medical care program, as advocated in the Charleston, W. Va. Gazette of yesterday, is valid. Our State's largest newspaper in circulation and geographical coverage said:

As many Republican editorialists are gleefully noting these days there is a split in the Democratic Party on certain issues. The social security bill with respect to a decent, adequate medical care and hospitalization program for the aged is a perfect example.

At their convention in Los Angeles the Democratic delegates adopted a program to be implemented through the regular social security processes which have over the years proved feasible and fiscally sound in the handling and distribution of other welfare programs. The Democratic nominees for President and Vice President—Senator JACK P. KENNEDY and Senator LYNDON B. JOHNSON—are supporting the action taken at the convention.

The Eisenhower administration also has a program to help our senior citizens. Coverage is limited, and payment will be dependent upon State participation, because the Federal and State Governments are to share costs. Incidentally, speaking of splits, Gov. Nelson A. Rockefeller, the GOP Governor of New York, has denounced the subsidy proposals of the administration plan as "fiscal irresponsibility."

On return to Washington after the conventions, the Senate Finance Committee, controlled by southern Democrats and conservative Republicans, scrapped the program overwhelmingly endorsed at Los Angeles and voted out the administration measure. KENNEDY and JOHNSON through use of amendments are vowing an all-out fight to rescue their bill, but odds admittedly are against them.

This, then, is what is causing joy in Republican circles—the prospects of a bitter struggle between conservative and liberal Democrats and eventual defeat to the party's leaders immediately before they take their presidential campaign to the American people.

As we see it, there is only one fly in the GOP ointment—the voters and their right to speak out on November 8. Should KENNEDY lose his fight, he must appeal to the electorate on this issue, for there is no comparison between the two measures. The Democratic bill will provide the medical care that is needed. The administration plan is a sham and plays directly into the hands of the American Medical Association, which has fought the whole idea of medical care for the aged from its inception.

"Our older people," KENNEDY has said, "do not want charity. They do not deserve to be treated like charity cases. They should be eligible for health benefits the way they are eligible for retirement benefits—as a right they have earned."

Defeat of the liberal Democratic bill to protect our senior citizens in times of sickness will provide KENNEDY with dramatic and forceful ammunition in the campaign ahead—just the sort of human issue that could snatch victory from defeat.

I ask unanimous consent to place, at this point in my remarks, the following telegram.

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

Hon. JENNINGS RANDOLPH,
U.S. Senator,
Senate Office Building, Washington, D.C.:

On behalf of over 2,400 registered professional nurse members of the West Virginia Nurses Association, Inc., I urge your support of the extension and improvement of the contributory social insurance to include health insurance for beneficiaries of old age, survivors and disability insurance and nursing service, including nursing care in the home, as a benefit of any prepaid health insurance program.

MARGARET A. FARRY,
Associate Executive Director, West Virginia Nurses Association, Charleston, W. Va.

Mr. McNAMARA. I thank the Senator from West Virginia. His remarks indicate his enthusiasm for the program.

I should like to point out some of the conclusions we reached after the study that took place throughout the country.

The first conclusion was that the aged have high potential and actual disability and heavy costs of medical care.

Second, the aged, especially the retired, have markedly reduced incomes and limited liquid assets which are not replenishable.

Third, private insurance policies cannot meet their needs, either in terms of costs or benefits.

Fourth, the aged should not be required to undergo the humiliation of meeting medical costs through the charity approach.

Fifth, the aged and the aging prefer to obtain medical benefits through an insurance system to which they themselves contribute and receive benefits as a matter of right.

The system of OASDI now covers 9 out of 10 working Americans. It has been tested by experience. It is the efficient, effective method, and should be extended to include the financing of the basic medical needs of the aged.

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

Mr. McNAMARA. I am happy to yield to my colleague.

Mr. CLARK. I should like to buttress what my friend from Michigan just told the Senate about the conclusions of the Special Committee on the Aged and Aging of which he has been the very able chairman.

I had the honor of serving on that committee and to participate in some of the hearings and deliberations of the committee. I had occasion to hold a hearing in Pittsburgh, in my State, slightly over a year ago, which was absolutely swarming with elderly citizens, demanding the social security approach to the health and elderly problem. I do not have much doubt that the findings of our committee, which have been stated by the Senator from Michigan, are amply and overwhelmingly supported by the testimony which I heard.

In my judgment, the so-called survey made by a couple of people from Emory University, in Atlanta, Ga., purporting to show that the elderly people do not want aid for their health problems, and do not want aid through social security, is completely unscientific and absolutely wrong, and should be given no credence by Senators as they make up their minds on how to vote on the pending amendment.

The PRESIDING OFFICER. The time of the Senator from Michigan has expired.

Mr. ANDERSON. I yield 5 additional minutes to the Senator from Michigan.

Mr. McNAMARA. The Senator from Pennsylvania has made a fine contribution to the debate. I thank him for it and for his contribution in the hearings and in the preparation of the report.

I was discussing the conclusions we had reached following the hearings. Certainly, the senior citizens with whom we talked throughout the country, as well as the children of those senior citizens, indicated over and over again that they do not want charity, but want to live their declining years in dignity, as Americans are entitled to live.

The proposal to make paupers out of people because they are what is called medically indigent is a step backward. It is really a step back toward the poorhouse. We got rid of poorhouses generally in this country, starting in the 1900's. That is what the old folks had to look forward to—"over the hill to the poorhouse." That was a threat to society and a weakness of our social system in those days. We have gone a long way since then under our present social security law.

Now it is proposed to make paupers out of people before they will get any medical assistance in their declining years. That is a step backward from the advances we have made since the days of "over the hill to the poorhouse."

I certainly hope that this country, in 1960, will be more concerned with the human dignity of elderly Americans, who

have made a great contribution to our economic structure as well as to our social heritage, and will treat them better than has been proposed by the opponents of the Anderson amendment.

I support the Anderson amendment, and I support the social security approach. In so doing I am convinced that I am following the dictates of the people we came in contact with throughout the country, not only the older people and the retired people, but also the children and grandchildren of these people, who at last are conscious of the fact that it can happen to them too.

I yield back the remainder of my time.

Mr. DIRKSEN. Mr. President, I yield 15 minutes to the distinguished Senator from Utah.

Mr. BENNETT. Mr. President, I have listened with interest to my colleagues discussing the merits of the various approaches to solve the medical care problems of our aged. It is my intention to confine my remarks to the bill which has been favorably reported to the floor by the Senate Finance Committee and the substitute proposal offered by the Senator from New Mexico [Mr. ANDERSON]. However, before taking up the comparison of these two bills, I would like to discuss the implications of a word which has been thrown around freely by those who oppose the Senate Finance Committee bill. That word is "need."

Essentially, we should approach this problem from two points of view—national need—and individual need. National need is, of course, the sum total of individual needs, as further modified by measurement of the extent to which they are not now being met by existing programs to care for medical problems of the aged.

There has been no real showing of the existence of a pressing national unmet need that demands immediate action.

There are 16 million persons in the United States 65 or over, only one-half million of whom can be classified as suffering from chronic illness. According to the Health Insurance Association of America, 49 percent of persons 65 or over are now covered by health and medical insurance.

Unquestionably there is a small segment of the aged who are chronically ill who do not have the financial means to meet high medical expenses. This group can and should be provided for and their needs will be met under the bill reported by the Senate Finance Committee.

NO POPULAR GROUND SWELL

During the months in which this legislation has been pending before Congress, I have received from constituents in Utah only a handful of what I would consider personally written letters urging the adoption of a medical care program tied to social security. It is true that I have received several hundred identical form letters inspired by labor unions and other pressure groups urging approval of the Forand approach to this problem. I have also received a great many postal cards, all from the State of Michigan, with a caption "Cast Me Not Off." I suspect these have been inspired by some pressure group, and while not explicit they infer preference for a medical care bill tied to the social security program. Generally, however, I have not received mail in sufficient volume to indicate there is any great ground swell demanding the enactment of a particular medical care program. In fact, most of the mail received from my State has indicated just the opposite—that there is no emergency which would require a crash program in this area.

Perhaps my own State of Utah, because of its historical development, has largely taken care of the needs of its aged population in an exemplary manner. This has been accomplished not only through the State health and welfare department, but through our individual families, and through the very effective and extensive welfare program of the Mormon Church.

One of the most recent and comprehensive studies to be made on the medical needs of the Nation was recently completed by Drs. James W. Wiggins and Helmut Schoeck. Dr. Wiggins presented a paper entitled "A Profile of the Aging" to the Fifth Congress of the International Association of Gerontology, at San Francisco, Calif., on August 11. The following pertinent facts have been extracted from the Wiggins report:

Nine of every ten older persons report they have no unfilled medical needs.

Ninety percent of those 65 or over reported they enjoy good or fair health.

Sixty-eight percent said they could pay for a medical emergency out of their own means.

Half of the persons queried reported income in excess of $2,000 per year; one out of 20 had income in excess of $10,000.

Most of the aged reported net worth in excess of $10,000.

Sixty percent did not think a new Federal program could do anything for them personally.

Majority indicated life was much easier for them than for their aged parents.

Ninety percent could think of no medical needs that were not being taken care of.

Eighty percent are members of a church. If special care was needed from outside the family, twice as many elderly Americans would prefer to get such assistance from their church rather than from the Government.

Much of what has been reported in the past about the health and welfare of older persons is based upon inaccurate data derived from the experiences of a generation ago or from the studies of the hospitalized or chronically dependent.

We can therefore conclude from the Wiggins report that the great majority of Americans over 65 are capably financing their own health care and prefer to do it without Federal Government intervention.

NATIONAL NEEDS

What then is the extent of the national need for medical care? What are the existing programs to meet this need? And how much unmet need is there?

The most practical way to answer these questions is by using the approach suggested in the Finance Committee bill and actually measure needs of individuals for medical care. This can only be determined by a program which within itself measures individual needs in individual cases. But this is decried as degrading and as charity by opponents of the committee's bill. So we are told we must impose this program on all of our workers under the Social Security Act to give people a right to medical care whether they have a need or not.

EUROPEAN EXPERIMENTS WITH SOCIALIZED MEDICINE

If we adopt the social security approach, we lose sight of needs and substitute rights which could produce a program far more extensive and costly than necessary and lead us rapidly down the road to national medical socialism. In this regard, we should look at what has happened in a number of European countries where medical care programs have been instituted. In England and in the Scandinavian countries, experiences with socialized medicine have been both costly and disappointing. Only recently Sweden has had to impose an additional 4 percent sales tax on top of other taxes to help finance their lagging medical care program. Disillusionment with these experiments in socialized medicine has been expressed not only by the recipients, but also by Government leaders who first sponsored these plans. The rosy glow is now turning to gray disappointment, and Europeans are realizing that governmental control of medicine is for the most part a complete flop.

MAJOR REASONS FOR SUPPORTING FINANCE COMMITTEE BILL

There are four major reasons why I prefer the approach contained in the bill reported by the Senate Finance Committee:

First. It takes care of everyone over 65 on the same basis. This is the fairest way and is in the best American tradition.

Second. It provides the most benefits for all of the aged at the least cost and is spread over the broadest tax base both Federal and State.

Third. It uses existing State systems for handling public health and welfare problems and preserves the greatest freedom of choice for the aged themselves.

Fourth. It will provide a permanent solution to the problem so that Congress will not have to be faced with enacting new legislation each session.

Let us look at each of these four areas in detail.

1. THE FINANCE COMMITTEE BILL WILL TAKE CARE OF EVERYONE ON THE SAME BASIS

First. Everyone uses same local agency.

Second. Same system works for everyone over 65.

Third. Will actually develop figures to determine need.

Under the Anderson bill there will be:

First. Two parallel agencies in each community—one State-operated and one Federal.

Second. Some people will always use a State agency.

Third. Others will use State agencies at ages 65 to 68, social security thereafter.

Fourth. Others will use social security until limited benefits are exhausted, then return to State agency.

Fifth. The actual needs of our aged may never be known for certain under the Anderson plan.

II. UNDER THE FINANCE COMMITTEE BILL, THE GREATEST BENEFITS ARE PROVIDED FOR THE MOST PEOPLE AT THE LEAST COST, SPREAD OVER THE BROADEST TAX BASE

First. Provides almost complete benefits: Inpatient hospital services, skilled nursing home services, physician services, outpatient hospital services, organized home care services, private duty nursing services, therapeutic services, major dental treatment, laboratory and X-ray services, and prescribed drugs.

Second. Costs are related directly to need—no excess "entitlement" to encourage overuse.

Third. Spreads cost over broadest tax base—full range of shared Federal and State taxes.

Fourth. It is a real pay-as-you-go system.

On the other hand, the Anderson proposal:

First. Has serious limits in that it only covers those persons over 68 and leaves a gap of those in the age bracket from 65 to 68. This plan also entails a $75 deductible feature which would place an undue burden on those most urgently in need of medical care. In addition, coverage is limited to 180 units each compared to unlimited coverage under the Finance Committee bill. Outpatient service and diagnostic treatment are also limited.

Second. This plan would substitute entitlement by "right" in place of actual need and would thus encourage overuse and abuse of the system.

I have always remembered a personal experience I had 25 or 30 years ago. A little company with which I was connected instituted a system to provide sick benefits for employees. One employee suddenly became sick almost every other day. When the visiting committee went to call on him one day, they found him in bed with his clothes on. They chided him for it and asked him why. His answer has been ringing through my mind ever since.

He said, "I means to have my share."

I am certain there are many persons who will attempt to have their share on the basis of entitlement rather than need.

Third. The Anderson plan would concentrate the entire cost on a narrow Federal tax basis of the first $4,800 of worker's income. Inasmuch as social security taxes are already due to rise to 9 percent of the payroll by 1969, this would place a tremendous burden on the low-income workers of the Nation. Secretary of Health, Education, and Welfare Arthur Flemming testified before the Senate Finance Committee that if medical care is tied to the social security program, it will not be long before payroll taxes will rise to 20 percent.

Fourth. In reality, contrary to statements of advocates of the Anderson plan, this system would not be a pay-as-you-go plan, but in fact, is a real handout to those over 65 and will be paid for by approximately 58 million workers covered by social security who are now under 65. The 9 million persons over 65 who are now receiving social security will receive a gratuity for which they have contributed absolutely nothing to the social security fund for the benefits which they receive. To make up this deficiency, those who are now employed will have to contribute a larger share to the fund. This would mean every six workers would have to, in addition to their own share, pay the cost or give a free ride to one person who is already retired.

III. THE SENATE FINANCE COMMITTEE BILL PROVIDES FOR USE OF EXISTING SYSTEMS AND CAN BE PUT INTO EFFECT IMMEDIATELY

First. Except for Veterans' Administration, all personal health problems are now handled by State and local authorities.

Second. Local agencies already exist—manned by experienced people—which can absorb this new burden with least difficulty.

Third. The needs test is an accepted part of many Federal programs—Veterans' Administration, farmers disaster loans, small business loans, assistance to blind, aid to permanently disabled, old-age assistance.

Fourth. The system can be put into effect immediately—October 1—without any delay for State enabling legislation. The Anderson plan would not go into effect before July 1, 1961, for hospital services and January 1, 1962, for all other services.

On the other hand, the Anderson proposal would:

First. Put a new Federal agency in the local health field.

Second. Require parallel organizations.

Third. Destroy present social security relationship with beneficiaries. Benefits are now paid directly to the beneficiaries, but under medical care will be paid to hospitals, doctors, and so forth. Benefits are now based on contributions beneficiary has paid into fund, but under Anderson plan, persons will receive benefits without regard to contributions.

Fourth. Destroy traditional doctor-patient relationship by interjecting Government as third party, thus leading to poorer medical service.

Fifth. Require compulsory contributions for a service that may never be needed—or for which other private insurance arrangements have been made

IV. IT WILL PROVIDE A PERMANENT SOLUTION TO THE PROBLEM, BECAUSE IT IS BASED ON EXISTING PROGRAM

The Senate Finance Committee proposal can operate indefinitely with only minor changes to existing medical care programs now in operation in the various States. Such is not the case with the Anderson proposal, since this is only the first step down the road to complete socialization of all medicine. It is a "foot in the door," the opening wedge driven by those who want and seek to socialize not only medical care, but many other traditional American institutions.

Based on present experience with the social security program, we can expect the liberals to exert political pressure:

First. To reduce the age from 68 to 62.

Second. To increase the range of benefits.

Third. To increase the rate of tax. For instance, the Health Insurance Association of America says the Anderson bill level premium cost of 0.50 percent of payroll is completely unrealistic and should be at least 1.40 percent to meet the medical costs which will be encountered under the plan.

Fourth. Although the Anderson plan does not now include doctors, it could be expanded to doctors as proposed in the Gore bill and then the door would be wide open for socialized medicine. The Gore bill was before the Finance Committee and was rejected at that time.

Fifth. When private local hospitals and other services fail to meet priorities, pressure for separate social security hospitals will build up. We already have separate VA hospitals for the same reason.

Mr. President, I ask unanimous consent to have printed following my remarks a letter I have received from the Health Insurance Association of America. This letter indicates that the 0.50 percent of payroll cost estimated for the Anderson plan is far too low and unrealistic. Based on historical records of the health insurance companies of America, which have had broad experience in dealing with the medical problems of the aged, the cost of the amended Anderson proposal should be set at 1.40 percent of payroll. This would indicate what I have already stated, that we can expect the cost of this new medical care program to rise tremendously in the years ahead if the Anderson plan is adopted.

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

HEALTH INSURANCE ASSOCIATION OF AMERICA.
Washington, D.C., August 19, 1960.

Senator WALLACE F. BENNETT,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BENNETT: You have invited our attention to the amendment to H.R. 12580 submitted by Senator DOUGLAS at page 16231 in the CONGRESSIONAL RECORD for August 11, 1960, and have requested our comment on the cost figures submitted by Mr. Robert J. Myers, Chief Actuary of the Social Security Administration in connection with this proposal. In addition, you have requested that we give you a cost estimate on the proposed amendment to H.R. 12580, as presented by Senator ANDERSON at page 16545 of the CONGRESSIONAL RECORD for August 17, 1960.

Our staff has carefully reviewed the estimates given by Mr. Myers in connection with the Douglas proposal. In presenting his cost estimates, Mr. Myers gives no indication of the bases upon which such estimates have been developed. We assume, therefore, in view of the order of magnitude of his estimates, that similar methodology was employed as is contained in prior cost estimates developed by the Department of Health, Education, and Welfare in connection with other proposed legislation in the same field, e.g., H.R. 4700. The insurance business is already on record with respect to its critique of such methodology. May I direct your attention to the testimony of Mr. E. J. Faulkner, representing the three insurance associations, given before the House Ways and Means Committee on July 16, 1959. In particular, I call your attention to the appendix of this statement beginning on page 20 of the enclosed reproduction.

Employing similar methodology for the amendment proposed by Senator DOUGLAS, with appropriate adjustment for the effect on hospitalization costs of a $75 deductible, we would estimate the cost of the program as follows:

(a) For the first year, a cost of $1,331 million which is equivalent to 0.61 percent of taxable payroll.

(b) A level premium cost of 1.60 percent distributed as follows: hospitalization 1.30, nursing home .10, home care .06, and diagnostic outpatient hospital service .14.

It will be noted that our level premium cost estimate is about 3 times that of Mr. Myers and that our first year cost estimate is almost double his.

Turning to the proposed amendment of Senator ANDERSON, we would estimate the cost of that program as follows:

(a) For the first year a cost of $1,242 million which is equivalent to 0.57 percent of taxable payroll.

(b) A level premium of 1.4 percent of payroll.

I trust we have answered your questions specifically and we will be happy to provide any additional factual material should you desire.

Very truly yours,

ROBERT R. NEAL.

Mr. BENNETT. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter from a widow in Utah which, to me, is a most powerful appeal for the defeat of the social security approach to this problem.

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

MURRAY, UTAH,
August 17, 1960.

Senator WALLACE F. BENNETT,
Washington, D.C.

DEAR MR. BENNETT: I am not writing this letter as a Republican or as a Democrat, but as an American citizen who loves her country very much. I hope and pray that for the benefit of hundreds of thousands of citizens all over America that this letter can be read in Congress.

I listened to every word and every action that took place at both the Democratic and Republican conventions. I stood up in my own living room when the "Star Spangled Banner" was played at the opening in Los Angeles, and pledged allegiance to our flag. Tears ran down my cheeks. No matter how important or unimportant we are, no matter how rich or how poor we are, we are all citizens of this great land of ours, and what affects any person who carries a social security card will affect every worker in America that carries one.

I have lain awake nights worrying about the proposed bill for medical aid to the aged, that is proposed by Mr. KENNEDY and the Democrats. I have studied it from every angle, and I sincerely feel that to allow this bill to be passed, and by doing so, without the consent of the people, would be the most disastrous thing that has ever been imposed on the American public.

Countless thousands of people who are already financially prepared to take care of themselves when they retire would be required to pay and pay.

And what about the poor man who is taxed to death? Can he afford to pay out large sums of money for the rest of his working years? What if he died before he was retired? Would all the thousands of dollars he has been forced to pay out do him any good? Would this money go back to his wife and children, or into a general fund?

I am in favor of some form of medical aid to the aged, but on an individual basis. Each person should be allowed to decide whether he wants it or not and to pay accordingly.

If this bill is allowed to go through, not only will the people who are covered now under this new plan suffer, but our children and grandchildren for the rest of their lives.

It is undemocratic to impose such a thing on the people (for their own good).

We do not want communism in America, but this bill is as near to communism as we will ever get and not be under the direct rule of a Russian leader.

Who is to say who needs this help and who doesn't?

I am a widow without financial help from anyone. I did not even receive social security when my husband died. I have taught school and reared two sons. Everyone knows what kind of a living every teacher has been able to make up until now—and even now.

I have no way of knowing how I will live when I retire, and I still owe thousands of dollars on my small home, but I will fight this proposed bill with every ounce of blood in my body.

Now, let's look at another side of this situation:

Can anyone deny the fact that the minute a person knows he is going to be able to go to the doctor or hospital any time he needs to or decides to, that he will stop striving to take care of himself?

I know of many people that save all their lives to be able to take care of themselves when they are old.

They pay for life insurance policies, buy war bonds, patch clothes, go without, and work like slaves to achieve security.

Anyone who would stop to think seriously about this matter would know that people would stop saving for this particular situation.

This will destroy their morals, and create a "don't care—easy come attitude."

Does this not do away with the very thing that has made America great—the desire to stand on one's own feet and go ahead?

No one knows when sickness or an accident will strike. But what about the bums, the drunkards, the leeches, the spendthrifts, and the lying hypocrites? Are the persevering, saving, and hard-working people of America going to be made to sacrifice their lives and money for these people?

I may be wrong, but every bit of intelligence I possess, and every beat of my heart tells me I am right.

I pray to God that this undemocratic, demoralizing bill will never be imposed on any intelligent, hard-working citizen.

I appeal to you—men of foresight—leaders of our beautiful United States—fight this bill with all the determination that the men that made our great Constitution had—when we became a free and independent country.

I am sure that if the public will investigate this bill and find out what it will do to their lives, their self-respect, and their integrity, that they would also feel as I do.

Let us pray that they can become properly informed. I appreciate the privilege of being able to write to such a fine and intelligent leader, and I hope that this letter will not be in vain.

I pray that many people who have the right to help to keep America free will hear this sincere and heartfelt plea from just one citizen in hopes that it will help to keep our "Government of the people—for the people—by the people" the way it was meant to be—for free citizens who do not wish to have their privileges and liberties taken away from them.

Respectfully yours,

EDNA H. THURMAN.

Mr. BENNETT. Mr. President, for the reasons I have stated, I urge the Senate to reject the Anderson amendment and approve the bill as reported by the Finance Committee.

I yield back the remainder of my time.

Mr. CARLSON. Mr. President, how much time did the Senator from Utah yield back?

The PRESIDING OFFICER. The Senator from Utah yielded back 3 minutes.

Mr. CARLSON. I thank the Chair. I now yield 15 minutes to the distinguished Senator from South Carolina.

Mr. THURMOND. Mr. President, Alexander Dumas once said, "There are virtues which become crimes by exaggeration." Current political concern for the medical care available to the Nation's aged, it seems to me, is now in danger of falling into this category.

An unequivocal recognition of responsibility for the welfare of the incapacitated, whether from causes of age, youth, disease, or misfortune, has long been deemed a distinguishing mark of a truly civilized society. The fulfillment of this responsibility by individuals is a virtue. When exaggerated and distorted by the extreme heat of the political arena, the resultant excesses are not only crimes against society, but are barbaric.

The Senate's consideration of proposals for medical benefits for the aged is both ill-timed and premature. It is ill-timed because of the proximity to the presidential election, when the course that best lends itself to a slogan with emotional appeal might well constitute an irresistible temptation to forsake the action dictated by the facts and sound judgment. It is premature because the many facts which will contribute to a knowledgeable decision on this issue will be forthcoming in the White House Conference on the Problems of the Aged, to be held next January.

Judging from the discussion of this matter in the press and the debate here on the Senate floor, some obvious misconceptions as to the problems of the aged prevail. The advances in medical science in the past few decades have caused a marked increase in the number of citizens of advanced age in our society. At the same time, the useful and productive portion of life has increased proportionately to the increase of the life span itself. As the average age of the population rises, we must bring ourselves to the realization that the time has come to reappraise upward our conception of the age at which incapacitation for work and income production becomes prevalent. It would be a serious mistake to assume that the group incapacitated by advanced age has increased disproportionately to the general population.

It would be equally fallacious to assume that all, or even a large proportion, of those who are retired or are within the brackets of what we conceive as the retirement age are financially unable to provide medical care for themselves. Neither would it be correct to assume that advanced age is always accompanied by an upsurge of illnesses requiring medical care and treatment.

In their proper perspective, the costs of medical care for other than the institutionalized patient are but one element of the cost of living. Undeniably,

medical care for the aged, on the average, accounts for a larger percentage of the family or individual budget than it does in the budget of younger persons. This is not due solely to increased illnesses, however, but is also due to other shifts in need, due to changed circumstances. The elderly citizen has usually completed the financial effort that accompanies the raising of a family, and finds interests in activities less expensive than those which appeal to the younger.

The cost of medical care is increasing, as are the costs of all services and commodities. Medical costs have risen either more or less than costs of other services and commodities, depending on the base period for which the increase in costs is computed. In the period 1936–56, the per diem cost of hospital care increased 265 percent; and from 1956 to September 1959, another 22 percent. Yet there is every indication that the actual service through hospital care has also increased, as is illustrated by the decline in the number of hospital days per patient illness from 12.6 days in the 1928–43 period to 8.6 days in the 1957–58 period.

Since medical care is one element of the cost of living, it is prudent to examine, in the initial stages of the approach to this problem, the income of the aged as a group. In doing so, we should be cautious to avoid a common error of accepting statistics for more than they are worth. Repeatedly it has been asserted—and correctly, to the best of my knowledge—that three-fifths of all persons aged 65 and over have money incomes less than $1,000. True as this is, it proves nothing. The wife of an elderly $50,000 per year executive, who has no income of her own, falls into the class of persons over 65 who have income less than $1,000. One would hardly class her, however, as in dire need of funds for medical care or other necessities.

It must also be taken into consideration that a person over 65 has an advantage in disposable income over a younger person with equal income. A young couple with two children and earnings of $4,000 pays approximately $365 in Federal income and FICA taxes, while a couple over 65 with $2,000 from social security and $2,000 income from other sources would pay no Federal taxes on the $4,000 income.

Another factor which bears on any appraisal of income of the aged as a group is their assets. A mortgage-free home releases income for purposes other than housing. Currently, over 70 percent of old-age and survivors disability insurance beneficiaries own their own homes, and 87 percent of these are mortgage free. In the 6 years from 1951 to 1957, the median net worth of a retired worker and his wife increased from $5,610 to $9,616, or 71 percent. In addition, no other age bracket shows as favorable a liquid asset position as does the group aged 65 and over. According to the census figures, the average income for all persons over 65, including those on public assistance, was $2,100 for males and $800 for women.

When considered in the light of a general decrease in several areas of financial responsibility that accompanies retirement, the decreased tax bite of the National Government, and the cushion provided by the increasing existence of substantial assets, these income figures do not justify the picture of gloom and doom that is being presented to the publice, both at home and abroad, in regard to the status of our elder citizens' financial ability to meet their physical needs, including medical care. When considered objectively, the situation is not really so calamitous; and, even more encouraging, it is improving.

Today, over 19 million workers are covered by private pension plans which have total assets of nearly $40 billion. By 1965, these are expected to have assets of $77 billion. According to Health Insurance of America, about 43 percent of Americans over 65 are now covered by some form of health insurance. Furthermore, it is estimated that the proportion of coverage of those who want and need it will reach 75 percent by 1965, and 90 percent by 1970.

This, then, is the other side of the coin picturing the existence of a catastrophic emergency in the form of inability of all persons over 65 to afford medical care. The need for medical-care programs at the hand of the Government cannot be tied to the nonhomogeneous group of persons over 65 referred to as the "aged."

Of the 15.4 million persons in the United States over 65 years of age, about 16 percent, or 2.5 million, receive some form of public assistance. Since public assistance programs, in widely varying degrees, are conditioned on need, it is safe to assume that this group of elder citizens is financially incapable of meeting the general cost of living, including costs of medical care, without public assistance. It may also be assumed that there is an additional group with sufficient income to meet normal costs of living, including medical care, that would be financially incapable of meeting a prolonged or catastrophic illness.

Even with the group so defined, the situation is not as desperate as one might be led to believe. Forty States have some form of medical-care provisions in their old-age assistance plans, and 16 States have direct or money payments for all essential items of medical care. South Carolina's program provides for direct payments for hospital care and nursing-home care. These statistics illustrate conclusively that an all-inclusive, compulsory medical-care program directed by the Government is not needed. They also illustrate that considerable additional information is essential for an objective appraisal of the scope, seriousness, and complexity of the overall problem. It would be much the better part of wisdom for the Congress to make further determinations of fact, before proceeding from a half-cocked position to a new program.

Although there is too little information available to make it possible to determine the actual breadth of the problem of lack of means to securing medical care for those within the group aged 65 and over, there is an overabundance of information and facts to illustrate the foolhardiness of any approach to the problem which utilizes the framework of the old-age and disability insurance program.

Mr. President, I cannot escape the conclusion that the overwhelming majority of Americans today suffer from the illusion that the social security program is financed along insurance principles. We know, of course, that nothing could be further from the truth. Insurance programs set aside the premiums that are paid by the insured, or at least a substantial portion thereof, in a trust fund or reserve which accumulates interest to provide the funds which eventually will be utilized to pay the benefits guaranteed by the insurance policy. The old-age and survivors disability insurance program, on the other hand, does not hold intact the contributions of workers and their employers, but, on the contrary, utilizes these payments in the first priority for payments of benefits of workers already retired in the year in which the contributions are made. In some years, contributions do not even balance benefit payments, much less administrative expenses. For instance, in 1959, total contributions were $8.52 billion, while benefit payments to retirees were $9.84 billion, and administrative expenses were $184 million. Therefore, for the year 1959, there was a deficit of $275 million. Since current contributions are utilized to meet current benefit liabilities, the trust fund remains at a meager level, and the interest on the trust fund is a relatively minor factor in the accrual of financing benefits, compared to interest on reserves in a true insurance program.

In 1939, when the OASDI program was inaugurated, the basic concept on which the Congress accepted the program was hinged to the principle that benefits would be payable in fixed dollar amounts. The system was also designed so that it would be workable under conditions of an expanding economy. In other words, the benefits schedule is so arranged and calculated that there must be an increasing number of salaries on which taxes are levied, in order to meet current benefit liabilities. When originally discussed in the Congress, the social security program was conceived as one in which the benefits payable through the program would remain constant, as would the rates of contribution as originally established. All of us are quite aware that repeatedly Congress has increased the benefits, as was essential if the inflation which we have experienced was to be offset and total impotency of the program to be avoided. These increases in benefits required a compensating increase in contribution rates directly and/or an increase in the salary base on which they were levied.

Contrary to many of the statements made on the 25th anniversary of the system, the OASDI program has really not yet provided its financial soundness. We know very well that both political and inflationary forces will repeatedly demand further increased benefits. In the absence of complete irresponsibility,

additional contributions must be required to meet the increases. At some point, however, we shall reach the breaking point, for total contributions are already scheduled to reach 9 percent of the first $4,800 of wages. Although it is impossible to foretell at just what point the break will come, it is obvious that the cycle of increased benefits and increased contributions must come to a halt, for at some point the wage earners, even if not the politicians, will rebel at further tax levies on wages. This situation could easily become even more crucial should our economy suffer a serious recession or depression, for the system is designed to operate successfully only in an expanding economy. Even so, under a high cost estimate, the old-age and survivors insurance trust fund will decrease from a maximum of about $55 billion in 20 to 25 years from now until it is exhausted in 1997.

Mr. President, millions of Americans have placed their complete confidence in the old-age and survivors insurance system to provide them with funds for retirement in their latter years. In reliance on this system, not only have they neglected to establish retirement plans in private sources, but, indeed, they have had no choice but to place such funds as they earn for this purpose in the old-age and survivors insurance program. A failure in the program would literally mean the economic destruction of millions of Americans. Although the soundness of the program, in my opinion, yet remains to be proved, we should at the very least treat the program in the manner best calculated to insure its continued solvency.

The medical care proposals which would utilize the framework of social security are not only unneeded, but, if enacted, would materially decrease the probability of continued solvency of the system. The proposal for medical-care benefits within the OASDI program—to which, for lack of a better name, I shall refer to as the Forand proposal, since apparently it was first introduced by Representative FORAND—would completely change the original concept of the OASDI program from one guaranteeing fixed dollar benefits to one which guarantees specified services. The fixed-dollar-benefit concept has the advantage of being resistant to inflation, although we must admit that in times of inflation there is a likelihood that it will not provide the resources in purchasing power for which it was originally intended. The guaranteeing of services, as contrasted to fixed dollar benefits, would not withstand the ravages of inflation, but would be marked by increasing costs of benefits as the cost of services themselves increase, and would tremendously increase the pressures for additional contributions to keep the fund solvent. Such a change in concept would materially hasten the day when the point of rebellion at further increased contributions would be reached. Whereas the present system, based on fixed dollar benefits, might be impaired by a relatively serious depression in the economy, the Forand-type concept would subject the fund to bankruptcy from possibly even a mild, extended recession of the economy.

Mr. President, we have no right to jeopardize the OASDI program by grafting on this new concept of guaranteeing services, in addition to dollar benefits. Rather than weaken this program, we should concentrate on checking the inflation which nullifies the purchasing power of fixed dollar benefits, in order that the confidence of the millions of contributors to the system will not be betrayed.

I cannot comment on this Forand proposal, Mr. President, without restating that it is socialized medicine, for it does not seek to provide the funds with which to obtain medical care; but, on the contrary, it seeks to provide medical service itself. In any approach of this sort, the Federal Government must control the disbursement of funds. It must decide the benefits to be provided. It must set the rates of compensation for hospitals, nursing homes, dentists, and doctors. It must audit and control Government expenditures to hospitals, nursing homes, and patients. It must establish and enforce standards of hospital care and medical care. These are but the basic and usual safeguards that accompany the spending of tax funds. Is anyone so naive as to believe that the National Government could exercise these responsibilities without affecting the quality of medical care received? The Government, not the patient and physician, will determine the quality and extent of medical care under the Forand proposal, and this is socialized medicine.

The disadvantages of socialized medicine are not merely reprehensible because there is a bad connotation placed on the word "socialized." The evil lies in the deterioration of the quality of service which inevitably results, to the detriment of the patient, from the Government's efforts to standardize a service which is by its very nature a personal service, and must so remain if it is to be of a high quality.

Mr. President, in this discussion of the proposals before us, I have refrained from utilizing either the constitutional or philosophical approach, and have attempted to discuss the various plans from the standpoint of sound judgment, need, and practicality. I realize, of course, that my approach to the problem is conservative—as is my philosophy—and consequently, I have sought to examine the problem in the light of the facts, removed from the utopian dreamworld of radical thought that appears to be prevalent in our political society. I could also just as well have adopted a constitutional approach, for I am convinced that the Forand proposal is repugnant to the intent and spirit of the Constitution.

In speaking at all, I am fully aware that I am joining in what we all know is an exercise in futility, for regardless of the outcome of the Senate's votes on the various proposals, there is very little likelihood that we will create more than a political issue, if that. Perhaps it is optimism on my part to harbor a sincere hope that the Senate of the United States will at least reject the Forand proposal, if it will not take the even wiser course of postponing any action on this subject until a more objective and better informed consideration can be obtained. Our actions and discussions in this fish bowl arena are more than ever in the eyes of the entire public, both American and foreign, and I cannot conceive that our actions and debate on this political, as contrasted to legislative, issue are well designed to promote respect and high regard for this parliamentary body.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CARLSON. Mr. President, may I inquire how much time the proponents have and how much time the opponents have on the pending amendment?

The PRESIDING OFFICER. The proponents have 86 minutes; the opponents have 82 minutes.

Mr. ANDERSON. Mr. President, I yield 10 minutes to the Senator from Indiana [Mr. HARTKE].

The PRESIDING OFFICER. The Senator from Indiana is recognized for 10 minutes.

Mr. HARTKE. Mr. President, I rise to support the Anderson amendment, of which I am a cosponsor. There is a present, pressing, and timely need for this proposal. That need has been enforced by statements made by the administration, Secretary Flemming, and by practically every person who has spoken on the floor.

I think there is a minority still living in the country who feels there is no problem, but I think we can dispense with that viewpoint by the generally accepted knowledge that there is a real problem which exists now. In that connection I can agree with the distinguished Secretary of Health, Education, and Welfare, Mr. Flemming, that we must act, and should act, in this Congress; that we should not wait.

I asked him specifically, at the hearings, whether we should wait until after the White House Conference. He said "No." He thought we had sufficient facts to enable us to come to an intelligent decision.

Basically, the question comes down to the fact we have 10 million people who are in need of medical care. *No* one contends that all these 10 million are indigent, or that all these 10 million are paupers. The problem before us is whether we are going to take care of most of these people, or only those who are indigent or who are paupers and need medical care, or whether we are going to go further.

I previously stated I intended to support and am in agreement with the committee approach as sponsored by the Senator from Oklahoma [Mr. KERR] and the Senator from Delaware [Mr. FREAR], but there was a lady in my office the other day. I asked her, "How do you feel about the medical care bill?" She said, "Well, I think we will have to wait and see how it comes out. I know these people need help. I know these aged people cannot meet their medical bills."

Mr. President, she has faith that this group of elected representatives are going to do what they think is right;

they are going to do something in the interest of the people; they are going to do what is best for giving us a program of medical care for the aged—not what is best for any particular group, not what is best for the doctors, hospitals, or nurses, not what is best for any particular selfish group which is interested in keeping these people at their mercy and forcing them to beg for help.

If we do not provide a satisfactory answer at this session, or very shortly in the coming session, then there will be a very serious reproach coming from these people, which none of us wants to happen.

So I think the question is: Do we accept the principle of social security, or do we not accept it? If we do not accept the principle of social security, then we cannot accept the principle of the Anderson amendment. But if we do accept the principle of social security, and agree that the social security program has worked well, then this approach is the answer to this particular problem.

Some persons say this is the same old story year after year. This is not the same old story. This is a story that is going to become increasingly new. Every child born today has a right to know the answer. One of every four of them can expect to live to the age of 83; the other three can expect to attain at least the age of 63. There will be children of the age of 60 who will have parents living. If science continues its advances, there probably will be more people reaching the age of 100. So the number of people who are going to need medical care in the future is going to increase constantly.

The question is: Are we going to put this burden on the general tax revenues? Are we going to raid the Treasury for the money that will be needed? Or are we going to proceed in an orderly fashion, on a pay-as-you-go method, in which younger people will pay into the fund while they are earning money, so we can make sure that a person does not have a specter hovering over him, the question of "When I get sick, will my children be able or be willing to provide for me, or will I have to sell my home and, hat in hand, ask the Federal Government or State government to give me help?" That is really what the problem is.

So far as the old-age and survivors' insurance program is concerned, I think it is a good program. It just does not go far enough. If medical care is to be extended to help the aged, it will have to be paid for either out of the Treasury or from the earnings of working people. Some persons say one method is less expensive than another. The least expensive method is the social security approach, because the machinery is already established. Another establishment does not have to be created. Investigators do not have to be sent out to learn whether a man has the means to pay for his medical care or not. Those items will be added expenses under any other method than social security.

Under this approach, every one of the 70 million people covered by social security can be provided for, in orderly fashion, and we can prevent the problem, rather than deal with it after it occurs.

This is a question of whether we want an insurance program or merely a relief progam.

I call attention to the resolution which was adopted at the Governors' conference on June 29, 1960. Thirty Governors signed the resolution, asking that the social security approach be adopted. These people know that their States cannot stand an additional drain on their finances, and that the best approach is the orderly procedure of contributions from employees during their working years. I read from the resolution:

Whereas the Governors' conference for many years has been acutely aware of the growing number and complexity of problems faced by our increasing population of senior citizens, including health and medical care, employment and income maintenance, provision of suitable housing, and enrichment of leisure time activities; and

Whereas the most pressing of these problems is the financing of adequate health and medical care: Now, therefore, be it

Resolved by the 52d annual meeting of the Governors' conference, That Congress be urged to enact legislation providing for a health insurance plan for persons 65 years of age and over to be financed principally through the contributory plan and framework of the old-age survivors and disability insurance system; and be it further

Resolved, That the States support and participate actively in the forthcoming White House Conference on Aging to the end that public and private agencies be stimulated and encouraged to develop approaches to all the problems of the aging.

I think we can summarize the points of the program very briefly. These principal points can be made as to why this approach is the best approach.

First, contributions would be collected from nearly all persons who work for a living.

Contributions would be payable, under this amendment, only while the individual is employed.

Contributions, under this amendment, would be levied in some measure commensurate with the ability to pay.

Contributions, under the amendment, would be levied in the individual's working lifetime, not during the period he is not earning or is in retirement.

Contributions, under the amendment, would not be related to the number of dependents a person has.

The employer would be required by the amendment to pay one-half of the cost. Under some other plans the employer would pay part of the cost, and under some plans the employer would be required to pay all of the cost.

The benefits under this plan would not be cancellable. The benefits under this amendment would not be limited during a person's lifetime. Under the amendment, the benefits would be more adequate than under many private plans.

Finally, the cost of administering the plan under our amendment would be less than the cost of administering existing private life insurance plans.

I sincerely believe that if Senators will vote upon the measure based upon whether they feel it will provide for an orderly method of insurance, instead of what might be related to political considerations, they will support the Anderson amendment.

Mr. ANDERSON. Mr. President, I yield 3 minutes to the Senator from Ohio [Mr. LAUSCHE].

Mr. LAUSCHE. Mr. President, I wish to make a few comments about the amendment now pending before the Senate. Before I do so I should like to ask the sponsor of the amendment, the Senator from New Mexico [Mr. ANDERSON], a question.

In the event the Anderson amendment is agreed to, what will be the situation with respect to those elderly citizens who are not now within the purview of the social security law?

Mr. ANDERSON. I think those persons would be adequately covered under the provisions of the committee bill and under the so-called Kerr amendment.

Mr. LAUSCHE. It is the position of the Senator from New Mexico that his amendment would provide coverage for all elderly persons who are now within the operations of the social security law?

Mr. ANDERSON. Who are past the age of 68 years.

Mr. LAUSCHE. Who are past the age of 68?

Mr. ANDERSON. That is correct.

Mr. LAUSCHE. Those who are not under the coverage of the social security law who are past the age of 65 will be covered by the committee recommendations?

Mr. ANDERSON. Provided the State makes its appropriation.

Mr. LAUSCHE. Yes.

Mr. President, since 1945, in discussing social security laws, numerous have been the times when I have declared my concept of what ought to be done with respect to the Government providing social security. In effect, I have repeatedly stated I did not subscribe to the philosophy of giving doles and subsidies, but I believed in a system which was actuarially sound, operated in a businesslike manner under which payments were to be made out of a fund which was built up through joint contributions by employers and employees.

That philosophy has been with me, I would say, for at least 15 years. I believe a fund created in that manner in all probability will be prudently managed, since it places a joint responsibility on the employer and the employee, and in all probability it will be based upon a sound actuarial foundation and will be conducted with businesslike operations.

My belief is that the elderly people of our Nation are in need of this type of service. I think not only of the indigent but also of those who through prudence and thrift have accumulated a modest estate.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. ANDERSON. I yield the Senator 3 more minutes.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 3 additional minutes.

Mr. LAUSCHE. Mr. President, it is a rather dominant and frightening prospect for an elderly person to find, in the twilight days of life, that whatever he has accumulated through prudence is to be dissipated as a result of the huge costs which come in caring for one's self, especially during an illness in the mature years of one's life. I have in mind specific instances when people have told me, for instance, "I have assembled enough to have a modest home. I am proud of my home. I do not wish to see it dissipated, but I cannot see my way clear to save it if I have to carry these inordinate medical expenses."

The costs of living for the aged, especially those to fight disease, have become extraordinarily large. I need not discuss that, because it is generally understood that medical expenses, including drug costs and nursing services, are beyond the ability of the ordinary person to carry.

On that foundation, it is my judgment that the program of providing medical service cannot be avoided.

Next I shall discuss the question of whether I should support the Anderson amendment. I assume, on the basis of what I have said, if I did not support it I would be belying every one of these statements which I have made in the last decade and a half.

I am not giving my support to the proposal on the basis of its political implications. I am not giving it my support on the basis of the threats which are being made in the reception room against those who do not support it.

I recognize that support is being given to that measure on this floor by Senators who have espoused a social security philosophy that is entirely inconsistent with the method suggested in the financing of the program by the amendment of the Senator from New Mexico.

To reiterate and to summarize, it is my firm conviction that the funds out of which payments should be made for the social security approach should be accumulated through current contributions jointly made by employers and employees or earmarked taxes. Funds should not be established for that purpose except where it is inescapable, as it is in the situation before us, in which we would find ourselves with a large number of people uncovered under the law unless the committee proposal were adopted. I think we would encounter danger if we created this fund solely out of general taxpayers' money.

It is on that basis that I shall vote for the Anderson amendment. My vote would be cast clearly on the basis of the principles which I have established in my own mind as to the manner in which these funds ought to be established.

I thank the Senator from New Mexico for yielding to me.

Mr. ANDERSON. Mr. President, I yield to myself 1 minute. In that 1 minute I wish to say that when I yielded time to the Senator from Ohio I had no idea on which side of this question he would speak. I appreciate more than he can ever understand his statement that he is not taking his position on the basis of political motives but on the basis of a life devoted to the study of the needs of the people. I thank him and compliment him for that.

Mr. LAUSCHE. Mr. President, will the Senator yield me 2 additional minutes?

Mr. ANDERSON. I yield.

Mr. LAUSCHE. The position which I have taken here is completely consistent with the positions I have advocated on this floor with respect to subsidies.

There are entirely too many subsidies paid by all the taxpayers who are being taxed. The speed with which we are passing such subsidy bills is growing. My position on the bill is completely consistent with what I have declared to be my concept of free government. It is consistent with my fear that we are trying to buy votes by passing bills to provide subsidies. I do not claim that to be the purpose of the committee proposal.

I repeat that in my judgment we should not have had this special session. Politics are permeating it from beginning to end. What I have said is consistent with what I espoused during the entire 3½ years I have been in the Senate.

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

Mr. ANDERSON. I yield 7 minutes to the Senator from Vermont.

Mr. AIKEN. It is always very difficult for me to disagree with my friend, the able junior Senator from New Mexico, with whom I have worked very closely since the days when he was one of our truly great Secretaries of Agriculture. However, when I discovered that under the social security approach to the problem which we are now considering only about 50 percent of the people of my State over the age of 65 could qualify for benefits, there was nothing left for me to do except to oppose that approach to this problem.

I think most of us in considering matters of this kind reduce our feelings to human terms and go a little further than that, perhaps, to reduce it to an individual human effect. I take that approach myself very frequently. In the case of the amendment offered by the Senator from New Mexico, I simply started down the road from my home to see how the proposal would affect my neighbors who are of the age of 65 or over.

As I went down the road, the first case to which I came was that of a man who is 86 years old. He was a farmer, but he has not been able to work his farm for a living since the time before which farmers could qualify for social security. Therefore he has no social security card.

Farther along the road there was another man who is 74 years of age. He has spent most of his life as a farm laborer, having worked on one farm or another. However, approximately 10 years ago arthritis afflicted him and he had to stop work. He cannot have a social security card because he could not qualify for one after he became technically eligible.

Going down the valley a mile or so farther, I came to the first school teacher I ever had in my life. She is still living and is about 90 years old. As far as I know, she is in fair physical condition, but she retired not only before the days when she could qualify for social security, but I am afraid before the days when she could qualify for retirement funds in my State as well. I know that she does not have very much on which to live; but she could not qualify for the old age health insurance provided in the Anderson amendment.

The younger sister of that teacher, who is 77 years old, lives there also.

I think she receives some teacher's retirement pay, though it is inadequate. Nevertheless, she retired, too, in the days before teachers were eligible for social security benefits.

Going into the town I found a man who has been self-employed most of his life, and who has helped other people in performing public spirited work for the town. I know that he is critically ill. I know also that his medical expenses must have run into hundreds, or even thousands of dollars during the last year or two. I cannot say for sure that he is not covered, that he has no social security card, but I do not think he has.

There are, then, the firemen and policemen who have retired on a pension of perhaps $1,200 or $1,500 a year. Firemen and policemen have been eligible for social security in my State only during the last few months, when Congress made them eligible. They would be left out of any benefits proposed by the Anderson amendment.

I have other neighbors who would qualify. One man lives a short distance from me. He worked at a place where I know he had a social security card. This last summer, however, he inherited, as I am informed, approximately $1 million. He has given up the job that he had and is self-employed at the present time; he probably will be self-employed the rest of his life. Of course, he can keep up his social security payments on up to $4,800 of his earnings a year if he wishes to. Nevertheless, if he does not wish to, when he reaches the age of 68 under the proposal before us, he may receive the full benefits without paying another nickel.

Another of my neighbors is the most prosperous farmer in town. After 1950 he incorporated his farm and paid himself a salary of $4,200 a year, which was the maximum social security earning base at that time. He will qualify for the benefits. However, dozens of other neighbors who are operating marginal farms did not have the money to incorporate, and did not even have the money to pay into social security. They would not qualify under the Anderson amendment.

As I said, only about 50 percent of the people over 65 in my State would qualify for benefits proposed by the Anderson amendment. Some of the remaining 50 percent I am sure would qualify under the Kerr-Frear bill. I cannot say how many. Now let us come a little closer to the Senate. The proposal we are asked to vote on is discriminatory, and we do not have to go outside the Senate Chamber to find discrimination. Some of the Members of the Senate have social security cards, and others do not. They are paid $22,500 a year, and some of them

could qualify for benefits under the Anderson disposal, and some of them could not.

When I think of these people back home, who have worked all their lives, but who cannot qualify for social security, and therefore would not be eligible for benefits under the amendment we are asked to adopt now, then I believe I would be rather coldblooded if I voted to enact legislation which excludes them from the benefits.

Mr. CURTIS. Mr. President, will the Senator yield very briefly?

Mr. AIKEN. Yes; I am happy to yield, even though I do not know how much time I have.

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. CURTIS. The distinguished Senator from Vermont is making a very fine point. The proposal would pay benefits to many people who do not need them at all, and it would reduce the take-home pay of everyone in the country.

Mr. AIKEN. I am talking only about cases with which I am familiar. I cannot go into the details. Many of these people have been covered, or will be covered. I realize that the heaviest part of the cost will be placed on those who are 20 to 40 years of age and are raising families. It has been explained here that millionaires would escape paying any important part of the cost of the program, whereas a young man, between the age of 20 and 40, who may have several children, will not only have to pay his share of this health insurance program, but will also have to carry insurance to carry him and his family, and will not only have to pay the $10 fee, but also the $150, at a time when the family can least afford to do so.

Finally, I say we would be very foolish to undertake to legislate this program at a time when it cannot fail to be a political matter. I believe we ought to consider it at the beginning of the next session, when we will have a new Congress, and when the election will not be impending, and at a time when we can act sanely and put through legislation which will cover all the people and require all the people to pay the cost of the program. There is much more I could say, but I know that time is in demand.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CARLSON. Mr. President, I yield 4 minutes to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I believe in helping those who need help. I voted for the Javits approach and will support the committee bill because either represents a more realistic program of medical care than this "bobtailed" amendment now before us. Opponents of the committee bill would have it appear there is a great ground swell of sentiment among the elderly, indeed among people of all ages, for a social security health program. This problem, we are to understand, has popped up suddenly in a Presidential election campaign after apparently lying dormant for many years. Contrary to this, it has been with us for some time.

Many older persons have written through the years expressing a desire for increased social security money benefits, no question about that. This undoubtedly is the No. 1 problem on the minds of our needy elder citizens—enough funds to enable them to lead their lives in dignity and in security. Further burdening the Social Security System with a medical program financed by ever higher social security taxes can only postpone and make more unlikely any increase in regular benefits.

The Secretary of Health, Education, and Welfare has predicted that these taxes could rise in the foreseeable future to 15 or 20 percent of taxable income, if health care benefits are brought into the program. He noted—with reason—that Americans would rebel at such a tax piled on their already tremendous Federal and State income taxes.

During the past year or so, Members of the Senate have had a firsthand look at the problem through the hearings by the special Senate Labor Subcommittee on Problems of the Aging. This subcommittee, headed by the esteemed senior Senator from Michigan, went all over the country to sample, on the spot, the opinions of older people.

Town-meeting-like forums were held at which members of the audience were invited to stand up and tell the Senators how they felt about the problems of aging, and what solutions they sought. Here surely was a fine time and opportunity for the aged to demonstrate their enthusiasm for a social security health bill, or for any new Federal health program, for that matter.

But some of the meetings, despite much advance newspaper publicity, were ill attended. At some relatively few spectators were on hand. And of those that did speak their minds, a majority did not even mention health care financing as a major problem. And I am informed only a small fraction of the older people who did talk about health called for a social security approach.

One responsible segment of our population has already made its views on the subject known, and very forcefully. That is the Nation's newspapers, the great bulk of which have been outspoken about their opposition to bringing a health program under the social security system. Some 5,000 editorials have been written in the past year or so urging the Congress to reject the social security plan. The Washington Star put it well when it said:

> Both the young and old may someday question the price of insurance rewritten by Uncle Sam in election years.

Even the Washington Post, one of the few newspapers to support the social security approach, has decided that the heat and passions of the election-minded Congress is not the best atmosphere in which to develop sound and lasting legislation, and said the whole matter should be put off until next year.

The Christian Science Monitor calls the social security plan "a way to overload social security." The growth of private, voluntary health insurance, this newspaper declares, has been phenomenal and—I quote—"greatly preferable to Government-administered compulsory health insurance."

The Los Angeles Times says that—

> We think the insurance companies, encouraged by business, endorsed by an unsplintered medical fraternity, and supported by the whole public, can do better with health and medical care, and that Americans, young and old, will be better for the private effort.

The Chattanooga Times states:

> We hope and we believe that these very real needs can be met through private, volunteer initiative, which has worked a near miracle through the Blue Cross, Blue Shields, and other plans largely since World War II.

I could go on and on, quoting from newspapers in city after city, both Democratic and Republican journals. Here is just a random list of newspapers that have attacked a social security health plan: The Houston Chronicle, Wall Street Journal, Little Rock Democrat, New York Daily News, Los Angeles Herald-Express, New York Herald Tribune, Denver Post, Honolulu Star Bulletin, Chicago Sun-Times, New Orleans Times-Picayune, Baltimore Sun, and so forth. A rollcall of most of the great newspapers of America.

The New York Daily News summed up the major arguments against the social security plan about as well as any. The catches in this approach, the News says, are:

1. That it would give socialized medicine a foot in the U.S. door;
2. Would cost so much as to endanger the entire social security setup; and
3. Would most likely lead to extensions of free medical care to other groups as time went on—meaning heavier and heavier costs each year.

Mr. President, the committee bill avoids these pitfalls. It relies on established channels of aid for the needy of our country. Some have referred to the bill as moderate, or cut down, strange adjectives to use for the expenditures of hundreds of millions of dollars to give a helping hand to old persons who do not have the means to pay their medical bills.

The humanitarian committee bill sets no limits on the amount of health-care benefits the near-needy aged could receive as does the social security plan. It epitomizes the "help thy neighbor" philosophy of the Federal-State public assistance program—to help those who are in need of assistance, the proper and fitting role of Government.

Mr. President, I should like to make some comments on how the proposal would affect one State. Of course, I speak of my own State, the great State of Colorado. In Colorado, according to a communication which I have in my hand, written to me by Guy R. Justis, director of the department of public welfare, there are 146,700 persons in Colorado over the age of 65. They represent 8.1 percent of the total population of the State.

As of February 28, 1959, the Department of Health, Education, and Welfare reported a total of 59,344 persons in Colorado who were receiving OASI, or

social security. Relating this figure to the total estimated population aged 65 and over, we find that slightly more than 40 percent of Colorado residents aged 65 and over are receiving OASI.

Therefore, approximately 39 percent of Colorado old-age pensioners 65 and over were also receiving OASI. A total of 546 class B pensioners—those between the age of 60 and 65—also were receiving either OASI or OAS disability payments. The 546 class B pensioners receiving such payments represented 14 percent of the 3,769 cases.

On the basis of the figures which I have obtained from the Colorado records, it would appear that 58,570 Colorado residents aged 65 and over are not receiving either OASI or old-age pensions, or a combination thereof.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CARLSON. I yield 1 additional minute to the Senator from Colorado.

Mr. ALLOTT. Thus, 39.9 percent of persons over 65 would not be covered by a bill based on social security, such as the present amendment offers. Many of these are the ones who need help most. To say that such a bill solves the problem is a farce and a fraud upon our elder citizens.

In order that the figures may be spelled out in more detail, as well as to show additional information on the medical plan now provided for those under the public assistance program, and sent to me by the very capable director of the Department of Public Welfare of Colorado, I ask unanimous consent that his letter, dated May 5, 1960, be included in the RECORD at this point as a part of my remarks.

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

STATE OF COLORADO,
DEPARTMENT OF PUBLIC WELFARE,
Denver, Colo., May 5, 1960.

Hon. GORDON ALLOTT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ALLOTT: In response to your letter of April 28, 1960, concerning the impact of the Forand bill or other related legislation upon Colorado, we are glad to send you the following information:

1. According to an estimate of the Colorado State Planning Division there are 146,700 persons in Colorado aged 65 and over. On the basis of this estimate, persons 65 and over represent 8.1 percent of the total population of the State.

2. As of February 28, 1959, the Department of Health, Education, and Welfare reported a total of 59,344 persons in Colorado who were receiving OASI. Relating this figure to the total estimated population aged 65 and over, slightly more than 40 percent of Colorado residents aged 65 and over are receiving OASI.

3. In March 1960, 18,530 Colorado old age pension recipients also were receiving OASI payments. The total number of pensioners 65 and over in March 1960 was 47,315. Therefore, approximately 39 percent of Colorado old-age pensioners 65 and over were also receiving OASI. A total of 546 class B pensioners (those between the ages of 60 and 65) also were receiving either OASI or OASDI payments. The 546 class B pensioners receiving such payments represented 14 percent of the 3,769 cases.

4. On the basis of the figures cited above, it would appear that 58,570 Colorado residents aged 65 and over are not receiving either OASI or old-age pension or a combination thereof. Thus 39.9 percent of persons over 65 would not be covered by a bill based on social security. Since only about 59,344 persons aged 65 and over in Colorado are receiving OASI, the remaining 87,356 would be dependent upon their own resources or the Colorado old-age pension.

5. The Colorado old-age pension medical care plan is limited by constitutional amendment to an expenditure of $10 million in each fiscal year. To summarize, the current medical care plan, as approved by the State Board of Public Welfare, includes the following benefits for recipients of old-age pension in Colorado.

(a) Hospitalization, drugs, and physicians' services in the hospital (including surgery).

(b) Nursing home care for pensioners who are patients in nursing homes approved by the Colorado State Department of Public Health.

Under this program a pensioner who is a patient in a nursing home pays $100 toward the cost of such care from his monthly old-age pension payment or from his pension payment plus any other income, such as OASI. He is allowed to retain $6 a month to meet his own personal needs.

His payment to the nursing home is supplemented by vendor payments from the old-age pension medical care fund which are made directly to the nursing home. The amount of such payments is related to the quality of service offered by the nursing home and the amount of care required by the individual pensioner. The maximum amount of the vendor payment is $95 a month. This amount, added to the $100 paid by the pensioner, makes a maximum of $195 a month that can be paid to a nursing home through the Colorado old-age pension program.

Pensioners in nursing homes also are eligible for a certain amount of physicians' services and for drugs prescribed by physicians.

(c) A limited program of physicians' home and office calls for pensioners living in their own homes.

(d) Transportation allowance to enable pensioners to receive medical care.

To supplement this brief summary of the Colorado old-age pension medical care program, we are enclosing a reprint of an article by A. Paul Shermack, assistant executive director of Colorado Medical Service (Blue Shield plan) which appeared in the Rocky Mountain medical Journal for January 1960. This article goes into more detail concerning the background and content of the old-age pension medical care program.

With respect to the last question in your letter, if some bills were passed which tied health insurance to OASI, the Colorado State Department of Public Welfare would look upon this insurance as a resource which our old-age pensioners would be expected to make use of before they would be eligible to receive medical care benefits under the Colorado old-age pension medical care program. This policy would be similar to our present policy in that an applicant for old-age pension is asked to apply for OASI if it appears he may be eligible for social security benefits.

It was good to hear from you and I hope the information which we have compiled will be of assistance to you in evaluating the impact of proposed legislation upon aged residents of Colorado.

Sincerely yours,

GUY R. JUSTIS,
Director.

Mr. ANDERSON. Mr. President, I yield 10 minutes to the Senator from Minnesota.

Mr. McCARTHY. Mr. President, I have tried to follow the debate during the 3 days the Senate has been considering the pending business. The charge that comes up again and again is that somehow or other the proposal in the Anderson amendment is for socialized medicine, and that the alternative, in the committee bill, or what was proposed in the Javits amendment, escapes the brand of socialism. Yet I note again, in reviewing the debate, that the arguments made in favor of the other proposals seek to show that almost every citizen in the country who is over the age of 65 will be covered under the program, which is essentially a Government program, although in part it involves the participation of the State governments.

I have never seen a definition of socialism which would establish the distinction that if it is done by the Federal Government it is socialistic, but if it is done by a State government it is somehow unsocialistic.

In each case, the program is a Government program. The laws are enacted by legislatures, either State or Federal, and the distinction is not one of socialism as against antisocialism or some other form of political or economic ideology.

The Javits amendment, for example, was proposed as one which would cover some 11 million people over the age of 65 in addition to or outside of the 2.4 million who were covered under the present old-age assistance program.

The second point which has been raised—and much attention has been given to this point—is that of the freedom or lack of freedom on the part of the patient to select his own doctor. I think we should make an honest, realistic examination of the current practice in the United States with respect to the selection of a doctor.

In the first place, as the distinguished Senator from New Mexico [Mr. ANDERSON] has established repeatedly, his amendment in no way sets any limit upon the freedom of a person who may participate under the social security medical aid program to select his own doctor. However, let us examine the general practice today. How much freedom does an individual have in the selection of a doctor? How far afield can he go? How many doctors has he available from whom he can make a choice? In almost every small town there is only one doctor, and he is the doctor of everybody in that town. One may, under some circumstances, go to the next town to find a general practitioner. Usually, however, that kind of selection is not made upon any medical basis, but involves some kind of personal touch or personal reason.

If one goes to a clinic, he may have his own doctor introduce him to the clinic. At a great clinic, such as the Mayo Clinic in Rochester, Minn., for example, one does not say, as he moves along through all the various examinations, "I want Dr. A, Dr. B, or Dr. C." One commits himself to the experts who say, "We will have you examined by doctors who are specialists, by doctors who know the most about this particular problem, this particular disability, or this particular ailment."

That is true not only in the great clinics, but also in the clinics which have developed in all the medium-sized towns

of America. As a result, the patients receive better treatment than they did when their entire care and treatment rested in the hands of one general practitioner or one family doctor. So the issue of freedom of choice to select one's doctor is, in the first place, as it has been raised and presented here, as misrepresented as the Anderson amendment itself.

In the second place, the issue is unrelated to the question of good medical care and to the growing practice of medicine in the United States. Some of the great industrial plants and great railroads have their own hospitals and their own doctors. Many of the great industrial corporations have their own medical programs and their own doctors. No one, so far as I know, has protested here against those practices or has said there is interference with freedom of choice on the part of the patient. The American Medical Association, so far as I know, does not forbid its doctors to participate or take employment in industrial medicine or employment with railroads for the care of railroad employees.

Four or five issues have been raised with regard to the bill which really have no objective relationship to the problem with which we are trying to deal. Our basic problem is that of trying to help citizens. Under the Anderson amendment, people over age 68 would receive assistance to meet the cost of better medical care, the cost of medication, and the cost of hospitalization. We are told that we will destroy the traditional doctor-patient relationship.

The Anderson amendment will not interfere with the genuine, fundamental, and proper professional relationship between doctors and patients. It will not interfere with the way in which doctors are chosen and the way in which proper care is given to patients. It will not introduce any new practice with respect to a method by which doctors are paid by their patients.

The practice has been established under some insurance programs, such as the Blue Cross-Blue Shield, of having the insurance company pay the hospital costs, the medical costs, and even the doctors' fees. This practice has come to be accepted in the United States. In addition, in the old-age assistance program, 2 or 3 years ago we were asked to change the law so that the Federal or State government could pay directly to the doctor the cost of the services, or to the hospital the cost of the services, which they had rendered to the old-age assistance recipients. Until that time, the practice had been to give the money to the old-age recipients, who in turn paid their doctors or their hospitals. However, the request was that there be a State agency or a Government agency to make the payments directly, so as not to have payments made through the patient. It was provided that the doctor or hospital could say, "This is the measure of cost for the services we have given, so we ask the Federal Government or the State government" — whichever agency was handling the matter—"to pay the bill directly to us, without its going through the hands of the patients."

In the case of Government programs and in the case of private insurance programs, the practice is fully established of having payment made directly by the Government agency or the insurance company to the hospital or to the doctor who has provided service to the patient. So we are not introducing any new idea by attempting to establish a medical aid program which is based upon the social security program, under which, when a person receives hospital care or medical care, payment may be made directly from the social security fund to the hospital or to the clinic which rendered the service to the patient.

As a matter of fact, what we recommend or propose is a practice which has been established and accepted by the medical profession and by the private insurance companies of the Nation.

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

Mr. McCARTHY. I yield.

Mr. CARROLL. I think the able Senator from Minnesota would like to know, if he does not already know, that the State of Colorado has one of the finest old-age pensioners' health and medical care programs in the Nation. The total number of Coloradans who received old-age pensions in 1959 was 58,393; 32,733, or almost 56 percent, of the Colorado pensioners participated in the medical care program. Mr. President, I ask unanimous consent that there be printed at this point in the RECORD, a chart I have prepared entitled "Colorado's Old-Age Pension, Health and Medical Care Program, 1959."

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

COLORADO'S OLD-AGE PENSION, HEALTH AND MEDICAL CARE PROGRAM, 1959

Total pensioners receiving old-age pension, 58,393.

Total pensioners receiving medical care, 32,733, 56 percent.

Total pensioners requiring hospitalization, 14,236, 24.4 percent.

Total pensioners requiring nursing home care, 4,907, 8.4 percent.

Twenty-five percent of pensioners used doctors' home and office services.

EXPENDITURES DURING CALENDAR YEAR 1959

Type of care	Expenditures	Percentage
Hospital care	$5,309,851	59.76
Nursing home care	1,804,724	20.7
Doctors' services	1,461,866	16.76
Drugs for patients in nursing homes	182,943	2.1
Transportation	59,145	.68
Total	8,718,529	100.00

DOCTORS' SERVICES

1. Services to pensioners in private hospitals:

	Billings
Surgery	10,498
Medical care	14,207
Other (anesthesia, X-ray, lab, etc.)	9,860
Total	33,565

2. Services to pensioners in Colorado General and Denver General... 1,768

3. Types of hospital care:

	Percent
Surgery	31
Medical care	42
Other (anesthesia, lab, X-ray, etc.)	27

DOCTORS' SERVICES—continued

4. Average charge per billing for hospital service $32.79

5. Home and office calls, 6-month period ..... Cases 39,111

6. Types of cases most frequently treated by doctors:

(a) Medical:	
Circulatory diseases	4,003
Digestive	2,367
Respiratory	2,149
Nervous system	1,244
(b) Surgical:	
Digestive	2,225
Musculoskeletal system	2,341
Integumentary system	2,514
Urinary system	1,064

7. Cost of doctors' services:

(a) Services to patients in hospitals	$1,265,129
(b) Home and office calls	133,240
(c) Nursing home calls	63,497
Total	1,461,866

HOSPITAL CARE

1. Admissions to hospitals (some pensioners had more than one admission):

	Admissions
Women	13,522
Men	8,591
Total	22,113

2. 84 hospitals participated.

3. Days of hospitalization, 261,328.

4. Average length of admission, 11.8 days.

5. Average cost per day, $20.53.

6. Cost per hospital admission, $242.63.

7. 78.8 percent of hospital payments were for stays less than 30 days ($4,287,543).

8. 19 percent of hospital payments were for stays of 30 to 70 days ($1,038,612).

9. Two percent of hospital payments were for stays of over 70 days ($111,892).

10. Sixty percent of all hospital admissions were for less than 10 days; 94 percent of the admissions were for less than 30 days.

11. Principal types of diseases causing hospitalization:

(a) Circulatory, 4,768 cases, 21 percent.
(b) Digestive, 3,465 cases, 16 percent.
(c) Accidents, 2,835 cases, 23 percent.
(d) Respiratory, 2,341 cases, 23 percent.

NURSING HOME CARE

1. Vendor payments were made to nursing homes for 2,318 persons per month.

(Each pensioner in a nursing home paid $100 a month to the home from his pension).

2. Average monthly payment to a nursing home per patient was:

From pensioner	$100.00
Vendor payment	64.84
Total	164.84

3. Number of nursing homes being used, 144.

Mr. CARROLL. I do not wish to interrupt the speech of the Senator from Minnesota——

Mr. McCARTHY. I am glad to have the comments of the Senator from Colorado on this point.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. McCARTHY. I yield myself an additional 5 minutes.

Mr. CARROLL. Our old-age pensioners carry identification cards. They choose their own doctors and identify themselves with their card. The doctor determines whether such a pensioner shall go to a hospital; whether it is necessary to have inpatient or outpatient

treatment. The Colorado medical care program pays the doctor and/or the hospital. It is a vendor payment.

The point I wish to underscore, and which is being made by the Senator from Minnesota, is that the Colorado old-age medical care program does not pay the pensioner, and the pensioner does not pay the doctor. The doctor is paid by the Blue Shield authorities in the area, and this takes place under a contract negotiated with the department of public welfare of the State of Colorado. The doctors have accepted and work successfully under this system. Blue Cross-Blue Shield is contracted with to administer the program. But my point is that while the doctor-patient relationship is carefully preserved, the patient does not pay. The Blue Cross-Blue Shield pays; and the State of Colorado, in turn, pays Blue Cross-Blue Shield.

Mr. McCARTHY. The Senator from Colorado is quite correct.

Mr. CARROLL. Let me ask the Senator from Minnesota another question. As I understand the Anderson-Kennedy bill, it does not have anything at all to do with the payment of doctors' bills.

Mr. McCARTHY. The Senator is quite correct.

Mr. CARROLL. In Colorado, we make maximum payments to our old-age pensioners of $106 a month. For an example, let us take a social security recipient who is receiving $75 a month. If such a person can qualify on the basis of need he can come under our Colorado pension program and we give him another $31; and, in addition, such a person is then qualified for medical care.

We now have approximately 20,000 people in Colorado who in addition to social security benefits also qualify for payments from the Colorado pension fund because their social security payments are less than $106 a month. I should like to ask this question for the record—would benefits received under the Anderson-Kennedy amendment in any way diminish the benefits a recipient may be entitled to receive under a State old-age medical-care plan?

Mr. McCARTHY. I know of no way in which the benefits to which they are entitled will be diminished. It might very well have the effect of reducing the cost of State programs, because this will establish on top, I think we could say, of the old-age-assistance medical program, another program, which will be based upon the social security program or the social security principle; and it leaves the way open to the third program, which has been incorporated in the Kerr amendment and is in the bill which we are seeking to amend by adding the Anderson amendment.

Mr. CARROLL. Mr. President, will the Senator from Minnesota yield further?

Mr. McCARTHY. I yield.

Mr. CARROLL. I see on the floor the able Senator from New Mexico [Mr. ANDERSON], one of the sponsors of the Anderson-Kennedy amendment. I should like to ask him: "Will the Anderson-Kennedy amendment benefits supplement rather than supplant benefits received under a State medical care program?"

For example in Colorado there are almost 19,000 persons who are drawing both social security and Colorado old-age pension benefits. These persons would be entitled to certain medical benefits under the Anderson-Kennedy amendment.

Colorado's old-age pension program is much more liberal than the Anderson-Kennedy proposal. However it is possible that the State welfare officials may require that a pensioner who is also on social security use the Anderson-Kennedy benefits.

In such a case is it the intention of the sponsors of this amendment that the social security recipient be entitled to have whatever other benefits he can get through the State's old-age assistance program?

Mr. ANDERSON. Mr. President, if the Senator from Minnesota will permit me to reply, the answer is "Yes."

Mr. CARROLL. For example, in my State, I am confronted with this problem—to state the matter a little differently: Our Colorado old-age pension program is more liberal than the Kennedy-Anderson program; and I do not wish to have those 20,000 people in Colorado who are social security recipients taken out of our State medical care program which I think is more comprehensive and more progressive, and thrown into a Federal program because they happen to be beneficiaries under this amendment.

Mr. ANDERSON. If the Senator from Minnesota will permit me to reply, I can say to the Senator from Colorado that the Anderson-Kennedy amendment will not affect that situation in any way.

Mr. McCARTHY. It can do nothing but improve the program; it cannot hurt it.

Mr. CARROLL. In all categories?

Mr. McCARTHY. Yes.

The PRESIDING OFFICER. The time available to the Senator from Minnesota has expired.

Mr. McCARTHY. I should like to have a few additional minutes, if I may.

Mr. ANDERSON. I yield 2 more minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 2 additional minutes.

Mr. McCARTHY. I thank the Senator from New Mexico.

Mr. CARROLL. Then let me say, if the Senator from Minnesota will permit, that the Anderson-Kennedy amendment provides that the first $75 of the medical care bill shall be paid by the recipient of the medical treatment. Would this provision prohibit the Colorado Welfare Department from paying the $75 out of its medical care fund?

Mr. ANDERSON. The answer is "No."

Mr. CARROLL. The aged in Colorado who are 65 years or over are eligible to receive old-age pensions, and at this time they are also eligible to receive medical care. The same age limit applies, also, to the Kerr-Frear bill.

But the Anderson-Kennedy amendment benefits will go to such persons beginning at age 68.—How can a Colorado person age 66 who is on social security, but is not on a Colorado old-age pension, qualify to receive benefits under the Kerr-Frear bill?

Mr. ANDERSON. It will be up to Colorado to establish the yardsticks under which such persons would qualify.

Mr. CARROLL. Does that mean a person must be indigent? Is this to be a need test?

Mr. ANDERSON. The requirement is that he must be needy, yes. But the State can establish its own standards.

Mr. McCARTHY. But there is a need test principle involved.

Mr. ANDERSON. Yes.

Mr. CARROLL. That is the point.

Mr. ANDERSON. Yes.

Mr. CARROLL. In other words, he must show that he does not have the money and is in need; is that correct?

Mr. McCARTHY. The term used is "medically indigent."

Mr. CARROLL. Yes. If he draws medical care benefits, when he becomes age 68 will he be excluded from the old-age-assistance program and automatically be forced into the social security program?

Mr. ANDERSON. Not if he still has remaining needs.

Mr. CARROLL. So if he is over 68 years of age and if there is a basis of need, he may stay under the State medical care plan?

Mr. ANDERSON. Yes.

Mr. McCARTHY. And the State plan could supplement the Federal program.

Mr. President, I should like to point out that throughout this debate the question of socialized medicine has come up again and again; and it has been indicated that, somehow or other, anyone who participated in such a program would lose his freedom.

I think we should note that today there are approximately 31 million Americans who are involved in a Federal program of medical care, and this includes more than 22 million veterans of all our wars. Does anyone who is opposing the Anderson approach say we should back up, since this is so dangerous?

The PRESIDING OFFICER. The time yielded to the Senator from Minnesota has expired.

Mr. McCARTHY. May I have 2 more minutes?

Mr. ANDERSON. I yield 2 additional minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 2 additional minutes.

Mr. McCARTHY. I was asking whether anyone who is opposing the Anderson amendment approach says that we should back away from the medical benefits we have provided for our veterans.

In addition to the more than 22 million veterans, there are approximately 10 million more people who are under Federal programs of one kind or another; and this group, of course, includes the President and the members of his Cabinet, many of whom have taken advantage of the "socialized" medical facilities available in the Washington area during the last 8 years. In addition, there are approximately 2 million persons under old-age assistance programs,

who are eligible to receive some kind of benefits under the various State programs.

Mr. President, the arguments being made against the Anderson amendment are much the same as the ones made against the Social Security Act in 1935 and 1936.

We have been told by some that we should delay taking action on the program now proposed. In connection with that argument, let me read what was stated in 1936; I read now from a pamphlet which was put out by the Republican National Committee in the 1936 campaign:

> The way they've rigged this thing and rushed it through Congress, it appears to me that they figure a lot of us are willing to trade our votes for a counterfeit insurance policy.

Mr. President, the charge of politics has been raised against this measure, and it has been charged that we are trying to rush the bill through Congress. The same charge was made in 1936, about the social security program.

I read now another charge made in 1936; it was part of a spot broadcast by the Republican National Committee during the 1936 campaign:

> The facilities of this station have been engaged by the Republican National Committee in order to make the following announcement: "Under Roosevelt so-called social security, in 1937 you will be assigned a number: that will be your number wherever your work, as long as you live—no name, just a New Deal number.

That was supposed to frighten people away from social security in 1936.

I now quote another statement made in 1936:

> This is the largest tax bill in history. And to call it "social security" is a fraud on the workingman.

Mr. President, I say to you that many of the arguments made in 1936 against social security and many of the arguments made today against the Anderson-Kennedy amendment are the same, and have just about the same substance to them when they are applied to the Anderson amendment as they had when they were applied to the Social Security Act when it was proposed in 1936.

Mr. President, I thank the Senator from New Mexico for yielding me this time.

Mr. DIRKSEN. Mr. President, I yield 1 minute to the distinguished Senator from New Hampshire [Mr. COTTON].

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 1 minute.

Mr. COTTON. Mr. President, our Nation's elderly stand in a class by themselves. Our complex economy has placed a special burden on them. Every time the Government launches a warship, orbits a satellite, buys surplus wheat, or builds a flood control dam, it scrapes a little thinner the dollar they have kept in the stocking for old age.

Furthermore, the finest health care in the world has helped to give the average American an extra 22 years of life expectancy since 1900, and, at the same time, has left many of our elderly unable to pay the medical bills in those extra years. It is a two-pronged problem: Our older citizens have more medical expenses than most people do, and they generally have less money with which to pay for them.

That is why I regard medical care for the aged as a must for this session of Congress.

The proposal recommended by the Senate Finance Committee is a sound and effective means of meeting this problem. It will provide comprehensive medical care assistance to all persons over 65 who need it, whether they have social security or not.

The committee proposal, like the Javits amendment which I supported as a logical and consistent improvement of it, is both voluntary and comprehensive. They recognize the responsibility of the States and the safeguards which will flow from State participation. They stress diagnostic and preventive care, and avoid an unwise overemphasis on hospital care alone.

I am unalterably opposed to the Anderson-Kennedy amendment, which, like the Forand bill, is tied to the social security system, and benefits only those who are entitled to social security. Furthermore, the Anderson-Kennedy amendment would aid only those aged 68 and over. A glance at the figures for my own State of New Hampshire shows the gaps it would leave and the discriminations it would create.

There are a total of 68,000 persons 65 and over in New Hampshire, but only 42,000 would be covered by the benefits of the Anderson-Kennedy amendment. Twenty-six thousand, or 38 percent, would be excluded, left out in the cold—in other words, all who are not eligible for social security and more than 4,000 persons who get social security but are in the 65–68 age gap created by the amendment. Those covered by the amendment would get the benefits whether they need them or not, whether they are retired or not, and regardless of their incomes. It is like shooting a blunderbuss full of birdshot in the hope that a few will hit the target.

This scatter-shot method would destroy voluntary insurance, crowd the hospitals with needless cases, and balloon the costs out of all reason. It would saddle the social security system with the crushing weight of a health program it was never designed to carry.

Adoption of the Anderson-Kennedy amendment would also jeopardize enactment of the whole social security bill, including the committee's medical care program, and other improvements like the sorely needed increase in the amount social security recipients can earn without having their benefits reduced.

I hope it will be rejected.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Maryland [Mr. BUTLER].

The PRESIDING OFFICER. The Senator from Maryland is recognized for 5 minutes.

Mr. BUTLER. Mr. President, I urge the passage of H.R. 12580, as amended by the Senate Finance Committee. I urge the rejection of any amendments designed to finance the health care of the aged through increasing social security taxes.

Let us look briefly at what has happened up to now. It was in 1957 that the Forand bill to provide a compulsory payroll tax was introduced, and I understand that the sponsor of this legislation acknowledged that it was drafted by the American Federation of Labor and Congress of Industrial Organizations' social welfare experts, who are well known to some Members of this body. I do not question the sincerity of the sponsor of this type of legislation, but I am informed that sponsoring witnesses before the House Committee on Ways and Means admitted that their motive behind the compulsory tax health proposal is to open the door to ultimate federalization of the practice of medicine, hospitalization, and all the various phases of caring for the health needs of the Nation.

If this Congress should enact and the President approve a bill to provide a payroll deduction plan to care for the aged needy, we can look down the road of the future and foresee in every election year a new drive to expand the program to a broad national health care package. I do not believe this socialization of health care will be beneficial to the country. I believe quite the contrary.

This country, under the existing system, has been most fortunate. Our scientists, doctors, and others engaged in caring for the health of our people have given us the highest quality medical care in the world. Rapid strides have been made in preventing diseases that once harassed mankind. I shall not list all the phenomenal accomplishments that medicine has made since the turn of the century, but I ask Senators to look at our growing population of aged people and the splendid health of our working and young people. We cannot but praise the dedicated physicians and scientists and all others involved in protecting our health for the splendid job they have done.

Now let us get back to the compulsory payroll type of legislation that is being sponsored here to a great extent to carry out a political pledge in the 1960 presidential campaign. The able Ways and Means Committee of the House of Representatives held hearings on the Forand bill more than a year ago. During the present session it spent many weeks working hard on this legislation and proposals of the administration. Many alternative proposals were considered. The entire problem was studied carefully. Experts were summoned and their advice considered. Despite strong political pressure from various groups, that committee rejected the compulsory payroll tax proposal 17 to 8. It then approved what is known as the Mills bill. The House passed this bill on June 23 by a vote of 381 to 23.

Brief hearings were held on this measure by the Senate Finance Committee and it was expanded to include the amendment of our distinguished colleague, the Senator from Oklahoma [Mr.

KERR]. After rejecting the compulsory payroll tax proposal, the vote on the Kerr amendment was 12 to 4.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BUTLER. May I have 1 additional minute?

Mr. CARLSON. I yield 1 additional minute to the Senator from Maryland.

Mr. BUTLER. Mr. President, I am informed that when Senator KERR was Governor of his State, he instituted a welfare program for the aged needy that has been most satisfactory, and that he is quietly proud of this accomplishment. And well he might be. What I wish to impress upon my colleagues is that the Senator from Oklahoma [Mr. KERR] wrote his amendment from a background of experience and knowledge, and since he did so, I feel sure that he believes his amendment included in the Mills bill is the correct answer to the problem. I am equally convinced that if the distinguished Senator from Oklahoma thought the compulsory payroll tax plan was the solution, he would have sponsored it. But he did not, and I agree with him that to tax the working men and women to pay for the aged ill through payroll tax deductions is hardly fair to them and their employers. The problem of the aged sick is not solely a financing problem for the workers and their employers, but a responsibility all the taxpayers should share. Furthermore, the Mills-Kerr program would be effective in October, and it is my belief that Senators who vote for a social security tax increase to pay for an aged health program actually will be voting against the enactment of any health legislation at this session. The administration has fought the compulsory payroll tax proposal before the responsible committees of Congress, and if the administration is consistent in its views—and I believe it is—the probability of a veto is imminent. Now, if the sponsors of the compulsory payroll tax route want a political issue instead of legislation, they can vote for it. But if they really want legislation to help the needy aged, then they can support the Mills-Kerr bill.

Congress authorized the expenditure of funds for this study, and I am informed that hundreds of experts on the health problem have been devoting the past 2 years to it. It does not seem reasonable to me to have Congress, under political pressure, embark on a social security payroll deduction plan without giving due consideration to the report of the White House Conference, which is due in January. Once a social security payroll tax increase for the health of the aged is written into law it could hardly be eliminated by a subsequent act of Congress, no matter how big a mistake it could be. Personally, I want to be certain of what we may get into. I think I know from what the advocates of this legislation outside of this body have been saying. Their goal is nationalization of medicine. Once medicine is nationalized, the march toward socialization of the entire Nation and all its economic structure naturally would follow. It is beyond my understanding how in this country of ours we could have people who cannot appreciate what has been accomplished under our fine system and without bureaucrats directing everything from birth to death. There is one thing certain. Bureaucrats may be able to doctor their reports, but they cannot doctor the people when they are sick. And I do not believe any bureaucrat is capable of telling a physician how to doctor his patients.

Mr. CARLSON. Mr. President, I yield 2 minutes to the Senator from Nebraska [Mr. HRUSKA].

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 2 minutes.

Mr. HRUSKA. Mr. President, I rise to oppose the Anderson-Kennedy amendment.

Much has been said to the effect that medical care programs for the aged under social security can be provided by an increase of one-half of 1 percent in the social security tax. We are told that a tax of that size would make the program actuarially sound. While I will readily admit to being mystified at the skill of actuaries to estimate the cost of programs 20, or even 100 years hence, I am even more amazed at the ability of this one-half of 1 percent to support different programs.

The Forand bill would have provided 60 days of hospitalization, or a combination of hospital-nursing home care for 120 days, and surgical services for one-half of 1 percent of payroll up to $4,800.

The McNamara bill, for the same amount of money, would provide 90 days of hospitalization, 180 days of nursing home care, 240 days of home health services, diagnostic outpatient services, and very expensive drugs.

The Anderson amendment would provide 365 days of hospitalization—subject to two deductibles totaling $150—180 days in a nursing home, plus 365 days of visiting nurse services.

The new Anderson-Kennedy amendment would provide 120 days of hospitalization—subject to a $75 deductible—up to 240 days in a nursing home, 365 home health visits and outpatient hospital diagnostic services.

Truly, this is an exceptionally capable and versatile one-half of 1 percent of payroll.

While I have not, as I have already admitted, been initiated into the intricacies of actuarialism, I have had an opportunity to read history. Through no fault of the actuaries, I am sure, their record as it applies to social welfare schemes has been poor indeed.

Mr. President, did you know that the British Ministry of Health in February 1945 estimated that the cost of the national health program would cost over a 20-year period, ending in 1965, £179 million? In this particular case, the prediction of the actuaries proved to be in error the very first year. Rather than £179 million, the program cost £242 million in the first year of operation. By 1959, when the program was modified, services reduced and nominal charges made, the program was costing annually £700 million—about four times as much as the original estimate.

Nor are the British the only ones who have been told their program would be actuarially sound. Projections made in 1935 for our social security program show that dollar payments in 1960 were estimated at only one-eighth of the amounts actually paid. Put another way, dollar payments made under the OASDI program this year will be about eight times more than the "actuarially sound" prediction made in 1935. Now, we all know that the probable reason for this prediction being so far off was that the program has been liberalized. But I raise the questions: Will the program envisaged by the Anderson-Kennedy amendment actually cost us three and one-half or four times the amount estimated—as under the British system—to make it actuarially sound? Will we liberalize the program in the future so as to make the cost eight times the amount necessary to make it actuarially sound? Congress has repeatedly, and with a virtual 2-year regularity, liberalized social security benefits. There is no reason to believe this same procedure will not be used in the health care area.

Heretofore the social security program has been dealing in dollar benefits. The only variable was the number of beneficiaries. Thus, we had two numbers—one a guesstimate as to what the program would cost. Under the Anderson-Kennedy amendment, and other social security approaches, we would establish a service program, thereby giving us two variables: How many social security beneficiaries will get sick and what kind of services will they need? It will take a wiser man than I to make these guesstimates.

On the other hand, the Mills bill, as modified by the Kerr-Frear amendment, is based on actual experience gained in the previous year.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HRUSKA. Mr. President, will the acting minority leader yield me a half a minute?

Mr. CARLSON. I yield half a minute to the Senator from Nebraska.

Mr. HRUSKA. I ask unanimous consent to have printed at this point in the RECORD, with reference to what the source of the one-half of 1 percent increase in social security tax will amount to, the colloquy between the Senator from Oklahoma [Mr. KERR], the Senator from Vermont [Mr. AIKEN], the Senator from Florida [Mr. HOLLAND], and the Senator from Illinois [Mr. DIRKSEN], as found at pages 16428 and 16434 of the RECORD of August 15, 1960.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

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

Mr. KERR. I yield to the Senator from Vermont.

Mr. AIKEN. I am seeking information. Can the Senator from Oklahoma advise the Senate what part of the national income is represented by those having incomes of $4,800 or less? In other words, if we adopt the social security approach in connection with proposed legislation, in this field what part of the national income will escape paying

the cost of the old age health insurance program? I believe we ought to have that information.

Mr. KERR. I am advised by the representative of the Department of Health, Education, and Welfare, who has access to the information and statistics which are needed to answer the question, that about 40 percent of the national income would make no contribution to the fund if it were secured from a social security tax.

Mr. AIKEN. About 40 percent. That would be, for the most part, the well-to-do people of the country, who would escape paying a part of the cost of the program. Is that correct?

Mr. KERR. It would mean that that part of the national income would not make any contribution to the fund.

Mr. AIKEN. The entire cost of the program would fall on those whose income was $4,800 or less?

Mr. KERR. It would fall on a percentage of those whose earnings are not in excess of $4,800.

Mr. AIKEN. I thank the Senator.

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

Mr. KERR. I yield to the Senator from Florida.

Mr. HOLLAND. Does the Senator have available figures which he can place in the RECORD at this time to indicate the added percentage of tax which would have to be imposed on those who are under the social security system if the other program, the one based upon the social security system alone, were followed, rather than the program the Senator from Oklahoma is explaining?

Mr. KERR. I am advised that an additional 1 percent tax on payrolls subject to the social security tax would amount to $2 billion a year.

Mr. HOLLAND. I thank the Senator. I have received a number of letters, complaining letters, from young people in industries covered by the social security program, under which both employers and employees pay the social security tax, and they state that in their judgment any program which is based upon an increase in the social security tax would be unfair to the younger workers in the country. I wonder if the Senator has any observation to make on that point.

Mr. KERR. As I said a while ago, I believe a program for a group of people, including all of our citizens within a certain category, if Congress decides it is needed and should be provided, should be provided out of revenues secured from taxes on an equal basis and leveled on all the people, not secured by an additional tax on the workers in our country.

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

Mr. KERR. I yield.

Mr. HOLLAND. Is not this the gist of the point that the Senator makes, namely, that if the system is based upon social security alone, and based upon a tax levied upon that group, obviously the complaint of the young people under social security whom I have mentioned is well founded?

Mr. KERR. It is indeed.

Mr. HOLLAND. I thank the Senator.

Mr. KERR. I thank my good friend from Delaware.

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

Mr. KERR. I yield to the Senator from Illinois.

Mr. DIRKSEN. The Senator has made an exceptional exposition. I know he has been on his feet for quite a while. I ask him if he would yield for a little catechizing in order to place the whole subject in a package.

First, the proposed legislation preserves the general principle set forth in the President's message, liberalizing it in the hope of making it adequate?

Mr. KERR. The statement is accurate.

Mr. DIRKSEN. The plan would not be financed out of general revenues but from funds made available in the form of grants-in-aid to the States that qualify under the program?

Mr. KERR. I am sure it would not be financed out of earmarked taxes, out of revenue secured from the general tax structure.

Mr. DIRKSEN. Out of general revenues appropriated for that purpose.

Mr. KERR. The Senator is correct.

Mr. DIRKSEN. A State is free to come in or stay out.

Mr. KERR. The Senator is correct.

Mr. DIRKSEN. There are enough incentives in the bill to make one properly assume that every State would want to come in under this program.

Mr. KERR. I believe that it would result in that happening.

Mr. DIRKSEN. The estimate with respect to the House bill was that if all States participated, the combined Federal-State cost would aggregate about $325 million. Can the Senator give us a rounded figure as to what this program would cost?

Mr. KERR. I believe that the estimate of cost of the bill as passed by the House for title XVI, which was the initial coverage, would be about $30 million a year, soon going up to $165 million, which would be the Federal cost. That would call for matching funds by the States, so that when it went into effect, after a year or so, the total cost to both State and local governments with reference to both title XVI and the slight expansion of coverage under title I of the existing law, would be about the amount named by the Senator from Illinois.

Mr. DIRKSEN. It is my understanding that every person over 65, whether on social security or not, who is in need would be eligible for the benefits provided in this plan.

Mr. KERR. The Senator is correct.

Mr. DIRKSEN. It is my understanding also that this program could be put into effect on or about the 1st of October of this year, if enacted into law in this session, as distinguished from alternative programs, which would require additional State legislation, and could probably not become effective until some time in the middle or latter part of 1961.

Mr. KERR. As I understand it, every substitute offered to the committee for its consideration had in it a provision which would have prevented the amendment from becoming effective before the middle of 1961, if enacted.

Mr. DIRKSEN. The proposed program makes no provision for a fee by a participant in the program, or any kind of action that might put a lien upon the property of a recipient of the benefits. Is that correct?

Mr. KERR. Not by reason of anything in the law.

Mr. DIRKSEN. That puts this matter into one good package. I congratulate the Senator on his magnificent presentation.

Mr. KERR. I yield the floor.

Mr. CARLSON. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Kansas is recognized for 5 minutes.

Mr. CARLSON. Mr. President, I rise to speak on the purpose of H.R. 12580 as amended by the Senate Finance Committee. It seems to me that in much of this debate we are losing sight of the main purpose of this worthwhile legislation. And what is its purpose? It is simply to help those persons 65 years of age and older who need medical care and need help in paying for that medical care.

I am sure that we are all in favor of doing this. But I do fear that differences over how this is going to be done will end up with nothing being done. I am afraid the Nation's elderly citizens who need help are going to be left holding the bag. I fear that the only thing they will have to look forward to is more political promises. Political promises are a poor substitute for real help. I, for one, believe these old folks would rather have the medical care than the promises.

We must look at the legislative situation realistically. It appears to me that it is obvious that a bill closely following the recommendations of the Senate Finance Committee is the only legislation in this field that stands any chance of becoming law this year.

Addition of any amendment utilizing the social security mechanism will mean that there will be no legislation enacted into law this year to provide medical care for elderly persons who need help. Candidates may have a campaign issue. But there will be no help for those old people who really need help in financing their medical costs.

I believe that the time has come to quit raising the hopes of our elderly citizens with promises. I believe that instead they should be offered a sound, efficient program that will provide for the medical care needs of those who need help.

Therefore, I wholeheartedly support H.R. 12580 as reported by the Senate Finance Committee. And I am going to vote against any amendment which utilizes the social security mechanism. If there were no other reasons—and there are many—for opposing such an amendment, I would do so because I am convinced that addition of a social security provision would kill this entire medical care program so far as this Congress is concerned.

The committee bill embodies a program of complete medical care for all those elderly persons who need help—those receiving social security payments, those receiving monthly assistance payments, and all others who need help in financing their health care costs.

In the committee bill, there are no limitations such as maximums of 120 days of hospitalization or 240 days of nursing home care following hospitalization. The committee's program would provide the health care services which are needed in each individual case without any arbitrary maximum applicable to all patients without regard to their needs. In other words, the care provided under the committee program would be tailored to the patient; and not the treatment tailored to the patient—which on the face of it, is an absurdity.

Under the legislation recommended by the Finance Committee, the health care services would include: inpatient hospital services, skilled nursing home care, physician services, outpatient hospital services, home health care, private duty nursing care, physical therapy and related services, dentures and other dental care, laboratory tests and X-rays, pre-

scribed drugs, eyeglasses, and sundry diagnostic screening and preventive services.

On the other hand, what medical care is provided for in the proposed plans that would be financed through a compulsory payroll tax? All of them offer only limited health care. None would provide for all the medical needs of an aged person.

One of the amendments rejected by the Senate Finance Committee would provide only for hospitalization, nursing home care and visiting nursing services. But there is no provision for drugs, a doctor's services, X-rays, and the other treatments and care required for various illnesses. And the patient would be required to pay $75 or $150 of the hospital costs.

Another of the proposed social security-approach amendments defeated in the Finance Committee would provide for 90 days of hospitalization a year, 180 days of nursing home care, 240 days of home health services, diagnostic outpatient services and "very expensive drugs." True, this is somewhat closer to well-rounded medical care. But when would it be available to our older citizens? None of it before the latter part of next year, and some of it not until 1963.

A third amendment calling for an increase in taxes on the pay of the Nation's workers, and also voted down by the Finance Committee, added surgical services—which, incidentally, I understand, is not a major medical problem of elderly persons. But various benefits under this plan also would not be available until later dates extending from the latter part of next year to 1963.

All of these plans calling for an increase in the payroll tax have two factors in common: First, medical care would be limited; second, even this limited care would not be available until late next year or even later. If it were not such a serious matter, I would suggest that these compulsory Government health insurance plans attempt, in effect, to tell our older citizens how sick they can afford to get and when they can afford to become ill.

The Senate Finance Committee acted wisely in rejecting all three of these proposed amendments, I believe. And I urge the Senate to abide by the committee's considered judgment and vote down the one that is being offered again in a modified form on the floor.

Let us not forget what we want to do is to provide medical care for our elderly citizens who really need help. The way to provide it, is to vote for H.R. 12580 as reported by the Senate Finance Committee.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. CARLSON. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, the Senator from South Dakota has been listening to the arugment today with a great deal of interest. He has read the debate and the speeches he has not been able to hear. He has come to the conclusion that the bill as reported by the committee is as far as we ought to go at this time.

Mr. President, it seems to me it is a pretty broad and big step even to support the committee bill, which proposes for the first time to have the Federal Government accept responsibility for formulating and paying for the major part of the program of medical care for those citizens over 65 who are in need. To go further would throw a very great burden upon the Treasury. If we accepted a modified pay-as-you-go plan, as proposed by the Anderson-Kennedy amendment, it seems to me it would set up a discriminatory system which would work unequally with regard to various people, as the Senator from Vermont [Mr. AIKEN] so ably pointed out.

As I understand it, the committee bill will cost the Federal Treasury $212 million and will cost the States an additional $71 million. The Javits amendment would have added $450 million to the Federal cost and would have added about $500 million to the cost of the States.

Mr. President, there are many demands upon the treasuries of the States and of the Federal Government today. It seems to me that the committee bill is as far as we ought to go.

The PRESIDING OFFICER. The time of the Senator from Kansas has expired.

Mr. CARLSON. Mr. President, I yield myself 2 additional minutes.

Mr. CASE of South Dakota. If the other programs were entirely self financing and not discriminatory in nature, I should still desire to consider the question of whether we ought to have a compulsory medical program. I do not think we ought to go that far that fast at this time. Therefore, I shall vote against the Anderson-Kennedy amendment, as I voted against the Javits amendment.

Mr. CARLSON. Mr. President, the Senator from South Dakota has had many years of legislative experience. He has demonstrated again his usual sound judgment in arriving at a decision on the matter pending before the Senate.

Mr. President, on August 4, 1960, Dr. George Baehr, one of America's distinguished physicians—and one of America's most outspoken exponents of a large role for the Government in medicine—pointed out why he thinks it is important to enact legislation which will put the Social Security Administration squarely in the business of paying hospital and nursing home bills for our senior citizens. In his letter of August 4 to the distinguished junior Senator from New Mexico, Dr. Baehr opposed the suggestion of Mr. James E. "Jeb" Stuart, president of the Blue Cross Association, that the Government would do well to permit Blue Cross to act as an agent for the Government in carrying out the provisions of the Anderson-Kennedy proposal to provide hospital benefits for OASDI beneficiaries. In his letter, Dr. Baehr said:

> In a letter dated August 2, 1960, Mr. James E. Stuart, president of the Blue Cross Association, urged you to modify your proposed amendment to H.R. 12580 so as to permit the Secretary of the Department of Health, Education, and Welfare to employ private nonprofit organizations to pay hospitals for services rendered to beneficiaries under this act.
>
> I write in opposition to this suggestion—unless all of the Blue Cross plans throughout the country and their present sponsoring agency—the Blue Cross Association—were to be united into a homogeneous, nationwide, nonprofit organization established under Federal charter comparable to that of the American Red Cross.
>
> The following are my reasons for opposing the recommendations of the Blue Cross Association:
>
> 1. Multiplicity of local Blue Cross plans which differ greatly from one another in operating costs, premium rates, and scope of benefit coverage.
>
> 2. Lack of control of the Blue Cross Association over the independent local Blue Cross plans.
>
> 3. Absence of control by Blue Cross plans over rising hospital costs.
>
> 4. Inability of Blue Cross plans to curb unnecessary utilization of hospital facilities and other hospital abuses.
>
> 5. Absence of any power of Blue Cross to regulate hospital standards and quality of hospital care.
>
> Under the above circumstances, Blue Cross or any other private insurance company would only serve as an unnecessary middleman to receive and pay hospital bills for OASI and then submit claims to the Secretary of the Department of HEW for reimbursement. This would tend to increase administrative costs without compensating advantages. The middleman, acting as a fiduciary agent for the Government, would feel no obligation to exercise any restraint upon the claimant hospitals whose lay and medical representatives comprise the majority of the board of directors of the Blue Cross plans.
>
> It is my opinion that the Government agency which pays bills on behalf of its beneficiaries directly is better able to enforce hospital standards and curb hospital abuses.

Mr. President, I yield myself 1 additional minute.

Mr. President, the distinguished Dr. Baehr has made is quite clear that he and his friends favor having a Government agency—the Social Security Administration—control the operation of hospitals and other health-care facilities. He favors Federal control of the costs of health services. He wants Federal standards for controlling the quality of medical care. In short, Dr. Baehr has tipped the hand of those who want Government control of medical care.

Mr. President, Dr. Baehr's letter of August 4 presents clear-cut evidence that the supporters of the Anderson amendment have concluded that they must put the facts on the table. They apparently are convinced that private effort and State effort—and a combination of Federal, State, and private effort—cannot succeed. They seem to believe that the Federal Government cannot depend on private organizations—even as contractors—to serve the public. What they believe—and, Mr. President, I admire Dr. Baehr for saying so—is that the Social Security Administration is our only hope for controlling the spiralling increases in the costs of medical care. This, I submit, is the philosophy of those who want State medicine and are willing to take any route to it.

Mr. President, I wish to address an inquiry to the distinguished Senator from Oklahoma [Mr. KERR]. I wonder if I may have the Senator's attention.

The PRESIDING OFFICER. The time of the Senator from Kansas has expired. Does the Senator yield additional time?

Mr. CARLSON. Mr. President, I yield myself 1 minute.

On page 205 of H.R. 12580, subparagraph (b) lines 6 to 11, inclusive reads:

(b) For purposes of this title, the term "medical assistance for the aged" means payment of part or all of the cost of the following care and services for individuals sixty-five years of age or older who are not recipients of old-age assistance but whose income and resources are insufficient to meet all of such cost——

Mr. KERR. Will the Senator please repeat the page and the line?

Mr. CARLSON. At page 205 of H.R. 12580, subparagraph (b), lines 6 to 11. I had concluded reading those lines.

The following lines of that subparagraph itemize the services which are available to those who are eligible for medical assistance, including dental services.

I should like to ask the distinguished Senator from Oklahoma [Mr. KERR] if it is not his understanding that the term "dental services" means services under the direction and supervision of a practicing dentist?

Mr. KERR. The Senator is entirely correct. Dental services would include things such as fillings, surgery, dentures and so forth.

Mr. CARLSON. I thank the Senator from Oklahoma.

Mr. President, I wonder if the Senator from New Mexico would care to yield time at this time.

Mr. ANDERSON. Mr. President, I yield 8 minutes to the Senator from Illinois [Mr. DOUGLAS].

The PRESIDING OFFICER. The Senator from Illinois is recognized for 8 minutes.

Mr. DOUGLAS. Mr. President, the Eisenhower-Kerr bill has many crucial weaknesses. One, of course, is the fact that many of the States may not accept the measure because of the added financial burden it will cause them, and therefore the so-called medical assistance for the aged may not take effect in a number of States. It should be remembered that many States are in bad financial straits and will not want to take on new and indeterminate burdens.

Another crucial weakness is the fact that it will require the needy aged to subject themselves to a rigorous "means test" before they can get medical assistance. Like applicants for old-age assistance, the sick will have to apply at the local public welfare offices for relief. The social workers attached to those offices will then be required by State law in most States to give the sick old folks a very tough probing as to what are their own financial resources and what are their other expenditures. For Louisiana and Oklahoma with their lax requirements are the exceptions and not the rule.

The welfare workers can deny medical assistance or can reduce medical assistance if they feel that the aged person spends too much on his clothing, on his rent, on his food, or his amusements or anything else, so that in effect, under the power of supervision, the entire budget of the applicant hitherto not a recipient of Federal relief will be gone over, scrutinized, and in part controlled. The amount of property which the applicant has will be checked and, aside from his home, most of it will have to be liquidated before relief can be given. Then if the aged sick have children, which I suppose most of them do have, these, too, will be subjected to a thorough going over to see how much they can contribute and how much they should contribute. The most intimate details of personal and family life will be probed by outsiders and subjected to a somewhat ruthless and impersonal judgment.

Mr. President, this is probably necessary in a relief program in order to prevent a few "deadbeats" from taking advantage of the taxpayers.

I shall not criticize that method as applied to relief recipients. But the point I want to make is that self-respecting Americans ought not to be compelled to subject themselves to such humiliation.

The majority of the aged will not, however, so subject themselves and the program will therefore fail to reach those who need it most. Those who do will inevitably lose some of their precious independence and self-respect and the program will make them more and more wards of the State. Political pressures can also ultimately be brought upon them. It is indeed extraordinary to find that our Republican friends who talk so much about these qualities of independence and who profess their abhorrence at making men and women dependent on the State should gleefully adopt this proposal in preference to self-respecting insurance which would give definite rights to hospital and nursing care without the older citizen being compelled to get down on his knees and beg for aid from welfare workers. For these, with the best intentions in the world—and I wish to credit them with fine intentions—will in turn be largely controlled by the political forces behind them.

Under the social security system, we have adopted unemployment compensation, retirement benefits and benefits for survivors, dependents and the disabled as the best method of making people less dependent upon public and private charity which even at its best, is humiliating, inadequate and uncertain. Why should we force the aged sick to seek these relief handouts and to take almost the equivalent of a pauper's oath? Should not our first line of defense be to provide nursing and hospital care as a matter of right, as a matter of entitlement, without requiring the sick to more or less grovel in order to get help. Insurance is the only way to do this and the Anderson-Kennedy amendment of which I have the honor to be a cosponsor does just that. People as a whole contribute minute amounts individually to build up funds from which the great losses which fall upon a minority are met. This is the whole principle of insurance. In addition men and women in their younger and more thoughtless years will lay up reserves to meet the risks and burdens of the winter which comes to most of them.

It is too late for people to wait until they reach the age of 65 to make provision against the heavy medical costs which fall upon them, because at that time their income goes down and their medical costs go up. If they lose their jobs, it is almost impossible to find others. We know, for example, that 60 percent of the 16 million aged have a cash income of less than $20 a week, and that approximately three-quarters have cash incomes of less than $30 a week. At the time their incomes are decreasing, their sickness costs are rising to from two to three times the average. We must therefore have an accumulation of contributions from a broader group and from people in their younger years to help meet these costs which will come upon those in the later years.

And to the Republican cry that this is compulsory, may I point out that they would institute a worse form of compulsion, namely, they would compel self-respecting men and women to go to relief offices for help and lose much of their independence in the process.

It should also be understood that there is no fixing of doctors' fees under the Anderson amendment, which deals only with nursing and hospital care and diagnosis, but there is such a fixing under the Eisenhower-Kerr proposal. For if the doctors think they can get by without the States fixing the fees they are to receive either directly or indirectly under medical assistance they are sadly mistaken. For the States will have to approve the schedule of medical charges for medical assistance just as they now do for medical care under old-age assistance. To head off self-respecting payment of hospital and nursing care the AMA is therefore willing to have doctors fees regulated by the State. This is jumping with a vengence from a nonexistent frying pan into the fire.

Another paradox is that we have constantly heard complaints from our Republican friends across the aisle that the budget is in very serious condition, that we cannot afford money to increase teachers' salaries, that we cannot afford money for housing, and that we cannot afford money for various welfare purposes. But now they propose to increase the burden upon the Federal Treasury by having the taxpayers meet these proposed costs instead of having them met by the time-honored principle of social security. So I believe our Republican friends have put themselves into a perfectly irresponsible position. I hope that very few on our side of the aisle will join them.

Finally, I ask unanimous consent that the minority views of the Senate Finance Committee as contained on pages 274 to 301 of the report be printed in the RECORD at the conclusion of my remarks.

There being no objection, the minority views were ordered to be printed in the RECORD, as follows:

MINORITY VIEWS ON HEALTH BENEFITS FOR THE AGED

Years of systematic study, intensive analysis, and debate have been devoted to the problem of financing the costs of medical care for the aged. Dozens of volumes of research reports, of hearings, of recommendations have laid a factual foundation for the following conclusions:

1. The aged have high potential and actual disability and heavy costs of medical care.

2. The aged—especially the retired—have markedly reduced incomes and limited liquid assets which are not replenishable.

3. Private insurance policies cannot meet their needs either in terms of costs or benefits.

4. The aged should not be required to undergo the humiliation of meeting medical costs through the charity approach.

5. The aged and the aging prefer to obtain medical benefits through an insurance system to which they themselves contribute and receive benefits as a matter of right.

6. The system of OASDI now covers 9 out of 10 working Americans; it has been tested by experience; it is the efficient, effective method, and should be extended to include the financing of the basic medical needs of the aged.

After all of this study and concentrated attention and in the face of increasing demand not only by America's senior citizens, but by their children as well, we are deeply perturbed and disappointed that the majority of the Senate Finance Committee rejected the sound, dignified way of meeting the cost of medical care for the aged. Have the American people labored so long only to receive so puny a mouse? We can only raise the question: Is this the way this major issue ends, "not with a bang, but a whimper?"

THE BASIC ISSUE BEFORE THE CONGRESS

The problems of the aged today are not the same as they were at the turn of the century. Today there are 16 million persons aged 65 and over; 10 million of them 70 or older. Life expectancy is rising. The aged population has increased, and will continue to increase, at a rate greater than any other age segment of our total society.

The "problems" of the aged in the second half of the 20th century are not an old and familiar story. New trends are emerging which call for a recognition by the people of the United States of the need for programs and policies appropriate to these trends. In 1960, men and women in their 60's—retired or about to retire—are faced with the potential or actual burden of supporting parents or other relatives aged 80 and over.

For every 100 Americans aged 60 to 64, there are 34 aged 80 and over—most of them women. By 1980, the latter age group will rise to 44 for every 100 aged 60–65—by the year 2000, 67.

The committee's bill does not reflect the implications of these and related trends.

As for the specific issue now under consideration, the question of financing adequate medical care, we all concur in the statement by Senator GORE, made on August 15 on the floor of the Senate:

"I believe there are still old people in America, and I hope that when my children are old there will still be old people in America who have sufficient pride that they will not humble themselves by seeking public alms. The committee bill follows the public-charity approach. The bill provides for public charity. It gives no old person an entitlement, a right. Ours is a proud people. It erodes the pride of our people to place them in the ignominious position of having to take their hat in hand and go to a welfare agent and plead their poverty before receiving aid of which they are in need.

"One would gather, from several remarks made on the floor of the Senate this afternoon, that this country made a great mistake when it enacted the social security program. It was with considerable surprise that I heard in the Senate, 1 day after the 25th anniversary of this, the greatest step in social security that mankind ever made, that it was wrong to have a program of compulsory insurance."

Furthermore, the record of the past few decades is clear that medical care provided on a charity basis is of a low quality and worse, typically on the basis of a philosophy of medicine that rejects a preventive medicine approach.

The time has come when action must be taken by the Congress to meet the health needs of the aged on a dignified insurance basis. This action can be effective only if the long-established and successful social insurance system is made the basis for financing medical care for our senior citizens. The plan that would be provided by the bill approved by the other members of the committee is certainly not the answer.

No plan that is based on a humiliating and degrading means test can satisfactorily meet the problem of the health needs of the aged. It is unthinkable to subject older workers and their families to a pauper's oath in order that they can get the medical care they need. We are surprised that after the 25 years of successful operation of the social security system there are those who would still have us rely on poor relief and public assistance methods as the sole governmental approach to meeting a major economic hazard of universal occurrence.

The 70 million workers covered under social security should be given the opportunity to contribute now, while working, toward paid-up medical-care protection in old age for themselves, their wives, and widows, so that the greatest threat to the economic security of the retired aged would be met on a planned and orderly basis—without being a drain on the general revenues of Federal, State, and local governments and in a way that supports the rights, dignity and freedom of the individual citizen.

It is not true, as implied by some, that only a small proportion of wage earners and salaried persons would contribute to such a program. All—we repeat, all—70 million would be participating, up to the first $4,800 of their wages and salaries. Thus, for a maximum of $1 a month, they would be prepaying for their health protection in old age.

When asked the question in proper terms, the majority of all Americans prefer this logical and practical solution.

We do not oppose the changes in the bill which improve the program of old-age assistance under title I of the Social Security Act. But we believe the committee, in addition to these improvements they would accept for these groups, should have recommended a new program of health benefits for the aged through the old-age, survivors, and disability insurance system.

The problem of insecurity arising from the high cost of medical care during the years of retirement is not primarily the problem of the very poor or the medically indigent. The objective should be to remove for all the aged (and their adult children) the haunting fear that an expensive illness will wipe out a lifetime accumulation of savings, threaten the ownership of a home, or make a person, after a lifetime of independence, submit to the humiliation of a test of need.

Our goal is, so far as possible, to prevent dependency rather than to deal with it at the expense of the general taxpayer after it has occurred. By contributing additional small amounts from their earnings to the nearly universal social security system, workers could gain insurance protection against medical care costs in retirement and their possible future dependency could be prevented. Since about 95 percent of the American labor force, including farmers and self-employed, will get retirement benefits under the self-financed contributory social security program, and since the wives and widows of workers are also covered, the addition of this type of protection to social security would mean that in the future almost all elderly people would be protected. The need for protection against the costs of medical care is not restricted to those aged persons who are destitute or who have practically no resources. But under the plan approved by the committee many persons in need of medical protection would be denied such protection because (a) States would not be able to finance their medical needs, or (b) the standard for eligibility as determined by each of the 50 separate States would make them ineligible. In contrast, the social insurance approach has the distinct advantage of providing medical care insurance to almost all the aged. No other plan can offer this important advantage.

We wish to remind the Senate of the public position taken on June 29, 1960, by 30 Governors whose States represent more than two-thirds of our national population. In their resolution, they cited the inadequacy of the Federal-State matching formula as a basic solution to the need for financing health insurance for the aged, and instead urged the Congress to adopt the social insurance approach.

The Senate should give full weight to the views of these Governors as to the financial resources of their States which are available for the purpose of meeting this problem.

TEXT OF RESOLUTION APPROVED BY GOVERNORS' CONFERENCE, JUNE 29, 1960, ON THE SUBJECT "PROBLEMS OF THE AGING"

"Whereas the Governors' conference for many years has been acutely aware of the growing number and complexity of problems faced by our increasing population of senior citizens, including health and medical care, employment and income maintenance, provision of suitable housing, and enrichment of leisure time activities; and

"Whereas the most pressing of these problems is the financing of adequate health and medical care: Now, therefore, be it

"Resolved by the 52d annual meeting of the Governors' conference, That Congress be urged to enact legislation providing for a health insurance plan for persons 65 years of age and over to be financed principally through the contributory plan and framework of the Old-Age Survivors and Disability Insurance System; and be it further

"Resolved, That the States support and participate actively in the forthcoming White House Conference on Aging to the end that public and private agencies be stimulated and encouraged to develop approaches to all the problems of the aging.

"Voted for (30): Patterson, Alabama; Egan, Alaska; Fannin, Arizona; Faubus, Arkansas; Brown, California; McNichols, Colorado; Ribicoff, Connecticut; Collins, Florida; Docking, Kansas; Combs, Kentucky; Reed, Maine; Furcolo, Massachusetts; Williams, Michigan; Freeman, Minnesota; Blair, Missouri; Aronson, Montana; Brooks, Nebraska; Sawyer, Nevada; Meyner, New Jersey; Burroughs, New Mexico; Rockefeller, New York; Di Salle, Ohio; Edmondson, Oklahoma; Del Sesto, Rhode Island; Herseth, South Dakota; Ellington, Tennessee; Daniel, Texas; Stafford, Vermont; Rosellini, Washington; Nelson, Wisconsin.

"Voted against (13): Boggs, Delaware; Vandiver, Georgia; Smylie, Idaho; Stratton, Illinois; Handley, Indiana; Powell, New Hampshire; Hodges, North Carolina; Hollings, South Carolina; Clyde, Utah; Almond, Virginia; Underwood, West Virginia; Coleman, American Samoa; Merwin, Virgin Islands.

"Absent or not voting (11): Quinn, Hawaii; Loveless, Iowa; Davis, Louisiana; Tawes, Maryland; Barnett, Mississippi; Davis, North Dakota; Hatfield, Oregon; Lawrence, Pennsylvania; Hickey, Wyoming; Boss (acting Governor), Guam; Muñoz-Marín, Puerto Rico.

"We the undersigned attending the 52d Annual Governors' Conference urge that you and your committee amend H.R. 12580 to provide health benefits under the provisions of the old-age, survivors, and disability insurance system. Such a program would enable the citizens of our country to contribute small amounts during their working lives and have as a matter of right a paid-up health insurance policy to protect them during retirement years when their medical needs are likely to be greatest and income lowest.

"Governors signing: James T. Blair, Jr., Governor of Missouri; Edmund G. Brown, Governor of California; LeRoy Collins, Governor of Florida; Bert Combs, Governor of Kentucky; Michael V. DiSalle, Governor of Ohio; George Docking, Governor of Kansas; William A. Egan, Governor of Alaska; Orval E. Faubus, Governor of Arkansas; Orville L. Freeman, Governor of Minnesota; Foster Furcolo, Governor of Massachusetts; Ralph Herseth, Governor of South Dakota; Luther H. Hodges, Governor of North Carolina; Herschel C. Loveless, Governor of Iowa; Steve McNichols, Governor of Colorado; Robert B. Meyner, Governor of New Jersey; Gaylord A. Nelson, Governor of Wisconsin; Abraham A. Ribicoff, Governor of Connecticut; Albert D. Rosellini, Governor of Washington; Grant Sawyer, Governor of Nevada; G. Mennen Williams, Governor of Michigan; John Burroughs, Governor of New Mexico; Buford Ellington, Governor of Tennessee; and John Patterson, Governor of Alabama."

THE SOCIAL INSURANCE APPROACH IS A PROVEN ONE

Contrihutory social insurance has been applied with great success to the need for income maintenance in retirement, for survivors after the death of the chief hreadwinner in the family, and for the family after the disability of the worker. The general taxpayer has been saved billions of dollars a year, and the self-respect and independence of American workers have been greatly strengthened by this approach to the problem of security planning.

There is every reason to take the same approach with regard to the expenses of medical care after retirement. The cash benefit alone is not enough to provide security. The monthly amounts paid under social security are quite inadequate (the average worker's benefit is now $73 a month) and most retired people have barely enough to meet everyday living expenses. The cash benefit, designed to meet everyday living expenses, needs to be coupled with protection against the unforeseeable costs of illness. The retirement plan cannot give security if retired persons have no protection against the cost of medical care and have to face the costs currently at a time when their incomes are greatly reduced and the incidence and cost of illness greatly increased.

The social insurance approach would assure that benefits would definitely be available, that the individual could count on his eligibility for them, and that these benefits would be supported by adequate, advance financing.

Insofar as individuals have the resources to purchase private insurance, they would then be able to build such individual protection around the basic social insurance program. Contrary to fears that have been expressed, the development of social insurance has not interfered with the growth of commercial insurance; a tremendous growth of private protection has accompanied the development of the old-age, survivor, and disability insurance system. We anticipate a similar result if medical care benefits are added to the OASDI program.

FREEDOM OF CHOICE WOULD BE PRESERVED

The tax that would support medical benefits under the social insurance plan would be compulsory, of course, as are all taxes, including existing social security taxes. Any program financed, in whole or in part, by Government will require tax revenues.

Under any amendment, individuals would continue to exercise whatever choice they now have in regard to the persons or institutions from whom they obtain care. Our amendment would in no way impair the freedom of physicians to practice as they choose. Nor would it affect their responsibility for recommending and certifying the type of care necessary, whether in a hospital, a skilled nursing home, or the patient's own home. On both physicians and hospitals would continue to rest responsibility for developing improved methods of caring for aged persons, utilizing less expensive forms of care when they would prove constructive, and speeding rehabilitation so as to avoid permanent invalidism.

PUBLIC ASSISTANCE IS NOT THE PROPER ANSWER

Only the social security system can provide medical care insurance for the aged in a satisfactory manner. If medical care costs are not met by social insurance, increasiugly they will have to be met through the less satisfactory method of relief. Almost $400 million a year is now being spent by Federal, State, and local governments for medical care under the old-age assistance program; the committee bill would increase this to close to about a billion dollars, and this would be just the beginning. In the absence of social insurance protection the present drain on general revenues will more than double in the next several years. A total of $2 billion to $2.5 billion in Federal and State funds would be required to meet the total need.

We wonder if the majority has adequately considered this particular implication of an aging population: The category of "medical indigents," if not buttressed by a social insurance program for health care for the aged, will continue to mount at a rapid pace and will constitute—as it already does in many communities—the major portion of State and local relief programs.

Although we support improvements in medical care assistance under title I, we believe that the method of assistance is greatly inferior to social insurance and that the need for such assistance should be reduced as much as possible, instead of being increased. It is necessary to recognize the inadequacies of any approach based on an income or means test, using 50 separate and different State laws, and financing the cost out of general revenues, with a large part of the burden placed upon the States, which are already burdened with heavy costs for education and other public services.

The committee hill will result in a large burden remaining on the States and on the State welfare programs for the care of the aged.

An official study by the Department of Health, Education, and Welfare of the estimated increased amount needed for medical care for old-age assistance recipients in 1958, showed that this was about $268 million. (Source: "Report of the Advisory Council on Public Assistance," S. Doc. 93, 86th Cong., 2d sess., Mar. 28, 1960, p. 69.) Since the majority recommendation makes available only $140 million additional under their proposal, their plan will still result in a shortage of about $128 million in necessary funds. Moreover, there is also an additional shortage of between $774 million to $786 million in funds to bring the money payments for old-age assistance recipients up to a decent minimum level. Together, these shortages amount to over $900 million annually. These estimates are only for aged persons presently on the old-age assistance rolls; they do not include the medically needy.

The provisions approved by the committee would not prevent or even significally reduce insecurity. On the other hand, if protection against medical care costs were provided under the OASI system, eligibility for such benefits would go along with eligihility for monthly cash benefits under the system, and each person would know where he stands. Thus, the distress and anxiety caused hy periods of illness would not be aggravated by uncertainty about eligihility as it would be under a public assistance type of program.

The public assistance approach is much more expensive to administer than is social insurance. Each application for medical assistance would have to be checked in relation to the income, resources, and living requirements of the individual. This would throw a tremendous additional load on the State and local welfare agencies who would administer the new program along with their existing relief programs. The task of checking on income, resources, and living requirements would be especially difficult in the case of the large number of persons who move from State to State.

The present wording of title I of the Social Security Act permits the States to set their own standards of need. It is their own decision which has made them severe and restrictive as to assistance levels. The recommended increase in Federal matching grants will make it easier for some States to expand their aid to public assistance recipients. But experience indicates that in many States those who want to liberalize public assistance programs have great difficulty in securing liberalizing amendments and necessary State appropriations.

The provisions of the pending bill, although putting a big additional hurden on general revenues, will in our opinion satisfactorily resolve the problem. Few States are in a position to raise the large amounts of money necessary to meet their share of the costs under the matching formula set up in the proposal.

An analysis of the present provisions for providing payments to the suppliers of medical care under State old-age assistance plans shows that—

1. There are only 16 States which pay for all essential medical items.

2. Eight States make no direct payments for medical services for needy aged persons.

3. Most other States have limited medical care programs.

Tahle 1 presents the list of States showing the extent to which they do or do not provide direct payments for medical services to needy aged persons. Table A summarizes the provisions of the State plans for medical care for the needy aged. Table B presents the State expenditures for direct payments for medical care for old-age assistance. These tables indicate the grossly inadequate situation as far as the States are concerned.

SUMMARY OF PROVISIONS OF OUR PROPOSED AMENDMENT

The amendment we will support on the floor of the Senate adds hospital and related health benefits to old-age, survivors, and disability insurance for persons aged 68 or more. The provisions are directed to

keeping within a long-range level-premium cost of 0.5 percent of payrolls, and contributions are increased sufficiently to meet estimated costs.

Social insurance is utilized as the first line of defense, in accordance with a quarter century of congressional practice. No means or income test would be required, nor any contributions after retirement, so that the dignity and the meager incomes of the aged would be protected. The burden on public assistance and general funds of the States would be diminished, and they would be able to provide more generous aid as the last resort of those for whom social insurance is unavailable or insufficient.

All financing would be through contributions during years of employment on earnings up to $4,800 a year, equal to one-quarter of 1 percent each by employers and employees and three-eighths of 1 percent by the self-employed. The great majority of the American people would thus be enabled to contribute during their working years for health protection in their old age.

TABLE 1.—*Medical care provisions of State old-age assistance plans*

No direct payments made for medical care (8): Alabama, Alaska, Arizona, Delaware, Georgia, Kentucky (to be changed Jan. 1, 1960), South Dakota, Texas.

Direct payments for hospital care only (3): Missouri, North Carolina, Tennessee.

Direct payments for nursing-home care only (2): Idaho, Vermont. (New Jersey also makes vendor payments for nursing home care.)

Direct payments for hospital care and nursing-home care only (4): Maine, Nebraska, South Carolina, Virginia.

Direct payments for other items—no more than 2 (4): Florida (hospital care and drugs), Hawaii (hospital care and other, not specified), Iowa (practitioner and drugs), Montana (practitioner and drugs).

More than 2 but less than comprehensive medical care through direct payments (13): Arkansas, California,[1] Colorado, Louisiana,[1] Michigan, Nebraska, Nevada, New Mexico,[1] Oklahoma, Pennsylvania,[1] Utah,[2] West Virginia,[2] Wyoming.

Direct or money payments for all essential items (16): Connecticut, Illinois, Indiana, Kansas, Maryland, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oregon, Rhode Island, Washington, Wisconsin.

[1] Hospital care provided through public hospitals.

[2] Scope of services defined broadly, but quantity very low.

Source: Bureau of Public Assistance, Social Security Administration, June 1960.

TABLE A.—*Summary information on medical care available to old-age assistance recipients through federally aided public assistance vendor payments, and other resources (based on information supplied by Bureau of Public Assistance, June 1960)*

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Alabama	No	No	No	No	No	No	Maximum OAA money payment of $75 may be exceeded up to $110 for nursing home care. Recipient in hospital continues to receive money payment. State has program of hospitalization for medically indigent, administered by State health department.
Alaska	No	No	No	No	No	No	Maximum OAA money payment of $100 available for nursing home care. For nonnatives, State program of general assistance is used to meet medical needs, including hospitalization and nursing-convalescent home care not met in the money payment to the recipient. For natives, Bureau of Indian Affairs is a resource for medical care including hospitalization.
Arizona	No	No	No	No	No	No	Nursing home care provided through money payment up to maximum of $80 for OAA recipients. Recipients in hospital continue to receive money payment. Hospitalization and general medical care are county responsibility. For reservation Indians, Indian Health Service is a resource.
Arkansas	Yes	Yes [1]	As recommended by physician for all acute illnesses and injuries. General rule: 30 days a year; extension possible.	No [2]	$90 maximum, plus $5 in money payment for personal needs.	Yes	
California	Yes	Yes	No (vendor payments for OAA recipients in public medical institutions after 1st 60 days).	Yes	No	Yes	Nursing home care provided through money payment of $115 or $95 maximum (depending on recipient's income). Hospitalization available in all locations from county hospitals.
Colorado	Yes	Yes	All recommended by physician, except for purpose of diagnosis only. General rule: 30 days; extension possible.	Yes	Money payment $106, plus $20 to $95 vendor payment based on patient's needs.	Yes	
Connecticut	Yes	Yes	All recommended by physician for definitive medical treatment. No limitation on number of days.	Yes	No	Yes	Nursing home care provided through money payment to recipient. Pay budgetary deficit up to approved rate. Maximum rate: $212.33.
Delaware	No	No	No	No	No	No	Nursing home care provided through money payment. Maximum of $75 may be supplemented up to approved rate. Hospitalization for indigent persons reported as provided by county governments.
District of Columbia	Yes	Yes	All essential surgical and medical care and treatment. No limitation on number of days.	No [3]	No	Yes [3]	Nursing home care provided through money payment to $100 maximum, plus $10 for personal needs. Drugs available through District of Columbia Public Health.

[1] Applicable only if surgery is authorized by remedial eye services section for cooperating ophthalmologist.

[2] Some drugs provided by vendor payment when dispensed by hospital for continuation of treatment after discharge of a patient who has received inpatient care for the same condition.

[3] Vendor payments may be made for drugs, appliances, dental services, and optical supplies recommended by physician, hospital, or clinic when such are not available without cost to the agency through other services.

TABLE A.—*Summary information on medical care available to old-age assistance recipients through federally aided public assistance vendor payments, and other resources (based on information supplied by Bureau of Public Assistance, June 1960)*—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Florida	Yes	No	Limited to acute injuries and illness. Maximum: 30 days a year.	Yes	No	No	Nursing home care provided through money payment to $66 maximum, which may be supplemented from other sources up to rate determined for community.
Georgia	No	No	No	No	No	No	Nursing home care provided through money payment to $65 maximum, which may be supplemented from other sources up to maximum rate. Limited hospitalization through board of commissioners. Hospital care for medically indigent enacted in 1958, but not in operation.
Guam	No	No	No	No	No	No	Hospitalization and other medical care available through Government hospital.
Hawaii	Yes	No	All recommended by physician except Hansen's disease (leprosy). No day limitation.	No	No	Yes	Nursing home care provided through money payment. State agency and medical care provisions being reorganized. Outpatient care provided by State paid physicians who also dispense drugs to limited extent.
Idaho	Yes	No	No	No	$150 maximum, plus money payment for personal needs; maximum may be exceeded.	No	Hospitalization furnished under annual contract with private hospitals in some counties; general assistance used primarily for medical care. Public assistance recipient in a public medical institution can continue to receive assistance grant.
Illinois	Yes	Yes	All recommended by physician. General rule: 2 weeks, with provision for extension.	Yes	To meet need for care, not to exceed "going rate" in community.	Yes	
Indiana	Yes	Yes	Limited to nonelective surgery, injuries, acute illness, diagnosis. No day limitation.	Yes	Money payment or vendor, as determined by county. Rates negotiated in each county.	Yes	Scope of medical care determined by individual counties in line with content recommended by State agency.
Iowa	Yes	Yes	No	Yes	No	No	Nursing home care provided through money payment to meet rate for needed care; basic rate $80, plus amounts for additional care needed. Hospitalization available through general assistance and Iowa University Hospital.
Kansas	Yes	Yes	All recommended by physician. No day limitation.	Yes	No	Yes	Nursing home care provided through money payment to meet budgetary deficit of recipient up to the local rate. No statewide rates or ranges.
Kentucky	No	No	No	No	No	No	Nursing home care provided through money payment up to $66 (for total needs). New legislation to start in 1961. Covers all types of medical care to limited amount. Some counties make contributions to local hospitals for care of needy.
Louisiana	Yes	Yes	No	Yes	$110 maximum, plus $17 money payment for personal needs. $105 money payment in home not subject to license.	Yes	Practitioner services paid by vendor payment in nursing home cases only; in other circumstances, provided through money payment. Hospitalization available through State hospital program.
Maine	Yes	No	All recommended by physician. Maximum: 45 days a year.	No	$85 maximum money payment, remainder by vendor payment up to $120 or $165.	No	Other medical care must be met by recipient from money payment. OAA maximum is $65.
Maryland	Yes	Yes	All recommended by physician; 21 days for illness, exception possible upon medical recommendation.	Yes	No	Yes	Nursing home care provided through money payment up to $115.50 for total care. Maximums of $190, $200, $210 (according to group into which county is classified) on total money payment for total needs of recipient.
Massachusetts	Yes	Yes	All recommended by physician. No day limitation.	Yes	$6.50 maximum a day; may be exceeded. All other medical needs are met.	Yes	
Michigan	Yes	Applicable only if connected with hospitalization.	do	Applicable only if connected with hospitalization.	No	Applicable only if connected with hospitalization.	Nursing home care provided through money payment, $90 maximum; may be supplemented from State and local general assistance funds to maximum regional rate ($150 to $175). Practitioner services are in money payment. OAA maximum $90.

TABLE A.—*Summary information on medical care available to old-age assistance recipients through federally aided public assistance vendor payments, and other resources (based on information supplied by Bureau of Public Assistance, June 1960)*—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Minnesota	Yes	Yes	All recommended by physician. Maximum: 30 days; extension on recommendation of county medical advisory committee.	Yes	$60 by money payment, plus vendor up to $150, may be exceeded.	Yes	
Mississippi	No	No	No	No	No	No	Nursing home care provided through money payment, $33 administrative maximum; may be supplemented from local or private funds to $150 maximum. Some hospitalization available through State subsidies. Some counties contribute.
Missouri	Yes	No	For acute illness and injury when recommended by physician. Maximum: 14 days per hospital admission.	No	No	No	Nursing home care provided through money payment, $65 maximum, except $100 for "completely bedfast and totally disabled." Other medical care by money payment. Provisions being revised.
Montana	Yes	Yes	Limited to remedial eye care.	Yes	No	No	Nursing home care and all other medical care provided through money payment, $85 maximum. "Medical component" of nursing home care paid through general assistance. Vendor payment method limited to prevention of blindness and restoration of sight.
Nebraska	Yes	No	All recommended by physician. General rule: 31 days; extension possible.	No	Meet budgetary deficit up to fee range negotiated in each county.	No	Practitioner services and other medical services are in money payment up to $70 maximum for OAA.
Nevada	Yes	Yes	No	Yes	No	Yes	Nursing home care provided through money payment, $130 maximum, plus $8 for personal needs. Hospitalization is responsibility of county commissioners. Hospitalized recipients may continue to receive money payments to $75 maximum.
New Hampshire	Yes	Yes	All recommended by physician. General rule: 14 days; extension possible.	Yes	No	Yes	Nursing home care provided through money payment, $150 maximum; may be exceeded in unusual circumstances.
New Jersey	Yes	No	No	No	$180 basic; $190, including physician and prescriptions. Cash payment for personal use.	No	All medical care except nursing home provided through money payment. No maximum.
New Mexico	Yes	Yes	All except elective. No maximum; 7 days with reauthorization required.	Yes	$55 maximum on money payment, plus vendor to $150.	Yes	
New York	Yes	Yes	All recommended by physician. No day limitation.	Yes	Rates set locally. Personal needs met by money payment.	Yes	Counties have option as to method of payment for each of the services provided subject to State approval.
North Carolina	Yes	No	All recommended by physician. Maximum: 180 days.	No	No	No	Nursing home care provided through money payment, $175 maximum, applicable only to need for skilled nursing service following hospitalization; limited to 3 months; may be extended 3 times. All other medical care provided through money payment. No maximum. Average OAA payment, $40.
North Dakota	Yes	Yes	All recommended by physician. Maximum: 60 days.	Yes	Meet budgetary deficit up to maximum rates from $100 to $175.	Yes	
Ohio	Yes	Yes	All recommended by physician; nonelective surgery only, except after special review; 30 days each admission with possible extension.	Yes	No	Yes	Nursing home care provided through money payment to meet budgetary deficit for care needed up to approved rates, $65 to $160.
Oklahoma	Yes	Yes	Limited to life endangering conditions and conditions producing or alleviating blindness; 21 days per admission.	No	$66 maximum on money payment, plus $69 vendor payment.	Yes	Hospitalization limited; no specific items of medical care provided in budgeting for money payment.

TABLE A.—*Summary information on medical care available to old-age assistance recipients through federally aided public assistance vendor payments, and other resources (based on information supplied by Bureau of Public Assistance, June 1960)*—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Oregon	Yes	Yes	All recommended by physician. No maximum; reauthorization every 7 days.	Yes	$124 to $184 according to care needed. Personal items in money payment.	Yes	In lieu of nursing-home care, housekeeping or nursing service in own home provided in special payment directly to recipient.
Pennsylvania	Yes	Yes	No	Yes	No	Yes	Nursing-home care provided through money payment, $100 to $165 maximum, according to type of care; plus $5 for personal needs in money payment. Hospitalization through State-owned and State-aided hospitals.
Puerto Rico	No	No	No	No	No	No	Medical services of all types available from resources of public health department.
Rhode Island	Yes	Yes	All recommended by physician. General rule: 21 days with provision for extension.	Yes	No	Yes	Nursing-home care provided through money payment, $182 maximum, depending on type of care, plus $6 for clothing and personal needs.
South Carolina	Yes	No	Acute illness and injury. 30 days maximum.	No	(1) For continuing care, money payment to $60, plus supplement to $150 from other sources; (2) for persons who have been hospitalized, up to $94 vendor payment, plus $60 money payment.	No	Medicine provided through money payment; OAA maximum, $60
South Dakota	No	No	No	No	No	No	Nursing home care provided through money payment of $75 to $165 depending on type of care needed. Hospitalization provided by county poor relief fund, financed in part by return to county of portion of State taxes earmarked for this purpose. Specified drugs and appliances provided in money payment. No maximum except for nursing home.
Tennessee	Yes	No	Acute illness or injury, and illnesses and injuries requiring hospitalization; 10-day maximum.	No	No	No	Nursing home care provided through money payment of $60 maximum; may be supplemented from other sources to $180, plus allowance for personal needs. No other items of medical care specified in provisions for money payment OAA maximum, $55.
Texas	No	No	No	No	No	No	Nursing home care provided through money payment, $67 maximum; may be supplemented from county funds up to $100 for nursing care, plus $64.50 for maintenance. Limited medical care through money payment. County commissioners generally maintain county hospitals or make payment to private hospitals.
Utah	Yes	Yes	All recommended by physician, except elective surgery. General rule: 30 days; extension possible.	Yes	No	Yes	Nursing home care provided through money payment of $87.50, $110 maximum, which may be supplemented from other sources to $200; $5 allowance for personal items.
Vermont	Yes	No	No	No	$165 for skilled nursing care; $135 for personal nursing service; $5 money payment for personal needs.	No	Hospitalization provided by "town" general assistance; other medical needs included in money payment. OAA maximum, $75.
Virgin Islands	Yes	No	No	Yes	No	No	Other medical treatment through department of health. Hospitalization available under system of municipal hospitals.
Virginia	Yes	No	Extension of vendor payment provisions to hospital care effective July 1, 1960.	No	$150 maximum, plus $6 money payment for personal items.	No	Other medical care provided through money payment; average OAA money payment, $37. (To July 1, 1960, hospitalization provided through State-local payments, not part of public assistance program.)
Washington	Yes	Yes	All recommended by physician. No day limitation.	Yes	$102 to $192 according to type of home. Personal items through money payment.	Yes	

TABLE A.—*Summary information on medical care available to old-age assistance recipients through federally aided public assistance vendor payments, and other resources (based on information supplied by Bureau of Public Assistance, June 1960)*—Con.

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
West Virginia	Yes	Yes	Limited to acute illness, immediate surgery, diagnostic services; exceptions if will increase capacity for self-care. Maximum 30 days.	Yes	No	Yes	Nursing home care provided through money payment, $60 maximum a person, $165 a household, supplemented by general assistance under specified conditions. Practitioner services through money payment.
Wisconsin	Yes	Yes	All recommended by physician. No day limitation; reauthorization stipulated.	Yes	Pay budgetary deficit to meet rate for care needed; rates negotiated in each county. Allowance for personal needs in money payment.	Yes	
Wyoming	Yes	Yes	All recommended by physician. No day limitation.	No	$85 maximum money payment for maintenance, plus vendor payment up to $100.	No	Other medical services are responsibility of counties.

TABLE B.—*Old-age assistance: Payments for vendor medical bills: Total amount, amount for which type of service was not reported, and amount in all States reporting for specified type of service, by State, fiscal year 1959 (supplied by the Bureau of Public Assistance)* [1]

State	Total	Type of service not reported	In all States reporting for specified type of service				
			Practitioners' services	Hospitalization	Drugs and supplies	Nursing and convalescent home care	Other
Total	$220,749,925	$24,953,705	$21,344,601	$71,879,997	$31,877,084	$56,944,998	$13,749,447
Alabama	17,473		2,329	15,144			
Alaska							
Arizona							
Arkansas	2,980,720		21,393	1,671,037		1,294,030	3,260
California	22,140,019		6,649,307		13,100,862		2,389,850
Colorado	7,739,663		1,097,093	4,878,353	77,096	1,624,167	62,954
Connecticut	3,710,081		453,372	2,259,290	940,438	1,494	55,487
Delaware							
District of Columbia	202,936			196,454			6,482
Florida	1,390,427				1,390,427		
Georgia							
Hawaii	99,977	99,977					
Idaho	24,130					24,130	
Illinois	24,788,904		2,022,275	6,612,511	2,722,576	12,541,541	890,001
Indiana	5,807,135		1,277,606	1,619,147	872,201	1,849,526	188,655
Iowa	667,938		315,954		334,334		17,650
Kansas	$3,913,454		$622,473	$1,366,940	$795,779		$1,128,262
Kentucky							
Louisiana	2,394,230		32,935		115,304	$2,239,448	6,543
Maine	1,354,849			625,785		729,064	
Maryland	463,099	$463,099					
Massachusetts	29,654,045		683,863	10,306,418	4,640,549	13,030,875	992,340
Michigan	4,985,744	4,985,744					
Minnesota	14,723,821		1,419,212	6,027,400	1,536,242	5,354,227	386,740
Mississippi							
Missouri							
Montana	17,855		6,916	9,878	17		1,044
Nebraska	3,391,745			1,044,795		2,346,950	
Nevada	229,642		79,443		82,553		67,646
New Hampshire	1,222,136		178,044	709,419	274,920	32,661	27,092
New Jersey	5,800,800	5,800,800					
New Mexico	914,908		143,955	420,400	120,940	190,197	39,416
New York	26,050,471			14,766,084		4,918,973	6,365,414
North Carolina	832,317			832,317			
North Dakota	2,027,898		243,415	1,086,083	219,043	421,484	57,873
Ohio	9,402,926		1,543,879	5,747,637	1,753,514	17,721	340,175
Oklahoma	11,233,755		1,688,688	4,346,153		5,182,308	16,584
Oregon	4,335,246		170,611	912,817	404,232	2,805,116	42,470
Pennsylvania	2,708,931		588,050		1,197,393	687,050	236,438
Puerto Rico							
Rhode Island	980,836	980,836					
South Carolina							

[1] In some instances, figures are presented where no federally aided vendor payments are made; in others, no figures are presented where vendor payment programs are now in existence. These discrepancies are generally the result of the method and of the timing of the State reports. For example, Alabama, although it has no federally approved plan for vendor method payment, reports total payments of $17,473. This amount, however, represents payments from local funds only. New York, which has a vendor program for all types of services, reported its payments for practitioners, services and drugs and supplies under the heading designated "Other." Another example is the fact that no hospitalization payments are listed for Florida, because the program did not go into effect until October 1959.

TABLE B.—*Old-age assistance: Payments for vendor medical bills: Total amount, amount for which type of service was not reported, and amount in all States reporting for specified type of service, by State, fiscal year 1959 (supplied by the Bureau of Public Assistance)*—Con.

State	Total	Type of service not reported	In all States reporting for specified type of service				
			Practitioners' services	Hospitalization	Drugs and supplies	Nursing and convalescent home care	Other
South Dakota							
Tennessee	1,394,994			1,394,994			
Texas							
Utah	593,496		71,664	120,380	264,656	88,099	38,797
Vermont							
Virgin Islands	3,657	3,657					
Virginia	445,582					445,582	
Washington	8,326,459		1,843,036	4,113,408	913,708	1,071,204	385,133
West Virginia	745,866		113,924	591,393	19,758		20,791
Wisconsin	12,619,592	12,619,592					
Wyoming	403,128		75,257	178,078	100,642	49,151	

Nearly three out of four persons 68 years or older would automatically be entitled to the new benefits next year. Other groups could be covered by separate legislation, with special financing.

1. Persons eligible

All persons eligible for old-age, survivors, and disability insurance benefits who are aged 68 or more would receive lifetime health service protection, without any means or income test. Nine million persons would be eligible next year, or nearly three out of five of all persons over age 65. Table 2 presents the number eligible for health service benefits by States.

2. Health service benefits

The cost of four important types of health service is covered, subject to certain limits within 1 year:

(a) Hospital inpatient services, for up to 120 days. The individual pays the first $75 each year.

(b) Skilled nursing home recuperative care, up to 240 days.

(c) Home health services by a nonprofit or public agency, up to 365 visits.

(d) Diagnostic outpatient hospital services, including X-ray and laboratory services.

(e) The first three types of benefits have interchangeable features with an overall ceiling. A total of 180 units of services are available in 1 year. A unit of service is equal to 1 day of inpatient hospital care, 2 days of skilled nursing home care, or three home health visits. This provision is intended to keep down costs and encourage use of other facilities than a hospital.

3. Costs and financing

The program would be fully financed and actuarially sound, according to Robert J. Myers, the Chief Actuary of the Social Security Administration. It would require no appropriations from general revenues nor any contributions by the aged after they have retired and stopped working.

(a) The level-premium or long-range cost is estimated as 50 percent of taxable payrolls.

(b) Contribution rates would be increased in 1961 as follows: one-fourth of 1 percent for employers and employees and three-eighths of 1 percent for the self-employed on earnings up to $4,800 a year.

(c) These additional contributions would be set apart in a separate account in the OASI trust fund, from which all payments for medical services would be made.

4. Administration

(a) The Secretary of HEW would consult with a representative advisory council on policy and regulations, thus assuring full consultation with medical and consumer groups affected.

(b) Agreements relating to the provision of services would be made with the provider of service or with its authorized representative. Any qualified provider of services would have the right to participate, and individuals could choose among them. Payments would be based on the reasonable cost of rendering services.

(c) There is a specific provision that nothing in the act shall be construed to give the Secretary supervision or control of the practice of medicine or the manner in which medical services are provided, or over the administration of participating institutions.

(d) The Secretary is to carry on studies and make recommendations on problems related to the operation and improvement of the program.

TABLE 2.—*Estimated number of persons aged 68 and over eligible for health service benefits under the monthly OASDI program, by State, July 1, 1961*

[In thousands]

State of residence:	Number
Total [2]	9,185
Alabama	120
Alaska	3
Arizona	45
Arkansas	93
California	736
Colorado	77
Connecticut	151
Delaware	21
District of Columbia	31
Florida	298
Georgia	125
Hawaii	16
Idaho	34
Illinois	554
Indiana	272
Iowa	181
Kansas	128
Kentucky	154
Louisiana	93
Maine	66
Maryland	119
Massachusetts	342
Michigan	398
Minnesota	193
Mississippi	85
Missouri	263
Montana	37
Nebraska	89
Nevada	9
New Hampshire	42
New Jersey	345
New Mexico	22
New York	1,004
North Carolina	166
North Dakota	32
Ohio	517
Oklahoma	109
Oregon	114
Pennsylvania	674
Puerto Rico	46
Rhode Island	58

[1] Distribution by State estimated.

[2] Excludes persons residing outside the United States.

TABLE 2.—*Estimated number of persons aged 68 and over eligible for health service benefits under the monthly OASDI program, by State, July 1, 1961*—Continued

State of residence—Continued

South Carolina	72
South Dakota	39
Tennessee	149
Texas	332
Utah	33
Vermont	26
Virgin Islands	1
Virginia	151
Washington	163
West Virginia	99
Wisconsin	244
Wyoming	14

The actuarial and financial soundness of our proposal is attested to by the Chief Actuary of the Social Security Administration in the following letters:

AUGUST 15, 1960.

MR. ROBERT J. MYERS,
Social Security Administration,
Washington, D.C.

DEAR MR. MYERS: Would you kindly give me estimates on the cost of the attached proposal for providing health benefits for the aged as part of the old-age, survivors, and disability insurance system?

My objective is to provide a constructive program which can be adequately financed by additional contributions of one-fourth percent by employers, one-fourth percent by employees, and three-eighths percent by the self-employed on earnings up to $4,800. These contributions would start in 1961, and benefits would be payable July 1.

I would appreciate knowing (1) the level premium cost by item, and the early-year cost in percent of payrolls and in dollars; (2) whether the proposal can be considered actuarially sound.

With best wishes,

Faithfully yours,

PAUL H. DOUGLAS.

(Enclosure to letter follows:)

Proposal on health benefits to cost 0.5 percent of payrolls

Persons eligible: OASDI eligibles at age 68.

1. Hospital care up to 120 days with an initial deductible of $75.

2. Skilled nursing-home recuperative care upon transfer from the hospital up to 120 days with an additional 1½ days for each day of unused day of hospital care but not to exceed 240 days.

3. Home health services by nonprofit or public home health service agency up to 120 visits with 2 visits for each unused day of hospital care but not to exceed 360 visits.

4. Diagnostic outpatient hospital services.

Financing: One-fourth percent contribution by employers and employees, and three-eighths percent by the self-employed, starting in 1961, with a special account or trust fund.

AUGUST 15, 1960.

Hon. PAUL H. DOUGLAS,
U.S. Senate, Washington, D.C.

DEAR SENATOR DOUGLAS: This is in response to your letter of August 15 requesting actuarial cost estimates for a proposal for providing health benefits for all eligibles of the old-age, survivors, and disability insurance program aged 68 and over. This would be financed by an increase in the combined employer-employee contribution rate of one-half percent (and a corresponding increase in the contribution rate for the self-employed), to go into a special account or trust fund.

Under the proposal, benefits would first be available for July 1961, while the additional contributions would begin in January 1961. The first benefit would be hospital care up to a maximum of 120 days per year, with an initial deductible of $75; this has a level-premium cost, according to the intermediate-cost estimate, of 0.43 percent of payroll. The second benefit would be skilled nursing home recuperative care upon transfer from hospital up to a maximum of 240 days per year (but with the maximum being reduced by 1½ days for each of the first 80 days of hospital care used—or in other words, this maximum could never fall below 120 days); the level-premium cost is 0.01 percent. The third benefit would be home health services (by a nonprofit or public agency) for a maximum of 360 visits per year (but with the maximum being reduced by 2 visits for each day of hospital care used); the level premium cost is 0.01 percent. The fourth benefit would be diagnostic outpatient hospital services (without any limits prescribed); the level-premium cost is 0.05 percent.

The total level-premium cost for the above proposal is thus 0.50 percent of payroll, which is exactly the same as the additional contributions provided, so that the proposal as it stands can be considered to be fully financed and thus actuarially sound. The total cost of the proposal in the first full year of operation is estimated at $690 million, which is equivalent to 0.33 percent of payroll.

Sincerely yours,

ROBERT J. MYERS,
Chief Actuary.

PRIVATE INSURANCE CANNOT MEET THE PROBLEM

Private insurance cannot meet the problems of the great majority of the aged. Basically the problem for private insurance is that the costs of medical care for the aged are high and retired people cannot afford to pay the necessary premiums. Persons aged 65 and over are sick in bed an average of more than 16 days per year. Persons under 65 average only 7 days. Six times as many persons aged 65 and over have serious chronic conditions as does the population below that age.

A program based on contributions over a working lifetime for paid-up protection in retirement is not offered by private insurance. The possibility of inflation and also the possibility of changes in medical costs arising from other factors make it impracticable for private insurers to undertake to insure against actual expenses at some future date. On the other hand, a contract providing for protection in terms of a fixed number of dollars would not give the protection needed. Moreover a requirement that commercial premiums be paid over a working lifetime means that no one obtains protection until several decades have gone by.

But little of the medical costs of the aged are now paid through insurance. Only one-fourth of the aged have even as complete medical insurance coverage as a Blue Cross policy would provide. Most of this group are little over the age of 65 and are still employed, with their protection based on such employment. Another 15 percent or so have medical insurance of a less adequate nature—usually a policy, which, for example, pays only $10 a day toward a hospital room which costs $20 or more. Even very inadequate protection costs an aged couple something like $13 per month.

THE ADMINISTRATION'S PLAN IS UNSATISFACTORY

We also want to take this opportunity to join the committee in rejecting the plan submitted by Secretary Flemming for the administration (S. 3784).

In 1958 the House Committee on Ways and Means requested the Secretary of Health, Education, and Welfare to report on methods of providing insurance against the cost of hospital and nursing home care for old-age, survivors, and disability insurance beneficiaries. A substantial report on the matter was submitted to the House committee on April 3, 1959. Testimony from a wide variety of witnesses was heard in 1958 and in July 1959. On July 13, 1959, the Secretary of Health, Education, and Welfare assured us that he would continue studying possible approaches and would report the results of his studies as soon as possible. No recommendations were received from him, however, until May 4, 1960. The House committee had by then been considering health problems of the aged and other social security amendments for more than a month.

The proposals of the administration were discussed by the House committee at some length but did not win its support, nor were they ever embodied in legislative language until after the Senate Committee on Finance had concluded its public hearings. The administration plan is unsatisfactory for the following reasons:

1. The idea on which this plan is based, that protection against medical care costs for the aged is necessary only for persons with incomes of less than $2,500 a year is completely untenable. A single illness may cost several thousand dollars, and meeting such costs would be completely beyond the means of most retired persons who have income enough to bar them from help under the plan.

2. The plan would place a huge additional burden on the general budgets of local, State, and Federal governments amounting to over a billion dollars to begin with and several billion dollars later. All this without consideration of where the money will come from and at a time when it is widely recognized that the services of many State and local governments are badly outmoded and tax resources for their improvement severely limited and uncertain.

3. Although putting a large additional burden on the general taxpayer, the plan would nevertheless leave the first $250 of medical care costs each year to the retired person and require him to pay 20 percent of all costs above this amount. Such a large deductible plus coinsurance, while perhaps appropriate for employed persons of middle income, offers little if any security to people living on the low income typical of the retirement years.

4. The administration has taken as a basic principle that a plan must be voluntary. But there is really nothing voluntary about the plan which they have proposed. Under that plan the general taxpayer is compelled to pay huge costs (except for the premium or enrollment fee paid by the beneficiary) and yet the old person will not be allowed to participate in the benefit side of the plan unless he submits to and meets an income test of $2,500 a year. For people with retirement incomes above $2,500, therefore, there is no choice but to have paid taxes, with no opportunity for benefits. The only sense in which the plan is voluntary is that those who have retirement incomes below $2,500 a year can refuse to take the benefits for which they and other taxpayers in their earlier years have paid the costs. For these unfortunates it is compulsory dependence upon public charity.

5. The proposed premium or enrollment fee, covering about one-fifth or so of the costs of this so-called voluntary insurance, and the option of electing a private insurance contract, would mislead many people into failing to act in their own best interests. Because of the fee some would not participate and thus would refuse the benefits which had been paid for by their own taxes. At the same time the $24 fee would be a barrier to voluntary election by the very lowest income groups. This too has a compulsory earmark.

6. There is no way to know when, if ever, the aged of the Nation would finally get protection under the plan. Nothing could be done until a State was able to find revenue resources to pay its share of the costs. Thus in many States it might take years before ways were found to raise the necessary revenues to permit the State to enter the plan.

ADVANTAGES OF THE OASDI APPROACH AS COMPARED WITH THE VOLUNTARY APPROACH

The OASDI approach in our amendment has a number of very important advantages over the voluntary approach. These advantages are as follows:

1. Contributions are collected from nearly all persons who work for a living under the bill: This results in a large number of persons contributing, without the adverse selection that tends to accompany voluntary community plans. This reduces the cost per person and assures a strong financial base to the whole program.

2. Contributions are payable under our amendment only while the individual is employed: Since contributions are payable in relation to earnings, an individual does not pay for any period in which he has no earnings or is not working. In voluntary plans, contributions must be paid for individuals whether they are earning or not.

3. Contributions under our amendment are levied in some measure with ability to pay: In voluntary plans, contributions customarily are on a flat basis in relation to number of dependents. Thus, in a voluntary plan, an individual earning $2,000 a year and an individual earning $6,000 a year both pay the same premium. Unequals are treated equally. In our amendment, since contributions are a uniform percentage of earnings up to a limit of $4,800 a year, the $2,000 individual would pay only two-fifths the amount the $4,800 or higher individual would pay.

4. Contributions in our amendment are levied over the individual's working lifetime and are not paid during the period when he is not earning and is retired: Under most voluntary plans, the individuals must continue to pay their premiums after they retire and until they die. Where employers contribute toward the cost of voluntary protection prior to retirement, such contributions usually cease on termination of employment. This is burdensome to many older people whose incomes are sharply reduced when they retire. The result is that as people grow older they may drop their voluntary insurance in order to conserve their limited funds. If they retain their voluntary insurance, the flat rate premium takes a very high proportion of a small income. Our amendment aims to solve these difficulties by requiring individuals and their employers to pay small amounts, in relation to their earnings, over an entire working lifetime and then to forgo any contributions when the individual has no earnings and is retired. The result is a financing arrangement better adapted to the lifetime earning pattern.

5. Contributions in our amendment are not related to the number of dependents: In voluntary plans, the contributions usually increase with the number of dependents. Thus, in a typical plan, there is one uniform rate for an individual, a higher rate for an individual and spouse, and a still higher rate for a family. The result is that the individual with the family has to pay a higher proportion of income for his protection than the individual without a family. From a social point of view, this is not only undesirable, but unnecessary. The individual with the family has the cost of maintaining and educating his family and, since his health costs rise in relation to the size of his family but not in relation to his earnings, he is doubly penalized. In our amendment since contributions are a uniform percentage of earnings, there is no such double penalty on the family earner.

6. The employer is required by our amendment to pay one-half of the cost: Under many voluntary plans, the employer pays part of the cost, and in some voluntary plans the employer pays all of the cost. However, this trend is spotty. In many plans the employer makes no contribution. Under our amendment, the employer would be required to pay one-half of the cost. The existing law permits employers to pay a larger proportion—or all of the cost—if the employer wishes, or if this is agreed to by the employer and employee by contract or collective bargaining. Thus, where the employer now pays all the cost, this would not be disturbed by the bill.

7. Benefits are not cancelable under our amendment: In many private plans benefits are cancelable at the option of the insurance carrier or the employer. They can be terminated by action of the insured when sufficient income is not available to pay the premiums. Whatever may be the reasons for these actions, they inevitably result in public agencies having to bear the cost of the care of those persons who cannot finance their medical care. This is undesirable. Our amendment provides for a paidup policy with the backing of the Federal Government. It gives patients and hospitals assurance of payment and protection superior to that of most private plans.

8. Benefits under our amendment are not limited during a person's lifetime: Under many private plans benefits are limited not only in terms of days of hospitalization per year but also in terms of total dollars over a person's lifetime. This completely undermines the security provided in the plan. Under our amendment no such lifetime limit is provided nor is it necessary. Thus, the OASDI approach is much superior to the private plan.

9. Benefits under our amendment in many cases are more adequate than under many private plans: In many voluntary plans, hospital insurance benefits are limited to 30 to 50 days or have a fixed dollar limit on payments per day of hospital care.

10. The cost of administering the plan in our amendment would be less than the administrative costs under existing private insurance plans: Since contributions would be collected as a part of the regular social security contributions, it would not require any new machinery. There would be no salesmen or acquisition costs as in private insurance. The savings in administrative costs would make it possible to pay the same benefits as private insurance at less cost, or more adequate benefits at the same cost.

SUMMARY

In summary, it is very clear that—

1. There is a great need for protection against medical costs for the aged.

2. The provisions in the proposed bill will not meet this need.

3. The logical and certain method for meeting the need is through the contributory social insurance provisions of the social security system.

4. We believe that the American people favor this additional protection.

5. They will gladly pay the modest amounts involved during their working years in order not only to provide protection for those now old but to spread the costs of that protection over workers and employers as a group rather than having it fall unevenly on those young people who have retired parents and other relatives who get sick.

6. Most of all we believe it is in the best American tradition to make prior provision for the future by having those now young start buying paidup insurance protection to be added to their cash benefit when they retire.

Therefore, we support the Anderson-Kennedy amendment insuring health costs of the aged on the dignified social insurance basis.

CLINTON P. ANDERSON.
PAUL H. DOUGLAS.
ALBERT GORE.
EUGENE J. MCCARTHY.
VANCE HARTKE.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, in my opinion the floor of the U.S. Senate is not the place to legislate on problems as complicated as one which deals with setting up an entirely new medical program for our aged.

I voted against the Javits amendment and will vote against the Anderson amendment on the basis that neither proposal as offered here today has ever had committee consideration and I do not think they are fully understood.

It is true that both the Senator from New York [Mr. JAVITS] and the Senator from New Mexico [Mr. ANDERSON] offered somewhat similar proposals to the committee for consideration, but since that time both have been substantially changed from their original text.

This is an entirely new field upon which the Government is being asked to venture and we cannot afford to be wrong. The Anderson amendment alone involves the question of adding a new billion-dollar compulsory medical care program over and above the provisions of the bill as approved by the Finance Committee.

The preelection political atmosphere which surrounds us here today is certainly no place in which to approve or to consider a gigantic new billion-dollar compulsory health program.

For this reason, without questioning the sincerity of any of the sponsors of these two proposals, and without attempting to discuss either the merits or demerits of their plans, I think it would be the better part of wisdom to reject the Anderson amendment, as we earlier rejected the Javits amendment, and then to let the whole question of medical care go over until next year, at which time we can have more time to give to the various suggested programs and give them more careful scrutiny.

I point out that the committee bill as reported provides adequate protection for medical care for all the aged in America who need such aid and who cannot afford it without some such assistance. Furthermore, the bill as reported by our committee provides such assistance under the already established State agencies on a cost sharing basis between the Federal Government and the States.

In the interest of good sound legislation in this field I think that both these proposals should be rejected by the Senate.

Mr. ANDERSON. Mr. President, I yield 2 minutes to the Senator from Texas.

Mr. YARBOROUGH. Mr. President, this 2d session of the 85th Congress is considering many serious problems affecting the well-being of the citizens of the United States, but no other issue touches the heartstrings, the pocketbooks, and physical and mental pain and anguish of so many millions, as does this Medical Care Act.

Our work here today is watched with mingled anguish, suspense, and hope.

Our problem here today is to see whether the social organization of society keeps some semblance of pace with the advance of science. Civilized people have advanced from pastoral and agrarian societies through an industrial revolution into the scientific age, but our governmental and social advance has been so much slower than our scientific advance that the machinery of society is not geared smoothly.

The question we are trying to resolve here today is whether, or how, as the elective representatives of freemen, we will act to see that social progress keeps pace with miraculous, modern medical progress.

One of the proudest achievements of American medical science is that it has lengthened the lifespan of our people. Today there are 16 million Americans, 1 out of every 11 citizens, who are over 65 years of age. By 1980 there will be 25 million Americans in this over-65-year age group.

America as a nation is proud to have the finest physicians and hospital facilities in the history of man. But it is not proud of the fact that with all our great medical advances, we have not yet worked out a plan by which the majority of elderly Americans can afford medical care. Until we take corrective action, medical achievement made in the name of humanity is, to a very large degree, progress only for those who can afford to pay the price.

We do not need to launch some new and untried program in order to bring decent medical care within the reach of Americans. It seems clear to me that the general answer is a prepay plan where the people can put aside money in their productive and healthy years to meet the medical costs that are sure to come later. Under the leadership of the late great President Franklin D. Roosevelt the great system of social security, the plan for "security with dignity," was adopted by the Congress a quarter of a century ago.

We are commemorating the first quarter century of that accomplishment.

It is entirely logical, reasonable, and vital that we apply this principle to medical care for the aged.

The Anderson amendment performs this task by calling for an extension of the social security system. It seeks to eliminate wasteful expenses and procedural roadblocks that would develop in the creation of new agencies in many of the 50 States, each with its own method of operation and its individual standards.

The Anderson amendment would set up no new, untried, and costly measure. The Anderson amendment is a financially sound pay-as-you-go plan. Funds would be placed in a separate medical insurance account in the present old-age and survivors insurance fund; additional administration would be kept at a minimum, while the process of collecting and disbursing funds would be handled by persons already experienced in such procedures. In brief, this extension of the Social Security Act would enable over 9 million elderly citizens to secure financial aid for medical care—in 1961—without forcing our citizens to pay the cost of unnecessary administrative practices.

Just how badly needed this program is can be graphically illustrated by the present failure of our States to provide adequate medical programs for the aged. It is unrealistic to suppose that every State will appropriate adequate sums from its already overtaxed treasury to match Federal grants. The record shows they have not done this in the past. The following statistics from the minority report of the Senate Finance Committee report, August 19, 1960, at page 282, speak for themselves, and I ask unanimous consent to have this matter printed in the RECORD.

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

MEDICAL CARE PROVISIONS OF STATE OLD-AGE ASSISTANCE PLANS

(SOURCE: Bureau of Public Assistance, Social Security Administration, June 1960.)

No direct payments made for medical care (eight): Alabama, Alaska, Arizona, Delaware, Georgia, Kentucky (to be changed January 1, 1961), South Dakota, and Texas.

Direct payments for hospital care only (three): Missouri, North Carolina, Tennessee.

Direct payments for nursing home care only (two): Idaho, Vermont (New Jersey also makes vendor payments for nursing home care).

Direct payments for hospital care and nursing home care only (four): Maine, Nebraska, South Carolina, and Virginia.

Direct payments for other items—no more than two (four): Florida (hospital care and drugs), Hawaii (hospital care and other, not specified), Iowa (practitioner and drugs), and Montana (practitioner and drugs).

More than two but less than comprehensive medical care through direct payments (13): Arkansas, California,[1] Colorado, Louisiana,[1] Michigan, Nebraska, Nevada, New Mexico,[2] Oklahoma, Pennsylvania,[1] Utah,[2] West Virginia,[2] and Wyoming.

Direct or money payments for all essential items (16): Connecticut, Illinois, Indiana, Kansas, Maryland, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oregon, Rhode Island, Washington, Wisconsin.

[1] Hospital care provided through public hospitals.

[2] Scope of services defined broadly, but quantity very low.

Mr. YARBOROUGH. The table shows that direct payments for hospital care are made by only three States, and only two States make direct payments for nursing home care. Only four States make direct payments for hospital care and nursing home care only. Four States make direct payments for other items. Only 16 States make comprehensive medical payments under the present permissive payments of the old-age pension plan.

Less than one-third of our States provide full coverage; eight States make no direct payments for medical care at all. The citizens of the 34 States not blessed with comprehensive programs deserve some measure of immediate relief. Right now the older citizens of my own State of Texas are losing $19.7 million a year from their old-age assistance checks because the State has been unwilling to match Federal funds already appropriated and waiting in the U.S. Treasury.

Other States are in the same condition. I am unwilling to make these old people suffer just because they live in a State with a government slow to meet its social responsibilities.

The Anderson amendment insures that in 1961, all the 9,185,000 citizens over 68 years of age eligible for social security benefits will be certain of financial aid for medical care, regardless of the economic condition of the State in which they reside.

Mr. President, the urgency of this situation demands action. The amended version of H.R. 12580, as presented by the Finance Committee, although helpful and a vast improvement over the House bill, does not go far enough.

Our 16 million citizens over 65 years of age are in a dire situation. With 3 out of every 5 individuals in this age range having a yearly income of less than $1,000, and with over 50 percent of the married couples having a combined income of less than $2,600, when one considers that the average hospital bill for patients from 65 to 69 is $406, the situation becomes even more critical. That does not include catastrophic illnesses.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter to the New York Times written by Frank Van Dyke, assistant professor, School of Public Health and Administrative Medicine, Columbia University, published in the New York Times of August 22.

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

[From the New York Times, Aug. 22, 1960]

MEDICAL CARE FOR AGED—STATEMENT OF AMERICAN MEDICAL ASSOCIATION HEAD DISPUTED

To the EDITOR OF THE NEW YORK TIMES:

The Times of August 15 reports that Dr. Leonard Larson, president-elect of the American Medical Association, stated that "most persons over the age of 65 do not want a Government program of health care." He bases this conclusion and several others which are contrary to existing evidence on new research performed by a team, headed by a professor of sociology of Emory University in Atlanta who is also a consultant to the American Medical Association. Dr. Larson also said "Congress should take note" of this new report.

In my view, neither Congress nor anyone else should take note of the report until there has been time to subject it to scientific review.

The timing of this report, just before a vote in the Senate on a health insurance bill for older citizens, smacks of public relations rather than scientific inquiry.

A second and more important point is that the results of this survey as reported in the Times contradict the statistics of the Department of Health, Education, and Welfare and findings of independent studies.

During the past 2 years, Senator MCNAMARA'S Subcommittee on Problems of the Aged and Aging has received thousands of pages of testimony on the financial status of the aged, the number of persons enrolled in voluntary health insurance plans, and the actual health status of the aged. The conclusions which can be drawn from the testimony (and which conflict with the American Medical Association consultant's study) are:

Most people over age 65 have a money income of less than $1,000 a year.

Most people over age 65 have no health insurance.

Most people over age 65 who do have health insurance have coverage which will pay for only a portion of a hospital or doctor's bill.

The health status of most people over age 65 is poor compared with that of persons in younger age groups.

The cost of medical care for persons over age 65 is, on an average, three times that of the population at large. This is the result of higher incidence of illness and prolongation of illness.

FRANK VAN DYKE.

Mr. YARBOROUGH. Professor Van Dyke states:

Most people over age 65 have a money income of less than $1,000 a year.

That means more than half the people over age 65 have a money income of less than a thousand dollars a year.

Professor Van Dyke also states:

Most people over 65 have no health insurance.

That means over half of them.

Most people over age 65 who do have health insurance have coverage which will pay for only a portion of a hospital or doctor's bill.

The health status of most people over age 65 is poor compared with that of persons in younger age groups.

The cost of medical care for persons over age 65 is, on an average, three times that of the population at large.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. Mr. President, may I have 1 more minute?

Mr. ANDERSON. I yield 1 more minute to the Senator from Texas.

Mr. YARBOROUGH. Our senior citizens have limited incomes, yet their medical expenses are the most costly. These are people who are eligible for help now; if H.R. 12580 is enacted as reported, some would have to wait until their State could plan, present, and finance some type of program.

But, even then, Mr. President, a debasing indignity would await every citizen who might desire aid for medical care. Our senior citizens should not have to put themselves in a classification of indigency in order to receive necessary benefits for their survival.

The Anderson amendment provides a financially sound and realistically conceived program to provide medical care for all eligible citizens over 68 years old who need it. Its coverage is extensive, and it is a concrete coverage, not a hypothetical estimate. Over 9 million citizens will be able to receive medical aid in 1961 at age 68. In the future a larger and larger percentage of our population will automatically become eligible for this assistance.

These people will not have to await the oiling of rusty State machinery before securing the means to a healthy existence.

The Anderson amendment is not a substitute, Mr. President. It is an insurance policy that guarantees to at least 9 million people the unqualified right to financial assistance for medical care.

Everything provided in the Kerr amendment is still available unimpaired if the Anderson amendment is adopted.

The States will have every opportunity to establish additional programs for those who are not eligible for social security benefits. I am convinced that the fully financed plan proposed by Senator ANDERSON, which allows individuals to provide for their future medical needs, is a badly needed improvement on the proposals now before us. I therefore urge the adoption of this amendment.

Mr. President, this is not charity. The amendment creates a right. It is vitally important that that point be established. The Anderson amendment would establish medical care as a matter of right. We know that prior to the establishment of the Railroad Retirement Act it was a question whether a man could get on the pension roll as a matter of charity, because there was usually a strange way in which the man would lose out at the last minute just before he was entitled to retirement. State laws have a way of being administered in the same way. Under social security the old people will get assistance as a matter of right; they will not have to come in, cringing, begging for help. We know that some of these investigators run their fingers under the table and say, "You are chewing gum. That is a luxury. We must cut your payments."

We ought to vote assistance as a matter of right, so that people can come in as a matter of right, and not as a matter of charity.

Mr. ANDERSON. I yield 3 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, I rise for the purpose of making an announcement which will be of interest to all Senators who believe in the soundness and importance of the Railroad Retirement system and who are in favor of increasing the benefits to those who are eligible.

I have on my desk amendments to the Railroad Retirement Act. The purpose of these amendments is to provide the same inpatient hospital services, skilled nursing home services, health services and outpatient hospital diagnostic services as would be provided under the Anderson-Kennedy amendments which are about to be voted upon. I have conferred with the Senator from New Mexico and the Senator from Massachusetts who are most anxious to extend these benefits to those eligible to receive railroad retirement benefits in the manner that I am proposing. Because of the parliamentary situation, it is not my present intention to offer these railroad retirement amendments to the Anderson-Kennedy amendments prior to the vote which will be held shortly. I am, however, serving notice upon the Senate that adoption of the Anderson-Kennedy amendments will afford the membership the opportunity to provide for similar benefits to those under the railroad retirement system.

I expect to describe these amendments in more detail later at the appropriate time. However, I think one point should be noted with respect to the method of financing these new benefits. The new program would be financed by raising the rate of employment taxes on railroad workers and employers by the same number of percentage points as the employment taxes would be raised on the covered social security workers and their employers. This device has the enthusiastic backing of the Railroad Brotherhoods who represent the bulk of the employees in question, and I am informed that the carriers have interposed no objection to having railroad employees treated similarly to employees under the social security system with respect to the benefits under question. Moreover, it has the virtue of appealing to all those interested in a proper increase in benefits to railroad workers and those who are retired under the Railroad Retirement system.

I think this statement ought to be made before the vote, because many questions are being raised as to whether we would be discriminating against the railroad workers of the country, if we did not add my amendments to the bill if the Anderson-Kennedy amendment passes. My amendment will see to it that they receive the same fair treatment as others receive under the Anderson-Kennedy amendment.

Mr. President, I shall vote to support the Anderson-Kennedy amendment.

Early in 1958 I was the first to submit in the Senate the companion bill to the Forand bill in the House. For many years I have fought for the Forand-Morse principle in the Senate. I prefer the principle of the Forand-Morse bill, enlarged by the McNamara bill, to the bill we are going to vote on this afternoon.

It has been my position that all people over the age of 65 should as a matter of right receive medical care as a part of our social security system. The Forand-Morse bill does just that. The McNamara bill also covers those persons who are not under social security. I strongly favor that policy as a matter of social and economic justice to the aged. However, we all know that the Forand-Morse bill and the McNamara bill do not have a ghost of a chance passing in this short session of Congress. We have counted noses and the votes are not here. The Anderson-Kennedy amendment is the best we can do now and we have only a slim chance of passing it.

Here, again, I am a realist, as I was the other day, when the Senate was debating the minimum wage bill. We must move as rapidly as we can toward an objective which I think all constitutional liberals have in mind; namely, to do those things necessary legislatively to promote and protect the welfare of all of our people as a total population.

The Anderson-Kennedy amendment is the only step which we have any chance of taking at this session of Congress which will bring the principle of medical assistance to the aged under the social security system. Without its being under the social security system, I think any law of this kind would be unwise. To me, this is a simple issue. It raises, again, the principle for which I stand in the Senate; namely, seeking to work for that proposal which will translate into legislation the moral obligations which we owe to the people of the country. Here, again, is another example of our doing for the economic weak what the economic strong, under the private enterprise system, should be expected to do. Here, again, is an obligation of democratic government to make certain that the specter of fear which hovers over the housetops of millions of homes of the aged will be removed—the fear that their life earnings will be wiped out with one serious illness under that rooftop.

Do we mean that this moral issue is one to which we bow our heads on Sunday, but which we will not put into practice on this Tuesday in the Senate of the United States? The rollcall about to take place will put Senators on the record. The people must hold them responsible in the November elections. I am sure they will not forget the record made in the rollcall about to be held.

Mr. DIRKSEN. Mr. President, I yield 7 minutes to the distinguished Senator from New York.

Mr. JAVITS. Mr. President, now that the vote has been taken on my alternative plan to the Anderson amendment and the strictly party line nature of this issue here is clear, I wish to make some observations with respect to my vote on the Anderson amendment which is now pending. First, to stress the affirmative, I am convinced that an effective plan giving adequate medical care to our older citizens over 65 is now assured, whether it takes place at this brief session of Congress or early in the next session. The backing of both candidates for the presidency and the support which is evident on the Republican side for my proposal and which I have little doubt will be evident on the Democratic side for the Anderson proposal, assure it; namely, that the older citizens of our country will have a very effective, very adequate medical care plan within the very near future.

At the very least, what has been attained is general agreement on the proposition that the rank and file of older

citizens are entitled to and will receive help from the Federal Government in obtaining an optimum standard of health care. Under these circumstances and being deeply motivated to bring about such a program myself, I have given the most careful consideration to the question of how to vote on the Anderson amendment, and I have concluded that at this time, under the intensely political circumstances of this brief session—which I would be blind not to see, and so would the American people—I must vote against it. My reasons are as follows:

First, it is by no means the best plan which can be developed, even on a social security basis, and shows clear indications of an effort to make a showing in this perfervid political atmosphere. This is confirmed by three points. An effort is made to trim benefits and therefore to trim costs by setting the eligibility age at 68, but there is no evidence that age 68 meets the need which is just as great at 65. In its emphasis upon hospitalization, the Anderson plan taxes further the already overburdened hospital facilities in practically every place in the country. Aside from creating frustration and dissatisfaction there is even the danger of physical harm in overtaxing the hospitals with older citizens on long waiting lists for the hospital beds Uncle Sam promised. In its failure to emphasize preventive care, the Anderson plan fails to satisfy the absolutely essential need of 85 to 90 percent of the aged in order to meet the needs of the remaining 10 percent.

Second, the Anderson plan is not based upon the varying medical facilities and opportunities available in the different States, but strives for a national program which at the very least in view of the unequal nature of medical facilities in different parts of the country must lead to inherent discrimination, injustice, and frustrating delays.

Third, it fails to preserve effectively the existing structure of medical care under which over 127 million Americans—72 percent of the population—are now the beneficiaries. Indeed, this is shown most markedly by the failure to give the beneficiary a cash alternative enabling him to acquire his own health protection or pay for his own health services. This would seem to be elementary if the concept of social security were really being carried out. It is also noteworthy that the cash option is a vital element in the approval of the social security approach by Governor Rockefeller of New York—and I yield to no one in my respect for the Governor of my State—which has been cited so often here as authority for the Anderson position.

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

Mr. JAVITS. I yield.

Mr. KEATING. That alternative, if I understand correctly, is the third alternative in the proposal advanced by my distinguished colleague from New York.

Mr. JAVITS. The Senator is exactly correct. I thank the Senator.

Fourth, it taxes the population at the lowest end of the earnings scale, reaching thereby only 60 percent of the country's taxable income instead of spreading the tax load on the whole population for a benefit to the aged population through appropriations from the general revenue. In addition, for some time the people who get the benefits will not have done the paying under the social security system, yet the system as originally designed made at least an effort to do that and not even an effort is being made here.

Fifth, it makes a profound sociological change in our country, inaugurating a national health scheme in practical effect which is quite inconsistent with our private concept of health care, and yet there is inadequate preparation for it and a program heavily imbalanced in hospital not preventive care. And notwithstanding the open and practically universal opposition of the doctors, this is to be done in a highly political atmosphere when the time in which the beneficiaries can enjoy the plan probably cannot be accelerated at all and will have to await a new administration which could very much more thoughtfully recommend the details of a plan of its own.

Finally, it is for all practical purposes an invitation to vote—an invitation which will do no one any good and everyone great harm because the whole bill will have to be vetoed; hence, social security improvements and the medical plan for the 2,400,000 on old-age assistance and the 500,000 to 1 million who could be benefited by the medically indigent provisions will go down the drain, too.

I cannot see under these circumstances how the path of responsibility can lead to any other than a negative vote. I realize and feel very keenly that many of our older citizens want very much to have the bill passed at this session with a social security approach. I respect and honor them and believe that the whole matter of medical care for the aged has now been brought to such a point where an adequate and truly responsible plan will without question become Federal law soon after a new administration takes over. In this connection I restate the principles of such a plan which I have supported and which I will continue to support as the basis for a sound and complete plan—but without being doctrinaire even about that.

Emphasis on preventive care with physicians services and first-cost coverage.

Eligibility for all over 65.

Voluntary participation.

State plans with Federal matching so that we can build on existing facilities.

Federal help out of general revenues.

These are the basic principles of the medical care plan for the aged I urge most strongly.

Whatever may be the strong feelings among many older citizens on this subject, they are neither improvident nor unfair; hence, I believe they should see the logic and justice of this position. Besides, I do not believe that they would wish to see endangered by a veto which the President would most regretfully have to make—at this stage in the face of an imminent presidential campaign—the early benefit to those among them who are truly in the most urgent need of medical care and who will get material help if at least the committee bill becomes law.

I do not think anyone can be doctrinaire about this matter, least of all myself. It may be that we shall find, as I said, a proper meeting ground between the ideas of the Senator from New Mexico [Mr. ANDERSON] and myself. But, Mr. President, after looking at the vote on my proposal, I think all the country can see what is happening here. This will be a straight political issue—Democrats against Republicans—with very little chance of anything else happening. I do not wish to be a party to seeing our elder people caught at those swords' points. I do not think it is necessary. I think they can be absolutely certain that they will have an adequate plan for medical care in view of the positions of both parties and both presidential candidates on this issue.

Mr. DIRKSEN. Mr. President, I ask unanimous consent, since we have come down to the last speakers, that I may suggest the absence of a quorum, the time for the quorum call to be charged to neither side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 306]

Aiken	Fong	Monroney
Allott	Frear	Morse
Anderson	Goldwater	Morton
Bartlett	Gore	Moss
Bennett	Green	Mundt
Bible	Gruening	Murray
Bridges	Hart	Muskie
Burdick	Hartke	O'Mahoney
Bush	Hayden	Pastore
Butler	Hickenlooper	Prouty
Byrd, Va.	Hill	Proxmire
Byrd, W. Va.	Holland	Randolph
Cannon	Hruska	Robertson
Capehart	Humphrey	Russell
Carlson	Jackson	Saltonstall
Carroll	Javits	Schoeppel
Case, N.J.	Johnson, Tex.	Scott
Case, S. Dak.	Jordan	Smathers
Chavez	Keating	Smith
Church	Kefauver	Sparkman
Clark	Kennedy	Stennis
Cooper	Kerr	Symington
Cotton	Kuchel	Talmadge
Curtis	Lausche	Thurmond
Dirksen	Long, Hawaii	Wiley
Dodd	Long, La.	Williams, Del.
Douglas	Lusk	Williams, N.J.
Dworshak	McCarthy	Yarborough
Eastland	McClellan	Young, N. Dak.
Ellender	McNamara	Young, Ohio
Engle	Magnuson	
Ervin	Mansfield	

The PRESIDING OFFICER. A quorum is present.

Mr. ANDERSON. Mr. President, I yield 8 minutes to the distinguished Senator from Massachusetts [Mr. KENNEDY].

Mr. JOHNSON of Texas. Mr. President, may we have order in the Chamber, please.

The PRESIDING OFFICER. The Senate will be in order. The Senator from Massachusetts is recognized for 8 minutes.

Mr. KENNEDY. Mr. President, I think this vote involves a most important principle. I listened with great interest to

the speech of the Senator from New York [Mr. JAVITS] whom I regard as one of the most constructive Members of this body. He did state a political truth—that this Congress meets in highly political circumstances. He did suggest it appears that on this issue there may be a party line vote.

I will say to the Senate, I believe it will be impossible for us to secure the passage of this amendment—or at least it will make it difficult—as well as other pieces of proposed legislation, unless we can receive the support of at least five or six of the Senators on the other side of the aisle. If the Senators on the other side of the aisle vote a straight party vote on this issue, I would say we shall have an uphill fight, and I would say it would be difficult for the Anderson amendment to pass. I hope that will not be true, because if that is true then I think we are really stating that this Congress cannot really move in the next 2 weeks, that we cannot pass legislation because of disputes between our parties as to the coming elections, the difficulties involved in the procedures between the House and Senate, and the fact of having a President of the opposite party to the dominant party in the Congress.

It may be that the Senator from New York is correct. I do not in any sense criticize him. He may be stating facts. If he is stating facts, I think we can determine it on this vote. If we cannot pass the Anderson amendment, in my judgment, I think it means we are going to have an extremely difficult time passing any progressive legislation in this session of Congress. Then I think we should take the matter to the people of this country in October and November, in the election, to let them make the decision as to which way they wish to go. Then we can come back to Congress in January. Whoever is President I hope will commit himself to the social security principle, which I regard as essential.

I can imagine nothing more unwise than for this Congress to pass the pending bill and to accept the principle that the Federal Government and the States will operate with all the different standards which are going to be set up in the various States, with some States participating and many not participating. That would not solve the problem at all.

We use the phrase in the report that people will get such assistance if they are medically indigent, but we do not say what the standard is. If a couple has saved $1,000, and the wife happens to get cancer and is sick for 6 months or 7 months, do the couple have to spend their savings before they are eligible for assistance? In some States they will. In some States they will not.

We have a chance to do what was done in 1935—to place this under a system the people themselves will pay for, to make it self-liquidating rather than to lay down a burden which could conceivably, if the principle were fully implemented, cost $2 billion a year for both the Federal Government and the States.

The people themselves will pay for the program under the social security principle.

It may be that we shall not pass this measure tonight. It may be that if we did we could not get an agreement in conference. It may be that if we got an agreement in conference the President would not sign the bill. There is not any doubt that the roadblocks in the face of this proposed legislation in the next 2 weeks are hard. Therefore, I do not go into this vote on this measure in a spirit of high optimism, but I say we might as well vote. We might as well determine whether this Congress is going to move in this session or whether perhaps we should go home, whether we then should put it up to the people to make their determination, and come back in January and commit ourselves on that occasion to the social security principle.

Mr. DIRKSEN. Mr. President——

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DIRKSEN. I should like to ask the distinguished Senator from New Mexico if he has other speakers.

Mr. ANDERSON. There are other speakers, but the Senator from Illinois has more time remaining. Therefore, I yield to the Senator.

Mr. DIRKSEN. The difficulty arises from the fact that the unanimous-consent agreement requires a vote at 6 o'clock. The time otherwise would run beyond 6 o'clock, because the quorum call was not chargeable to either side. I think we ought to keep the RECORD straight.

Mr. ANDERSON. I thought the understanding was we would go beyond 6 o'clock, in view of the quorum call.

Mr. DIRKSEN. I would have no objection.

Mr. ANDERSON. We had a definite time. The Senator from New Mexico had 24 minutes and yielded 8 minutes to the Senator from Massachusetts, so he now has 16 minutes remaining. The Senator from Illinois has about 30 minutes remaining.

The PRESIDING OFFICER. The Chair will state that there remain 38 minutes to the opponents and 19 minutes to the proponents, if the time for the quorum call is not charged to either side.

The unanimous-consent agreement states that the vote will be taken not later than 6 o'clock p.m. A request in that regard was not included in the Senator's request that the time for the quorum call not be charged to either side. There was no request to modify the voting time.

Mr. JOHNSON of Texas. Mr. President, that was my understanding. I came to the desk and inquired, and I was informed that the quorum call had been made and the time would not be charged to either side, but would merely be added to the time at 6 o'clock. How long would it require?

The PRESIDING OFFICER. The Senator from Illinois requested that the time for the quorum call not be charged to either side, but the Senator neglected to make the request that the time be added on to the time at 6 o'clock for the vote. The quorum call required 22 minutes.

Mr. ANDERSON. Mr. President, if we stop the time at 6 o'clock we are charging the time.

Mr. DIRKSEN. Mr. President, I raised the question only after a discussion with the Parliamentarian.

Mr. JOHNSON of Texas. Mr. President, there is no dispute about the matter. May we have unanimous consent that the vote come at 6:22 p.m.?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chairs hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, I yield 30 minutes to the distinguished Senator from Oklahoma [Mr. KERR].

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 30 minutes.

Mr. KERR. Mr. President, I thank the Senator from Illinois.

I am happy to have the opportunity to discuss the issues involved in the bill and in the Anderson amendment.

I have the greatest of respect for the sponsors of the amendment. I know they are sincere. I know they are earnest. I know they are fighting for what they believe to be the welfare of the people of the United States.

I will say to my good friend from Massachusetts [Mr. KENNEDY] that the term "medically indigent" is not in the bill. The proposed legislation is not limited to persons who could qualify under the term "medically indigent."

The provisions of the amendment which is in the committee bill are available to every citizen in this country 65 years of age or older if he comes under a program adopted by his own State, if medical, hospital, doctor or dental care is needed by him or by her. I remind Senators that is not the case with reference to the provisions of the Anderson amendment.

It has been said on the floor that medical care should be available to the aged as a matter of right. I remind Senators of the great number of people to whom medical care would not be available as a matter of right under the Anderson amendment. It would not be available to any citizen unless he or she were on the social security rolls, no matter how great the need might be. It would not be available to any citizen unless such citizen were 68 years of age, not 65, no matter how great the need might be. It would not be available to any citizen until July 1, 1961, and then for hospital care only, and then for 120 days only, with the beneficiary paying the first $75 of the cost of such hospital care.

The additional benefits under the bill, other than hospital care, for not to exceed 120 days, in which the beneficiary would pay the first $75 of cost, would not be available to any citizen until January 1, 1962.

I say to my great friend, the Senator from Massachusetts [Mr. KENNEDY], for whom I have as much respect as for any other Senator, that he is my standard bearer. I am supporting him. But he does not need to talk about the inconvenience of having to come back here next year to add additional benefits to those provided in the committee bill, be-

cause the amendment he sponsored would provide no benefits until 6 months after the beginning of the new year, and then but a very limited number of benefits.

The benefits provided by the committee bill would be available on October 1, 1960. Even after January 1, 1962, the only additional benefits provided by the Anderson amendment would be nursing home services upon transfer from the hospital for not to exceed 240 days, less twice the number of days the beneficiary had to spend in the hospital, for which the beneficiary would have had to pay the first $75 in cost; home health services, including visiting nurse services; practical nurse or occupational therapist; and outpatient diagnostic services.

In other words, if the Anderson amendment becomes law, it will not provide a doctor for the beneficiary, a surgeon for the beneficiary, or a dentist for the beneficiary, unless the doctor, surgeon, or dentist would give those services as a part of the hospital care. Senators know that such services on an adequate basis are not available as a part of the hospital care. Under the committee bill, on the contrary, those services would be available to every aged person in every State that would accept and implement this program, including inpatient hospital services without the $120 limitation and without requiring the patient to pay the first $75; skilled nursing home services, without limitation or chargeoff by reason of having spent some time in a hospital; physicians' services; outpatient hospital services; home health care services; private duty nursing services; physical therapy; and related services, dental services, laboratory and X-ray services, prescribed drugs, eyeglasses, dentures, and prosthetic devices; diagnostic screening, preventive services, and any other medical care or remedial care recognized under State law, so that a State may, if it wishes to do so, include medical services provided by osteopaths, chiropractors, optometrists, and remedial services provided by Christian Science practitioners.

We are not alone confronted with voting on the Anderson amendment. We are confronted with the certainty that if the Anderson amendment is agreed to and sent as a part of the proposed legislation to the President, we shall have no legislation this year. Is there a Senator who believes that the President of the United States would sign the bill if the Anderson amendment were made a part of it? Then we are carrying out platform pledges or campaign pledges or convictions that we have for need, if we endanger a truly great bill by adding to it a provision which, if agreed to by Congress, would not only be self-defeating, so far as the provision itself is concerned, but for the bill in its entirety?

The distinguished Senator from Ohio asked the Senator from New Mexico, What about the aged not covered by the Anderson amendment? My great friend, the Senator from New Mexico [Mr. ANDERSON], said that they would be provided for by the Kerr-Frear amendment, meaning the committee amendment. That would not be so, however, if the Anderson amendment were agreed to and sent to the White House, because both it and the committee bill would be vetoed.

The Kerr-Frear or committee amendment provides a program for every State that adopts it, and incentives are present in the bill that the States would find difficult to resist. It can be passed this year and it can become law this year.

My great friend the senior Senator from Illinois [Mr. DOUGLAS] said that horrors would be inflicted upon the aged and sick, for they would be required to get down on their knees to get hospital and nursing care. I say that statement is not founded upon reality, because if the amendment that the Senator from Illinois is sponsoring were agreed to, every aged person not on social security would still be left on his knees. He would still leave every person beyond 65, and not yet 68, on his knees.

The fact is that the committee bill would take people up off of their knees and let them look the world in the face and know that under the terms of the committee bill that is now before the Senate they can have hospital care, medical care, doctor's care, surgeon's care, and dental care, which are not provided in the Anderson amendment.

There are many other provisions in the bill. The bill would remove the age 50 eligibility requirement for disability benefits. It would enable 250,000 persons to draw benefits immediately. That benefit would go down the drain if the Anderson amendment should become a part of the bill and goes to the White House. It would increase children's benefits and the OASI program from 50 percent of the father's benefit to 75 percent. Four hundred thousand children will benefit by that provision. It would go down the drain if the Anderson amendment should become a part of the bill and goes to the White House.

The bill would liberalize what those on social security can earn free of penalty with reference to their social security benefits by increasing the limit from $1,200 to $1,800 per year. Every member of the committee voted for that provision. I believe every Senator would like to see it become law. Yet that provision would go down the drain insofar as the bill is concerned if the Anderson amendment should become a part of the bill before it goes to the White House. Increased coverage under the OASI for thousands of persons, including 60,000 ministers and 100,000 employees in nonprofit institutions is provided, together with other liberalizing provisions, including increased authorization for child welfare programs for retarded children in our States.

That provision, which is one of the most progressive elements in the bill, likewise would go down the drain if the Anderson amendment were added to the bill, thereby killing it if it should go to the White House. I ask again whether any Senator feels that the proposed legislation would be signed if the Anderson amendment should accompany it to the White House as a part of the bill?

My friend the Senator from Illinois [Mr. DOUGLAS] said this is the Eisenhower-Kerr bill.

One of the best things about the bill is that it is bipartisan in origin. It has been made clear that this is not the first choice either of the Republican nominee for President or the Democratic nominee for President. However, both nominees do favor the provisions of the committee bill, in their language, "as far as it goes."

If we can achieve this bill on the basis of that bipartisan support, we will have gone a long way to show that this is a responsible Congress, that we have met a great responsibility in providing a great program which can be passed and which can become law, and shall have done so on the basis that, while it is not the first choice of either candidate for President, and while it might not be the first choice of either political party, the provisions in it, as the committee brought the bill to the floor, has the approval of both parties.

My friend the Senator from Massachusetts—and I again wish to acknowledge my respect and esteem and affection for him—said that the committee bill does not go far enough. The members of the committee would be the first to recognize that. I do not know what the first minimum wage bill required as to the amount.

Mr. RANDOLPH. Twenty-five cents.

Mr. KERR. Some Senators now in the Chamber were Members of Congress when that bill was passed. Did they oppose it because it did not go far enough? I remember the additions we have made to it down through the years. My friend the Senator from Minnesota [Mr. MCCARTHY] talked about the adoption of the social security bill in eloquent language, showing a remarkable memory and understanding of it. He spoke of what a great thing it was.

If we apply the test that it does not go far enough, we could have said the same thing about the original social security bill. When the Saviour of the earth was crucified, did any one object to it because it did not go far enough, on the basis that the Resurrection would also have to occur in order to make salvation available to all mankind around the world?

Of course the bill does not go far enough. But since when has a legislative body in a free society turned down constructive legislation, bearing the approval of both political parties and of both nominees for President, and of great men and women everywhere, because it did not go far enough? In my judgment our duty is to go as far as we can. We know we can pass the provisions of the committee bill, and we believe it will be accepted by the House and approved by the President. I presume it is not a violent assumption to believe that we will be here another year. If there are provisions which will improve it, and if there are provisions that would add to it, we can look at them another year. The Anderson amendment would not become effective, if adopted and made law, until July 1 next

year, in part, and January 1, 1962, in part. No one, not even its sponsors, would claim that even it goes far enough to meet all the objectives that they have in mind. Therefore, how can we jeopardize a great bill, which we can pass, because it does not go far enough?

If we add the Anderson amendment to the bill, we will not be bothered by the Presidential action; we ourselves, by our action, will have pronounced the judgment of its own destruction.

I submit that the committee bill is not enough, but it is a beginning from which we can look forward to a greater future and a brighter day for all our people. We must remember the millions that it will help, and remember that, if passed, it will go into effect on October 1 of this year, and that it can be made available to every State in the Union, with the tremendous incentive of up to 80 percent of the cost.

Therefore, in the sense of the highest responsibility, in the sense of rising above political differences, in the sense of marching in the direction of meeting the needs of 16 million aged in our country, let us pass the committee bill as it is before us, and then look forward to another day for such amendments or improvements as any of us hopes might be made.

Mr. ANDERSON. Mr. President, I yield 5 minutes to the Senator from Tennessee [Mr. GORE].

Mr. GORE. Mr. President, my warm, great friend, the Senator from Oklahoma, has stated that the committee bill does not go far enough. That is a very interesting statement. If we look at page 6 of the committee report we find, in the fourth paragraph, that the bill would cover "all medically needy aged 65 or over."

I digress to say that the phrase "medically indigent" is not used in the bill, as the Senator from Oklahoma has said, but the term "medically needy" is used in the report. I looked at the definition of "indigent" in Webster's Dictionary, and the definition of that word is "needy."

I should like to read three sentences from the report:

> It would cover all medically needy aged 65 or over—

Now I skip to the first sentence in the next paragraph:

> A State may, if it wishes, disregard in whole or part, the existence of any income or resources, of an individual for medical assistance—

Now I turn to the top of page 7, beginning with the first full sentence:

> The State has a wide latitude to establish the standard of need for medical assistance as long at it is a reasonable standard consistent with the objectives of the title.

Now I turn to page 9 of the report. I wish to raise the question of how remarkable it is that the committee bill does not go far enough. At the top of page 9 we find this language:

> Under the revised title I, State plans (with Federal matching funds) could provide potential protection under the new program of medical assistance for the aged to as many as 10 million persons aged 65 and over.

The average annual cost of medical care and hospitalization in the United States for a person 65 years of age and over is $250. One can do his own calculating. If the bill should be fully implemented, the cost would be $2½ billion in the first year.

But there is a very interesting reason why, as the able Senator acknowledges, the committee bill does not go far enough. The States must implement the program and provide matching funds. My Governor tells me today that Tennessee is not now able to match all the assistance funds which are already available to Tennessee, even though the Federal share under present law is 65 percent.

What benefit will this bill make available to the State of Tennessee? In what way will it benefit the State of West Virginia and other States? The Social Security Administration has told me that one-half of the States are now unable to match in full the funds already available, most of it on practically a 2-to-1 basis. Yes, there is an interesting reason why the bill does not go far enough. Fortunately, some States are blessed with abundant economic resources. For them, the bill will be a bonanza. For the old people in 25 States, it may be an empty and hollow promise.

The Senator from Oklahoma has criticized the Anderson amendment. We have found flaws in the committee bill. But it is only by a combination of the two that we can make this program truly national in character.

Mr. President, those of us who are sponsoring the Anderson-Kennedy amendment are not trying to deny to the old people of Louisiana or of Oklahoma or of any other State any of the benefits provided in the committee bill. Then why are they not so generous with us? If we are not trying, as we are not trying, to substitute the Anderson amendment for the committee amendment; if we are seeking only to add the Anderson amendment to the committee amendment, thereby providing benefits and making medical care available to the old in all 50 States, where is their generosity? Where is their concern for the national character of the social security program?

Mr. President, I call upon Senators across the aisle not to consider this as a partisan question. I ask them to think of the welfare of the 9 million old people in need of medical care.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. ANDERSON. Mr. President, I yield 3 minutes to the Senator from Colorado [Mr. CARROLL].

Mr. CARROLL. Mr. President, I associate myself with the remarks of the able Senator from Tennessee. Colorado is one of the fortunate States about which the Senator from Tennessee has spoken. We have a far more comprehensive medical care program than is contained in the bill. The Kerr-Frear amendment would be of great benefit to my State. Nevertheless, like the able Senator from Tennessee, I could not, in good conscience, deny the value of the amendment of the Senator from New Mexico and the Senator from Massachusetts. Why? Because it moves into a new field.

It extends coverage in a new field, a field which many States, which are not financially capable, have not been able to cover through sound medical care programs for needy people.

I listened with great respect to the statement of the distinguished Senator from Oklahoma [Mr. KERR] about the medical indigents. There would be no State medical program in Colorado unless a need basis were established. This is the real issue in this fight. The able Senator from Massachusetts has said it.

For 10 years we have been trying to provide medical assistance through the social security program. This is a basic issue. Of course, I accept the Kerr-Frear amendment; but to make it more fully effective and equitable throughout the Nation, it is necessary to attach to it the Anderson-Kennedy amendment.

The Kerr-Frear amendment is really an effort to sweeten and expand the public welfare program year after year after year; to escape what some think are the sinister consequences of bringing our people abruptly into a contributory system to provide for their own health needs.

I say, in answer to the Senator from Oklahoma, Let the President veto the bill. The aged of this country have suffered through the years. They will be patient while we carry the issue to the country. Then we will come back here and enact a comprehensive program. This is the way to fight the issue. Let us go to the people. We will come back in January. I believe the people will be on the side of those who will sustain the Anderson-Kennedy amendment.

I commend the able Senator from Oklahoma and the able Senator from Delaware for their amendment. It is a good amendment. It would greatly help my State. But I also want to help the 45,062 people in my State who are receiving social security old-age benefits but who do not meet the medical needs test and hence do not qualify for any medical care program. Can I deny them this sort of program? Can I vote against providing them an opportunity to participate in a medical program which would meet their needs? That is what I would be doing unless I accepted the Anderson-Kennedy amendment.

Mr. DIRKSEN. Mr. President, how much time remains on my side?

The PRESIDING OFFICER. The Senator from Illinois has 18 minutes remaining.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, I believe the debate has made it perfectly clear that the issue before us is whether we shall give the aged people of the country, who are unable to pay medical bills, a medical program; or whether we shall give them a political issue between now and next January. The issue can still be taken to the country. Both sides can discuss the

issue. But are we to pass a bill which will be vetoed by the President, and which even if it became law will not pay anyone's medical bills between now and June of next year, during which time Congress can act again, if it cares to act?

The bill before us would place every State in the Nation in a position to do at least twice as much for the aged as it is doing at present.

The poorer States, which complain that they are not as well able to put up the money as are States which have a higher per capita income, would be in a position to have the Federal Government contribute as much as 80 percent of the cost. They could increase what they are doing for their aged by as much as 400 percent, even though they did not contribute an additional nickel over and above what they are contributing at this time. There are indications in the committee report as to how that would be done. In some States, the funds made available would be more than necessary, even if the States do not increase appropriations to take care of the aged in those States.

What is now proposed to be added to the bill? Something which will contribute an important controversial issue of compulsory health insurance. This is something which should be taken to the people. They should have an opportunity to pass upon it, because under the proposal all working people would be taxed in order to take care of some of the aged, because of all those who are aged and retired today, only a portion are under social security.

Those who are not under social security, no matter how needy they may be, would not be assisted by the Anderson amendment which is sought to be added to the bill.

For example, the Anderson amendment would put a tax on a workingman and his family having an income of $100 a month. They would be taxed one-half of 1 percent of the payroll. It would work like a hidden sales tax. The consumers would pay the whole thing. They would be paying one-half of 1 percent of their income to pay for the medical assistance in many cases to someone who is well able to pay his own medical bill.

I know of large numbers of people who have substantial incomes and who are well able to pay their medical bills. I am sure that if a close relative of any Member of this body sustained a large medical bill, that relative would receive assistance from the Member. The same would be true of Members of the House and of members of other professions

If the States wish to do so, they can provide that such persons need not be cared for by relatives who are well able to pay. However, merely because the Federal Government will pay the bill does not mean that we will escape paying our share. If we vote for this proposal, we shall vote to impose more taxes on ourselves in order to pay that bill.

How many people would rather pay their own bills than to have the Federal Government tax everyone to pay the bills? The cost would not be any cheaper merely because a man was taxed to pay his medical bill than it would be if he were allowed to pay his own medical bill.

Generally speaking, I am constrained to believe that most persons who are well able to take care of their own medical expenses would just as soon do it as to have Uncle Sam be the middle man and charge them extra taxes plus the expense of collecting the money, and then lack money to pay the bill under Federal standards. Under the Anderson amendment, the poor man will have to dig down into his own pocket and take money needed for his wife and children in order to pay an extra social security tax to provide for many persons who have no real need at all. I should like to see something done to extend this assistance to those who need it particularly to those in mental hospitals. But the approach based on providing such care to those who need it is the approach taken by this bill; and that is all we shall be able to do between now and next year. I would rather see that done, rather than to have such payments made to those who may not need them.

As a matter of fact, I know that in my own State, 57 percent of the people over 65 receiving such old-age assistance are today in a position to pay and automatically receive the benefits of this bill. We should provide that others who need to have their medical bills paid can receive this aid. That is all we can do at this time.

Certainly the best thing we can do now is to provide for the giving of this aid to those who need it, rather than provide a political issue for the next 9 months.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the Senator from New Hampshire [Mr. BRIDGES].

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 2 minutes.

Mr. BRIDGES. Mr. President, I think the Senator from Louisiana has stated the issue very clearly. The issue is whether we have medical care for the aged or whether we have a political issue.

For myself, I will support a medical-aid plan for the aged of the Nation; and I compliment the Senator from Oklahoma [Mr. KERR] and the other Senators who have joined him in sponsoring the committee's bill for coming forward with a bill which the Senator from Oklahoma says frankly may not be adequate, but nevertheless the long step in the right direction, and I believe will provide the medical care immediately and will put the administration into the hands of the States, rather than establish another great Federal bureaucracy, as would be done under the Anderson amendment or the Forand bill, as we know it.

I supported the plan proposed by the distinguished Senator from New York [Mr. JAVITS] because I thought it was a sound one. I still think it is.

But now I support the committee bill; and I hope that the great majority of the Members of the Senate will support the committee bill and will oppose the Anderson amendment.

Mr. ANDERSON. Mr. President, I yield such time as he may need to the Senator from Idaho [Mr. CHURCH].

Mr. CHURCH. Mr. President, I ask unanimous consent to have a statement by me in support of the Anderson amendment printed at this point in the RECORD.

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

STATEMENT BY SENATOR CHURCH

I support the Anderson-Kennedy amendment. I should like to explain briefly some of my reasons for doing so.

In my own State of Idaho, as in the rest of the United States, the percentage of population over 65 is increasing. There, as elsewhere, the aged have more need of medical care than the young, and as a group they are less able to pay for it. Medical and hospital costs have skyrocketed. Private insurance has not met the needs of the aged group, either in terms of coverage or benefits.

In 1959, medical assistance under the Federal public assistance program in the State of Idaho totaled only a little over $24,000, all for nursing home care. This pittance demonstrates the extent of our need for a medical care program worthy of the name.

In Idaho, as in other States, public-spirited citizens and organizations have concentrated time, effort, and money on the problem of medical care for the aged. Some of our counties have tax-supported hospitals which do what they can. Some of our churches and lodges operate worthy private welfare programs for their own membership, and some of these include medical assistance. Individual doctors give freely of their time and their professional skills to attend to urgent charity cases.

But all of this effort, both in public and in the private sector, is based upon the charity approach. It is not premised on entitlement as a matter of right. Neither is the committee bill. Such an approach, however well motivated, inevitably results in a vast disparity in coverage from State to State, as well as in the extent and quality of assistance extended to the individual.

Now, for the first time, we stand united, as a people and in the Congress, that the Federal Government bears a responsibility in this field. The platforms of both parties, and sponsorship of the various amendments before us, the speeches of our presidential candidates all bespeak an awareness of the problem and a desire to solve it.

The central question is: Shall we adopt the charity approach or the insurance approach?

I prefer the insurance approach, and that is why I support this amendment.

The premise of the Anderson-Kennedy amendment is that the aged should not be required to undergo the humiliation of seeking charity, but rather that they should obtain medical benefits through an insurance system, to which they themselves contribute, and from which they receive benefits as a matter of right.

Any program which is based upon a means test, or a needs test, is heir to all the abuses which have plagued public relief programs from their earliest inception, whether at the county, city, State, or Federal level There will be the proud who will never seek help, while freeloaders bring the program into disrepute.

We have only to look at the so-called pauper's oath used in our veterans hospitals to see how this elastic device leads to the acceptance of medical and hospital care by well-to-do people who'd never get by in the charity ward of a private hospital.

For the 9 out of 10 working Americans who are now covered under the social security system, the Anderson-Kennedy amendment

will add a new benefit; namely, provision for meeting their basic medical needs after they have reached the age of 68. This program is actuarially sound. Contributions to it are levied over an individual's working lifetime, while he is employed. Benefits are noncancellable, either for age or after a benefit limit has been reached.

Since contributions would be collected as a part of the regular social security contributions, no new machinery for collection would be required.

The program is minimal. It does not preempt a legitimate field of private insurance any more than the provision for early retirement for disability which the Congress added to the social security system in 1956 preempted such a field. On the contrary, there is strong evidence that the private insurance business will be stimulated by this kind of Federal program. Private life insurance was helped rather than hurt by the Government's national service life insurance program.

For these reasons, I believe the Anderson-Kennedy amendment to be required by the public interest, and I urge its adoption.

Mr. DIRKSEN. Mr. President, I now yield 2 minutes to the Senator from New York [Mr. JAVITS].

Mr. JAVITS. Mr. President, I rise to oppose the Anderson amendment.

The Senator from Massachusetts [Mr. KENNEDY] has appealed for some Republican votes. But I should like to explain why he faces this difficulty today.

On the Monroney amendment to the minimum wage bill, which was tabled, the Senator from Massachusetts had 6 Republican votes because we were working together to put through a minimum wage program in which both the ideas of the Senator from Massachusetts and my ideas were represented.

In the present case, I happen to think that my health bill is more liberal than the Anderson proposal; but the proponents of the Anderson amendment think otherwise. So that is the way the situation is.

But now the Senator from Massachusetts asks us to endorse the Anderson-Kennedy amendment. I am sorry, but this is not the season for that.

I repeat that it seems assured that the aged will have an adequate medical-care plan, because both the Senator from Massachusetts and the Vice President have absolutely assured that, as have 28 votes on this side, and I know that an enormous number of votes on the other side will also be cast for the Anderson amendment.

But, unhappily, the Senator from Massachusetts cannot ask liberal Republican Senators just to "sign here," when their ideas and their views and their deeply held convictions are not reflected in the paper they are asked to sign.

Mr. ANDERSON. Mr. President, I yield 5 minutes to the Senator from Minnesota [Mr. HUMPHREY].

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUMPHREY. Mr. President, one of the gratifying developments in this situation is that the issue is not whether we should have a program of medical care. Instead, the question is how best to provide for such a program.

So we have made some very real progress; and certainly we are indebted, I believe, to the members of the Finance Committee for that progress.

So the question now is the means by which we shall obtain that program.

The Anderson amendment provides for the kind of strengthening of the committee bill that is required by the situation. The Anderson amendment is not a substitute for the committee bill. As has been repeatedly stated, the Anderson amendment is supplementary to the committee bill; and the only check on the committee bill in terms of fiscal responsibility, is the social security principle which is written into the Anderson amendment, which provides a means of financing the portion of the medical care which will come under the terms of the Anderson amendment.

The committee bill plus the Anderson amendment will provide for the medical care of those who are in need of it because of their age or because they should receive it as a matter of right, under social security, both because of the compassionate aspects and because of the principle of legal right under a paid-up, prepaid insurance program under social security.

Actually, Mr. President, three out of four people over 68 years of age are covered by the Anderson amendment. The benefits will start 6 months after the fund begins to accumulate—which means financial responsibility.

I heard the argument, today, about the wonderful benefits of the committee bill, as compared to those of the Anderson amendment. The interesting point is that one can paint a beautiful picture of the supposed benefits under the committee bill, and that will entice the votes of those who want to do good. But then one can say to those who are economy minded, "Don't worry too much about that, because all of it depends on whether the States authorize the program." In other words, both sides of the street would thus be played.

Mr. President, if we take all the benefits outlined under the committee bill as a recognizable, realizable fact, fiscal responsibility has been written off. But if we take the limitations which would come about by means of the failure of the State legislatures really to establish such a program, then medical care has been written off for a large number of those who need it.

So the Anderson amendment is the only hope of providing adequate medical care under what might be called a definite program under social security.

Mr. President, I wish to leave one other thought with my colleagues: It has been stated here that if we add the Anderson amendment, the bill will be vetoed—in short, will be an invitation to a veto. Who knows that? Has anyone had a message from the President of the United States today, saying that he is going to veto this measure? By the way, has anyone received from the President a message saying that he will sign the committee bill?

This morning we were told that the administration was in favor of the Javits amendment; but that word came only this morning. I do not think anyone can be at all sure what measure the President will sign.

But, Mr. President, when I hear it said that "This is not the season" to join with us in supporting the Anderson amendment, I wonder who is playing politics.

Mr. President, let me make it quite clear that I thought social security was no longer a partisan issue. I thought that even those who had fought it to the utmost of their ability had repented.

Today, social security is supposedly nonpartisan; and all in the world that the Anderson amendment means is the application of the time-tested, proven principle of social security to a limited type of medical-aid program that is safe and sound. I submit this is the kind of program the people of the United States want. We shall thus provide for the financing, and we shall also provide limitations as to the amount of care they will be entitled to receive under the program. That is to be done now, because every Member of the Senate knows that the entire job cannot be done all at once.

The Anderson amendment provides for an approach that is reasonable and sensible.

Finally, Mr. President, let me say that I hope Senators will not allow their actions to be governed by the views of some persons who believe that the responsibility for taking action in this field lies at the door of 1600 Pennsylvania Avenue. Let there be no mistake about that situation, Mr. President: The people of the United States will hold to account the Members of Congress and the administration for the provision of proper and adequate care for the aged.

I believe the Anderson amendment provides the sane and the sensible and, if I may add, the conservative and responsible way to provide medical care for those who should have it by right, because of their great contributions as productive citizens in the American economy.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the Senator from Vermont [Mr. AIKEN].

The PRESIDING OFFICER. The Senator from Vermont is recognized for 2 minutes.

Mr. AIKEN. Mr. President, after listening to the debate this afternoon, I wonder what has become of our concern for the small farmer.

It is true, as I pointed out earlier this afternoon, that every corporation farmer will be eligible for benefits under this proposed amendment if he has received a salary from his incorporated farm. It is equally true that a good share of the family farmers or marginal farmers cannot qualify for benefits under this proposal, and undoubtedly will not qualify in the future. How can a farmer earning $2,000 or $2,500 a year from his farm, gross income in many cases, pay himself $4,200 salary, as a corporation farmer can? Or how can he deduct 4½ percent, as presently provided, or 5¼ percent in

the next year or two, and still more in the future as the statutory rate of tax increases? He just cannot put himself in a position to qualify.

I have been amazed at the lack of concern for the small farmer of the country who does not have a social security card. Why should that farmer be left out in the cold in this type of unfortunate and discriminatory legislation? I would like, for once, to get the politics out of the issue and really try to consider the matter on its merits, as it should be. I have been ashamed at some of the things that have been said in this debate, and the obvious political overtones that have just smothered the question. Why can we not be decent about it?

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the distinguished Senator from Nebraska [Mr. CURTIS].

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 2 minutes.

Mr. CURTIS. Mr. President, I think in dealing with any social legislation we should be compassionate about it. One cannot accept the philosophy of the Anderson measure in the spirit of compassion. In the first place, it is a plan that would give nothing to 3½ million people over 68. It would give something: It would blanket in some 8 or 9 million people over 68 who are already on social security, and there would be no provision that they contribute anything to this particular fund.

The other day a prominent businessman from Nebraska called on me. He is 73 years of age. He is one of our wealthy men. He is a beneficiary of social security, drawing $175 a month. He does not have to retire. He will draw medical benefits under the Anderson plan, if it is passed. Yet, the most destitute individual in Nebraska will draw nothing. Who are the aged who are not beneficiaries under OASI? They are the people who have been unable to work for a great number of years.

This program will not take care of the people who need to be taken care of at this time.

If the Anderson proposal were not a failure, if it were not a mistake, it would never be offered as an addition to the bill as reported from the committee. It is offered as an addition, and not as a substitute, because it does not meet the problem that is in the minds of people everywhere, and that is the provisions of adequate medical assistance for the people who are unable to provide it for themselves.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Illinois has 3 minutes remaining.

Mr. DIRKSEN. I yield 1 minute to the Senator from Louisiana [Mr. LONG].

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute.

Mr. LONG of Louisiana. Mr. President, we should remember that this is an issue which should go to the people. It is an issue that will go to the people, because they should decide who is to be included under the bill. Benefits start at age 68, but the bill does not include payment for doctor bills. If this amendment goes into effect, we know that next year the law will include payment for doctor bills. Then, the age will be reduced to 65. Then, the retirement age will be reduced to 60. Then, the people who have to pay their own medical bills will say, "How about us?" Probably within 10 years we will have to cover everybody else's medical bills by this compulsory approach. We know what the cost is going to be. The cost is going to be 4 percent of the payrolls. That is about $8 billion a year. That is assuming the costs are kept down once Uncle Sam pays the entire tab.

I suggest that Senators go to the people and see whether they would want to pay their own medical bills if they can afford it or have someone pay for them with their tax money.

Mr. MAGNUSON. Mr. President, will the Senator yield half a minute to me, so I may address a question to the Senator from New Mexico?

Mr. ANDERSON. Mr. President, I yield half a minute to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized for half a minute.

Mr. MAGNUSON. I wanted to ask the Senator from New Mexico a question. As all lawyers know, residence is a matter of intent, and involves the physical appearance of the person with the intent. If we did not have a uniform plan, as proposed by the amendment of the Senator from New Mexico, and the State of Washington took advantage of it and had a liberal program, to the hilt, as far as it could go, and the State of Idaho, if my friend had his way, had a similar program, but some people in some States did not like the program, and those States had no such program under as is proposed, would it not mean that aged or retired people would move to a State where they could take advantage of the liberal provisions of the law?

Mr. ANDERSON. That is possible under the bill. It is not only possible, but I have been a relief administrator in a State, a county, and a region of States, and that is what happened over and over again. If Senators want to start bidding for the indigent, this is the way to do it.

Mr. MAGNUSON. California and Florida will be loaded. [Laughter.]

The PRESIDING OFFICER. Each side has 2 minutes remaining.

Mr. DIRKSEN. Mr. President, it always takes me so much longer to unfold and expand than 2 minutes will allow, but I will say the Senator from Oklahoma has put his finger on the question before us: Do we want an issue or a bill? The bill must yet negotiate a conference. The House has not considered this amendment. If it successfully negotiates a conference, it must go to the White House.

I have been rather circumspect about talking to the President. I could say today unequivocally, because I made inquiry, that the President would have accepted and would have signed the proposals that were offered by the Senator from New York [Mr. JAVITS].

With respect to the pending Anderson proposal, I have to judge only from the statements the President has made to me privately and the statements he has made publicly with respect to the inclusion of a medicare program within the tax frame of social security. It is my considered judgment that if the proposal went to the White House, if it got over every other obstacle, it would invite a veto. And when we go home and confront our senior citizens, and they say, "What did you give us?" we can only say, "We gave you a veto." And when they ask, "Why did you not stay there and finish the job?" we can only say, "We were in a hurry to go home."

The President is elected by all the people, and he is a part of the legislative procedure, because the Constitution gives him that authority.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. If we want some bread, this is the time to get it by voting down the Anderson proposal.

Mr. ANDERSON. Mr. President, I thank my colleagues who have tried to help. We knew from the beginning this would be an uphill fight.

I was a little surprised to hear the statement that this was medical care for the aged on a political issue. I ask Senators to look at pages 378 and 379 of the hearings, where they will see that the finest body of social workers in America has labeled this a proper method by which to proceed.

As to the political issue, I ask Senators to look at page 161, to see the names of 30 Governors. It is true that they said we should follow the social security principle. A great many of them were Democrats, but among them was Nelson Rockefeller of New York, who had quite a time at the Republican Convention, as I remember it. I do not believe this is a political issue.

Also, it takes time to get benefits. I remember that in 1936 I was an administrator for this very sort of program. We collected money for a long time before we started paying benefits. Is it remarkable that we should start collecting money under the program January 1 and not pay benefits for a while after that?

I hope the Congress will stand by the social security principle. We have done it in the case of disability. We have done it for old-age assistance and various other things. Why stop now? This is and has been a successful program. I urge Senators not to abandon it. I certainly urge Senators not to abandon it under the threat of a veto.

I have seen the Congress pass housing bills, public works bills, and bills of every nature, with the statement, "We will pass a proper bill, and then the President will have to do his proper duty.

The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

All time has expired.

The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. ANDERSON], for himself

and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. BURDICK. On this vote I have a pair with the Senator from Arkansas [Mr. FULBRIGHT]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. MANSFIELD. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. JOHNSTON] are absent on official business.

I also announce that the Senator from Missouri [Mr. HENNINGS] is absent because of illness.

I further announce that, if present and voting, the Senator from Missouri [Mr. HENNINGS] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Iowa [Mr. MARTIN] is absent by leave of the Senate on official business.

The result was announced—yeas 44, nays 51, as follows:

[No. 307]

YEAS—44

Anderson	Gruening	Magnuson
Bartlett	Hart	Mansfield
Bible	Hartke	Morse
Byrd, W. Va.	Hayden	Moss
Cannon	Humphrey	Murray
Carroll	Jackson	Muskie
Case, N.J.	Johnson, Tex.	O'Mahoney
Chavez	Kefauver	Pastore
Church	Kennedy	Proxmire
Clark	Lausche	Randolph
Dodd	Long, Hawaii	Symington
Douglas	Lusk	Williams, N.J.
Engle	McCarthy	Yarborough
Gore	McGee	Young, Ohio
Green	McNamara	

NAYS—51

Aiken	Ellender	Morton
Allott	Ervin	Mundt
Beall	Fong	Prouty
Bennett	Frear	Robertson
Bridges	Goldwater	Russell
Bush	Hickenlooper	Saltonstall
Butler	Hill	Schoeppel
Byrd, Va.	Holland	Scott
Capehart	Hruska	Smathers
Carlson	Javits	Smith
Case, S. Dak.	Jordan	Sparkman
Cooper	Keating	Stennis
Cotton	Kerr	Talmadge
Curtis	Kuchel	Thurmond
Dirksen	Long, La.	Wiley
Dworshak	McClellan	Williams, Del.
Eastland	Monroney	Young, N. Dak

NOT VOTING—5

Burdick	Hennings	Martin
Fulbright	Johnston, S.C.	

So Mr. ANDERSON'S amendment was rejected.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KERR. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (H.R. 12580), the Social Security Amendments of 1960.

Mr. MORSE. Mr. President, earlier this afternoon I announced that in case the Anderson-Kennedy amendment was agreed to, I would then offer certain amendments which would also cover citizens who are on railroad retirement so that they would receive equality of treatment with those covered by the Anderson-Kennedy amendment. Now that the Anderson-Kennedy amendment has failed, I submit those amendments only for the record, for future reference, so that the CONGRESSIONAL RECORD will show what the amendments would have been. I ask unanimous consent that they be printed in the RECORD at this point in my remarks, together with a statement of explanation of the proposed amendments to the Railroad Retirement Act.

There being no objection, the amendments and explanation were ordered to be printed in the RECORD, as follows:

AMENDMENTS TO H.R. 12580

Add the following after section 607 of H.R. 12580:

"AMENDMENTS TO THE RAILROAD RETIREMENT ACT

"SEC. 608. The Railroad Retirement Act is amended by adding after section 20 the following new section:

"'MEDICAL INSURANCE BENEFITS

"'SEC. 21(a). For the purposes of this section, and subject to the conditions hereinafter provided, the Board shall have the same authority to determine the rights of individuals described in subsection (b) of this section to have payment made on their behalf for inpatient hospital services, skilled nursing home services, home health services, and outpatient hospital diagnostic services within the meaning of section 226 of the Social Security Act as the Secretary of Health, Education, and Welfare has under such section 226 with respect to individuals to whom such section applies. The rights of individuals described in subsection (b) of this section to have payment made on their behalf for the services referred to in the next preceding sentence shall be the same as those of individuals to whom section 226 of the Social Security Act applies and this section shall be administered by the Board as if the provisions of such section 226 were applicable, references to the Secretary of Health, Education, and Welfare were to the Board, references to the Medical Insurance Account were to the Railroad Retirement Account, references to the United States or a State included Canada or a subdivision thereof, and the provisions of subsection (g) of such section 226 were not included in such section. For purposes of section 11, a determination with respect to the rights of an individual under this section shall, except in the case of a provider of services, be considered to be a decision with respect to an annuity.

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

"'(A) has attained the age of sixty-eight, and

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

shall be entitled to have payment made for the services referred to in subsection (a), and in accordance with the provisions of such subsection. The payments for services herein provided for shall be made from the Railroad Retirement Account (in accordance with, and subject to, the conditions applicable under section 10(b) in making payment of other benefits) to the hospital, skilled nursing facility, visiting nurse agency or homemaker service agency providing such services, including such services provided in Canada to individuals to whom this subsection applies, but only to the extent that the amount of payments for services otherwise hereunder provided for an individual exceeds the amount payable for like services provided pursuant to the law in effect in the place in Canada where such services are furnished.

"'(c) No individual shall be entitled in any benefit period as defined in section 226 of the Social Security Act to have payment made for services provided for in this section under both this section and section 226 of the Social Security Act. In any case in which an individual would, but for the preceding sentence, be entitled to have payment for such services made under both this section and such section 226, payment for such services to which such individual is entitled shall be made pursuant to certification of the Board or the Secretary of Health, Education, and Welfare, whichever first determines that the individual is entitled to have such services paid for. It shall be the duty of the Board and the Secretary with respect to such cases jointly to establish procedures designed to minimize duplications of requests for payment for services and determinations and to assign administrative functions between them so as to promote the greatest facility and efficiency of administration of this section and section 226 of the Social Security Act.

"'(d) Any agreement entered into by the Secretary of Health, Education, and Welfare pursuant to section 226 of the Social Security Act shall be entered into on behalf of both such Secretary and the Board. The preceding sentence shall not be construed to limit the authority of the Board to enter on its own behalf into any such agreement relating to services provided in Canada or in any facility devoted primarily to railroad employees.

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

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

"AMENDMENTS TO THE RAILROAD RETIREMENT TAX ACT

"SEC. 609(a). Section 3201 of the Railroad Retirement Tax Act is amended by striking ': *Provided*' and inserting in lieu thereof the following: '. With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 606(b) of the Act which amended the Social Security Act by adding section 226, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided*'.

"(b) Section 3211 of the Railroad Retirement Tax Act is amended by striking ': *Provided*' and inserting in lieu thereof the following: With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 606(b) of the Act which amended the Social Security Act by adding section 226, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by twice the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided*'.

"(c) Section 3221 of the Railroad Retirement Tax Act is amended by inserting after '$400' the first time it appears the following: With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3111 of the Federal Insurance Contributions Act are increased with respect to wages by section 606(c) of the Act which amended the Social Security Act by adding section 226, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3111 are so increased with respect to wages'."

EXPLANATION OF RAILROAD RETIREMENT AMENDMENTS

The amendments to the Railroad Retirement Act would provide for payment on behalf of aged railroad workers and their aged dependents for the same inpatient hospital services, skilled nursing home services, home health services and outpatient hospital diagnostic services as would be provided under the Anderson-Kennedy amendments for aged workers and their aged dependents under the social security system. The coverage under the railroad retirement amendments is the same as under the Anderson-Kennedy amendments, that is, both amendments would cover workers and dependents, age 68 or over, including only those who are eligible for immediate payment of monthly benefits, or annuities, or would be but for not having stopped work. The railroad retirement amendments would include an employee's relatives or dependents who, though not directly eligible for annuities, would be eligible for monthly benefits under the social security system if railroad service were covered by the social security system. An example of such relatives or dependents would be the employee's dependent parents who are not eligible for annuities under the Railroad Retirement Act when the employee's widow or child is eligible for a monthly annuity but which parents would be eligible for monthly benefits under the Social Security Act, without regard to the eligibility of the widow or child, if the employee's railroad employment had been covered by the Social Security Act.

Special provision would be made to prevent duplication of benefits.

This new benefit program for railroad workers would be administered by the Railroad Retirement Board through the incorporation in the Railroad Retirement Act of the provisions for payment of hospital and other health services under the Social Security Act, in the same way, and under the same conditions, generally, as the program for social security workers would be administered by those in charge of the social security system, except that the railroad program would extend to Canadian employees of American railroads insofar as the cost of these new benefits would exceed that required to be supplied by Canadian law.

All agreements with providers of service, that is, with hospitals, skilled nursing facilities, visiting nurse agencies, and homemaker service agencies, regulating the care to be provided and the pay for services furnished, would be made by the Secretary of Health, Education, and Welfare on behalf of the Secretary and the Board; and the Board would make such agreements only with railroad hospitals and facilities with which the Secretary might not have an agreement and with Canadian hospitals and health agencies.

Provision would also be made to pay for this new program by raising the rate of employment tax on railroad workers and employers by the same number of percentage points as the employment taxes would be raised on covered social security workers and their employers. The present financial interchange provisions of the Railroad Retirement Act would operate also with respect to this new program since the hospital and health benefits under the social security system would be paid for out of the medical insurance account which would be only a part of the Federal old-age and survivors insurance trust fund, and while increased taxes would be levied to pay for these new social security benefits, the proceeds would be appropriated into the Federal old-age and survivors insurance trust fund, although into a special account in that fund.

Mr. YARBOROUGH. Mr. President, I call up my amendment to H.R. 12580 and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Texas [Mr. YARBOROUGH] will be stated.

The LEGISLATIVE CLERK. On page 29, between lines 21 and 22, it is proposed to insert the following new subsection:

INCLUSION OF TEXAS AMONG STATES WHICH ARE PERMITTED TO DIVIDE THEIR RETIREMENT SYSTEMS INTO TWO PARTS FOR PURPOSES OF OBTAINING SOCIAL SECURITY COVERAGE UNDER FEDERAL-STATE AGREEMENT

(k) Section 218(d)(6)(C) of the Social Security Act is amended by inserting "Texas," before "Vermont."

Mr. BYRD of Virginia. Mr. President, the proposed amendment applies only to the State of Texas. I accept the amendment and will take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas.

The amendment was agreed to.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill H.R. 12580, the Social Security Amendments of 1960.

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished chairman of the committee whether it is proposed to complete consideration of the pending bill tonight. If so, how many amendments are at the desk, and are they of a major or minor character?

Mr. BYRD of Virginia. There are quite a number of amendments, and probably it would be better not to finish the bill tonight. There are about 10 or 15 amendments, and their consideration probably will require a considerable length of time. Therefore it may be better not to finish the bill tonight.

Mr. DIRKSEN. If I correctly understand the distinguished Senator from Virginia, there are approximately 15 amendments at the desk, some of them of a major character, and therefore it is unlikely, in his opinion, that consideration of the bill can be completed tonight.

Mr. BYRD of Virginia. That is correct. I believe it would require some time.

Mr. ENGLE. Mr. President, I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 29, between lines 21 and 22, it is proposed to insert the following new subsection:

CERTAIN EMPLOYEES IN THE STATE OF CALIFORNIA

(k) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of California heretofore entered into pursuant to such section may, at the option of such State, be modified, at any time prior to 1962, pursuant to subsection (c)(4) of such section 218 so as to apply to services performed by any individual who, on or after January 1, 1957, and on or before December 31, 1959, was employed by such State (or any political subdivision thereof) in any hospital employee's position which, on September 1, 1954, was covered by a retirement system, but which, prior to 1960, was removed from coverage by such retirement system if—

(1) after January 1, 1957, but before January 1, 1960, such individual has, in his capacity as an employee in such a position, participated in a referendum conducted in accordance with the requirements contained in subsection (d)(3) of such section, and

(2) prior to July 1, 1960, such State has, in good faith, paid to the Secretary of the Treasury, with respect to any of the services performed by such individual in any such position, the sums prescribed pursuant to subsection (e)(1) of such section 218. Notwithstanding the provisions of subsection (f) of such section 218, such modification shall be effective with respect to (A) all services performed by such individual in any such position on or after the date of enactment of this subsection, and (B) all such services, performed before such date, with respect to which such State has paid to the Secretary of the Treasury the sums prescribed pursuant to subsection (e) of such section 218, at the time or times established pursuant to such subsection.

Mr. ENGLE. Mr. President, this is a very technical amendment, which permits the inclusion of some people in the El Centro Community Hospital. Through a technical error, they were excluded from the provisions of the bill. I have cleared the amendment with the committee staff, with the chairman of the committee, with the minority, and with the Senator from Delaware. The committee is ready to accept the amendment. It permits the correction of a technical error. I offer it on that basis.

Mr. BYRD of Virginia. The amendment refers only to the State of California. I will accept the amendment and take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment by the Senator from California [Mr. ENGLE].

The amendment was agreed to.

Mr. LONG of Louisiana. Mr. President, on behalf of myself and the Senator from Florida [Mr. SMATHERS], I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. Beginning on page 204, line 21, it is proposed to strike out all through line 2 on page 205, and insert in lieu thereof the following:

(f) (1) Section 6 of such Act is amended by striking out "or any individual (a) who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof".

On page 206, beginning with the word "or" on line 6, it is proposed to strike out all through the word "thereof" on line 9.

Mr. LONG of Louisiana. Mr. President, the purpose of the amendment is to correct what I believe is a gross oversight in the committee amendment. In committee I was one of those who joined as cosponsors of the committee amendment, because I believed the Federal Government should do what it can do to provide assistance for those who are not able to provide it for themselves.

A great number of Senators who voted for it will be surprised to find that the committee bill does not provide for those who are mentally sick.

Mental sickness affects 165,000 people, who are in mental institutions today. Ninety percent of them are not able to pay their medical bills. This is a disease which in many instances is incurable.

We are told that with the pressures of modern times the disease will occur far more frequently in the future. Yet the committee bill, while it would help take care of most of those who cannot afford to pay their bills while sick, does nothing for the mentally sick or for those who suffer from tuberculosis. Why is that exception made?

It is particularly unfortunate that those people should be left out. Why should people who are mentally sick or who have tuberculosis be left out? The cases of the mentally sick are the most crying cases of need of all. Young veterans have come to me—young men who have just graduated from college—to tell me that they and their brothers and sisters had spent every nickel they could lay their hands on to look after their father or mother in a mental institution. They have sought my help to have them taken care of in a U.S. hospital. Why is that? The record shows that in a State hospital there is little money available for such cases. It averages about $3 a person per day, or $90 a month.

Ninety dollars a month. Think of it. Ninety dollars a month to take care of people who are mentally sick people in the mental hospitals. Think of the tremendous expense which devolves upon relatives on the one hand or the unmet need on the other.

If we get them into a U.S. public health hospital, a veterans' hospital, a marine hospital, or some other hospital where Uncle Sam will foot the bill, the Federal Government pays between $15 and $16 a day to provide for such persons.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. CASE of South Dakota. What would be the effect of the Senator's amendment on patients who are in a State hospital? For example my State has a tuberculosis sanitarium which is located near my home town. South Dakota also has a State hospital for the mentally sick. Would aid be available to pay the costs which otherwise would devolve upon the individuals in the counties, or the people who are of required age?

Mr. LONG of Louisiana. My amendment provides that the age requirement would be available just as it would be in any other hospital in the Senator's State. The State hospital, the county hospital, or the city hospital is subject to matching in the case of any disease from which a person is suffering, except mental illness or tuberculosis. Why exclude those diseases?

Mr. CASE of South Dakota. I do not believe they should be excluded. Certainly, tuberculosis and mental sickness should be regarded as any other illnesses. I think the Senator's amendment should be adopted.

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

Mr. LONG of Louisiana. I yield.

Mr. CARLSON. Does the Senator's amendment apply only to those over age 65?

Mr. LONG of Louisiana. Only to those over age 65. However, I point out again that mental illness tends to be an old man's illness. Compare the situation with that in my own State. In Louisiana State hospitals, we find that those over age 65 are nearly 10 percent of those who are in the hospitals. But in our mental hospitals, the figure is 20 percent of the population.

I repeat: Mental illness tends to be an old person's disease. It arises, increases with the passage of time, and the pressure of circumstances. I suppose in some instances, the person's mind simply begins to wear out. He may have hardening of the arteries, which affects the brain cells and other parts of the body, thus tending to make mental illness occur later in life rather than earlier.

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

Mr. LONG of Louisiana. I yield.

Mr. MAGNUSON. Not only does it occur later in life; but the Senator from Louisiana knows that the Senator from Washington has participated in many health programs. Great progress is being made in the curing of all kinds of diseases. But the charts indicate that mental illness is constantly rising in the United States.

As the Senator knows, I am the chairman of the Subcommittee on Appropriations which handles the appropriation for the Veterans' Administration. Every other bed in the veterans' hospital is occupied by a mental case. The charts indicate that cases of mental illness in private hospitals are constantly rising, whereas some progress is being made in overcoming other types of disease.

Mental illness is something we have not considered as much as we should. The cases of mental disease in veterans' hospitals in the United States alone cost more than $500 million annually simply for care.

Mr. LONG of Louisiana. I agree with the Senator from Washington. Suppose the Senate does not accept this amendment. Consider the ridiculous position in which we will find ourselves.

To provide old-age assistance the Federal Government will put up as much as 80 percent of the money for health care. If the aged people are placed in a mental institution where bills run the highest, because in many cases the disease is completely incurable, it is not possible to obtain any Federal help. The State has to assume the whole load by itself.

Consider an old person, 65 or 66 years old, who is drawing old-age assistance. The Federal Government pays anywhere from 60 to 80 percent of the entire cost of his old-age assistance. But the minute that person becomes mentally ill and must be in an institution for care, then all the Federal assistance is cut off. What kind of sense does that make?

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

Mr. LONG of Louisiana. I yield.

Mr. SMATHERS. First, I congratulate the able junior Senator from Louisiana for presenting this amendment. I do not remember this amendment being discussed at great length in the committee discussions. It seemed to me that it was the sense of the majority of the committee that they wanted to do something in this field for elderly people. No one can rightly distinguish between a person who is so old that he cannot move because of rheumatism or dyspepsia, or something of that nature, and who will be helped by the Federal Government, and a person who is suffering mental illness will not be given such help; he will be denied treatment.

I do not believe it was the intention of the members of the committee, and I do not believe it is the intention of the Senate, to distinguish among illnesses. As I understand, the purpose of the bill is to help all aged people who are needy, who are in institutions, and who are not getting the proper kind of treatment.

The whole purpose of the so-called Finance Committee proposal was to help elderly people who found themselves unable to get proper treatment. So I congratulate the Senator from Louisiana upon his amendment. I hope the Senate will adopt it. I should like to think the chairman of the Committee on Finance will accept the amendment. I think that it was the intention of the committee, in good conscience, to have such a proposal in the original bill.

Mr. LONG of Louisiana. Mr. President, as one who voted for the committee bill and for the Kerr amendment, I thought the mentally ill were included. I never dreamed that it was proposed to look after the poor but not to include the mentally ill. I can think of no logical reason why they should not be included.

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

Mr. LONG of Louisiana. I yield.

Mr. RANDOLPH. I shall vote for the amendment offered by the Senator from Louisiana and the Senator from Florida. I feel we have given attention to the problems of the physically handicapped in practically all of the legislation in this area which we have passed and are discussing this afternoon. Now I should like to believe that it is proper and right that those who are mentally ill should be given the same coverage.

We are dealing here with the welfare of people, not with portions or segments of the person. In this respect we cannot well separate the mind from the body in the total functioning of the individual.

A person who suffers from mental disability to the extent that he or she has been hospitalized for a psychosis is just as undeniably in need and is as equally deserving of the provisions of this act as are the physically handicapped.

I have been conversant with the problems of the mentally ill and have been deeply concerned with them for some time, especially since the American Legion in West Virginia has taken the lead in my State in helping to bring public attention to bear on the question.

I am therefore pleased to join with my distinguished colleagues from Florida and Louisiana in support of this very significant piece of humanitarian legislation.

Mr. LONG of Louisiana. I thank the Senator from West Virginia. To show how this problem affects people, I am familiar with the situation in my own State of Louisiana. There is great difficulty on the part of any State government to spend its money where it will go the furthest. Therefore, in Louisiana—and Louisiana has very liberal requirements for entrance and eligibility—if sick people are admitted to a State general hospital for the treatment of tuberculosis or for a tonsilectomy, or anything else which needs medical care, the State knows that its case burden will be relieved in short order, and the State, therefore, is disposed to spend money for private care on a par with the kind of care that the person would receive in private institutions.

I have before me the averages of the cost per hospital day in Louisiana. On a hospital-day basis, about $15 a day is the average cost of treatment in the State hospitals, but not in the mental hospitals. If a person is so unfortunate as to be confined to a mental hospital, the treatment money is $3 a day, or about $1 compared with the $5 which would be spent to treat a person if he were in some other type of hospital. One reason for that is that illnesses of other kinds are easier to treat and shorter in duration.

Louisiana has one hospital where a special effort is made to treat people whose illness is thought to be curable. The cost is $9.41 a day.

What can be done with $1 as compared with the $5 spent in other general hospitals? About the best most mental hospitals can hope to do is to feed such patients and provide them with a change of bed linen. What kind of treatment can be expected on $3 a day?

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

Mr. LONG of Louisiana. I yield.

Mr. HUMPHREY. Yesterday the Senator from Louisiana discussed this question privately with some of his colleagues. I fully concur in the proposal he is offering. There is no area in which there is a greater need. The greatest tragedy, I suppose, of all medical cases, is in the field of mental health. The Senator's proposal at least makes a determined effort to do something about providing modern care for the heart-rending cases in the field of mental sickness. I compliment the Senator, as I told him last night. It is always good to be on his side in efforts to improve the social welfare structure, because in the main I find the Senator from Louisiana is always doing what I think is the proper thing. Not only that, but he sets a mighty good standard for his colleagues.

Mr. LONG of Louisiana. I thank the Senator from Minnesota.

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

Mr. LONG of Louisiana. I yield.

Mr. MAGNUSON. The good thing about this amendment is that we find that when we can get the mental cases to a proper place to use the new drugs, especially the tranquilizer type of drugs, it has been possible to take care of mental health cases and cure them. Previously, such cases drifted along for many years.

Mr. LONG of Louisiana. If shock treatment is provided, a great number of mental disease cases can be completely cured in a short time.

Mr. MAGNUSON. But it is necessary to send such cases to institutions where they can properly be taken care of.

Mr. HUMPHREY. I think the best evidence for the Senator's argument is what happens in Veterans' Administration hospitals, where the record of improvement in the condition of so-called mental health patients, or patients having mental sickness is phenomenal. Veterans' Administration hospitals have done remarkable work. Why? Because they had the facilities, the modern drugs, and all the many new treatments,

such as the Senator has described, one of them being shock treatment. The Veterans' hospitals have had everything to work with. That is an indication that when the proper facilities and personnel, and drugs and care are available, progress can be made. The Senator's amendment is directed toward that purpose. If we do nothing else than do something in this field, together with what we have done in the treatments at the National Institutes of Health for research in the field of mental health care, we will be making very commendable progress.

Mr. LONG of Louisiana. Mr. President, I wish to say only one or two words about the so-called administrative objections. So far as I can ascertain, they are not objections on the part of President Eisenhower. In fact, they are so ridiculous that I do not believe they deserve to be associated with either the Vice President or the Secretary of Health, Education, and Welfare.

However, within the hidebound bureaucracy in the departments, some objections are found. It is said, in the first place, that the Federal Government never has done anything for a program of this type. But what sort of argument is that? It was only a year or two ago that the Federal Government provided any medical care, and only now is it proposed that the Federal Government help to provide medical care for almost all persons who need it.

It is said that if the Federal Government makes provisions for such a program, the States might reduce the contributions they already are making for the aid of these persons. The same argument could be made against any Federal program in any field in which the States also take a part.

Such arguments are completely spurious; there is no logic at all to them. In fact, I believe that any bureaucrat who presented such an argument to President Eisenhower would be told he was stupid.

This amendment will provide perhaps $120 million a year for the needy people of the country who are suffering from mental illness or tuberculosis. Many of them can be cured; and if this measure is enacted, many of them will be cured.

On the other hand, if we do not take the action called for by my amendment, but, nevertheless, provide for some medical care, we shall find that we have provided for all the groups except the very group which has the most crying need for medical care.

Furthermore, Mr. President, although we understand that the President is willing to go along with a bill which will cost $1,200 million, the way it now stands, yet some object to extending the bill to cover those who have the most crying needs of all, even though this logical extension would add only a small increase, comparatively, to the cost of the bill.

Mr. President, the State I represent will benefit greatly from this bill, even without this amendment. But I state frankly that I would rather have my State receive less Federal aid in the other categories and have some aid provided to those in Louisiana who, in my opinion, are the most neglected of all. Mr. President, the provision of aid to those in this group should be the starting point; they should not be the last ones to be provided for.

Mr. HUMPHREY. Mr. President, earlier I heard the Senator say that of all the illnesses that really take their toll on the income of either the individual or the family or the family friends, none has a more harmful effect than so-called mental sickness does. Certainly, that is true; and yet everyone knows that not one State or county or city in the Nation has adequate facilities for the mental illness cases which already have been diagnosed. As a matter of fact, there is not one State in the Union that does not need to double the available hospital space for its so-called mental sickness patients or mental health patients.

Mr. President, the argument the Senator from Louisiana has been making cannot be refuted. The only argument which can be made against his amendment is that it will cost some money. But on the basis of that argument, Mr. President, the whole bill could be opposed.

It is also argued that if this amendment is agreed to, perhaps the States will reduce the assistance they already are providing. But, Mr. President, the same argument could be made against the entire bill.

If it is said that we cannot afford to make the provision which the Long-Smathers amendment calls for, I point out that there is no illness that takes a greater toll in terms of production in the economy than does mental illness. We have found that in some of the hospitals where there is an extensive program of providing care for those who are mentally ill, it has been made possible for such illness to be cured and for those who suffer from mental illness to become once more productive, useful citizens and make real contributions to the community and to the economy.

In short, Mr. President, I do not think this amendment will actually cost one dime; and I speak with some knowledge of this situation, because I saw the results being obtained in the city of Minneapolis, where the care provided was such as to make it possible for persons suffering from mental illness to be returned to gainful employment and productive occupations.

Mr. LONG of Louisiana. Mr. President, on the question of agreeing to this amendment, I ask for the yeas and nays.

Mr. JOHNSON of Texas. Mr. President, I hope the yeas and nays will be ordered. Several Senators have engagements; and if the yeas and nays are ordered on the question of agreeing to this amendment, we can inform Senators of that, and also can arrange for the procedure for the remainder of the evening.

So, Mr. President, I ask for the yeas and nays on the question of agreeing to the Long-Smathers amendment.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Is there a sufficient second?

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, the Senator from Louisiana has already spoken for a certain length of time on his amendment. Will he agree to the following limitation to be applied to the further consideration of his amendment: 10 minutes for the proponents and 15 minutes for the opponents? If so, I make that proposal.

Mr. LONG of Louisiana. Or if the Senator from Texas prefers, he can request 5 minutes for the proponents and 10 minutes for the opponents.

Mr. JOHNSON of Texas. Very well, Mr. President; then I ask for 5 minutes for the proponents and 10 minutes for the opponents.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, at this point I ask unanimous consent that the time required for these requests not be charged to the time available to either side under the agreement already entered.

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

Mr. JOHNSON of Texas. I have talked with the chairman of the committee and also with the minority leader; and in that connection I now ask unanimous consent that debate on any other amendments which may be offered be limited to 20 minutes, to be divided equally between the proponents and the opponents, and controlled, respectively, by the proponent of the amendment and the majority leader.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSON of Texas. I also ask unanimous consent that there be a limitation of 30 minutes on the further debate on the bill, to be divided equally between the proponents and the opponents, and controlled, respectively, by the chairman of the committee and the minority leader.

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

Mr. JOHNSON of Texas. Mr. President, I announce that we shall attempt to complete our action on the bill tonight. I ask that all Senators be on notice. I hope we shall not have to hold up any yea-and-nay votes because Senators are away from the Capitol. In view of the 20-minute limitation on amendments which has been ordered, Senators should either remain in the Chamber or should be in their offices, where they can be notified.

Mr. DIRKSEN. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. Is it possible to ascertain how many Senators have amendments which are yet to be called up?

Mr. JOHNSON of Texas. Mr. President, I now ask how many Senators have amendments which are yet to be called up? I am informed now that there will be four.

SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill H.R. 12580, the Social Security Amendments of 1960.

The PRESIDING OFFICER. Does any Senator wish to address the Senate at this time on the Long-Smathers amendment?

Mr. KERR. Mr. President, who is in charge of the time in opposition to the amendment?

Mr. JOHNSON of Texas. I am, but I yield to the Senator.

Mr. KERR. Mr. President, I yield myself 5 minutes in opposition to the amendment.

I want to say to my distinguished friend from Louisiana that he has discussed a matter which is near and dear to my heart, as I believe it is to his, and as I believe it is to every other Member of the Senate. But the Senator from Louisiana has not indicated what he thinks will be the cost of his amendment. He has not indicated what he thinks will be the effect of it upon the operation of institutions in the several States.

The distinguished Senator from Minnesota said that in every State, in every county, in every city are worthy cases of people who need medical care either because they are mentally ill or tubercular; and I have no fault to find with that.

The problem has not been studied by any committee. There are no estimates of what the amendment would mean in terms of dollars and cents. We spent several days on the Anderson amendment, which had the earnest support of nearly half the Members of this body. The Senator from Oklahoma took the position, as did the committee, that it would be unwise to attach the amendment to the bill, because the result would be the certain veto of the bill.

I must say to the Senator from Louisiana that I fear to take the amendment and let it become a part of the bill, because I think it would jeopardize the other provisions in the bill. No one did any more work to put the bill in its present form than did the great Senator from Louisiana. Nobody studied it more. Nobody made more preparation on the proposal and the very amendment that has now been approved by the Senate. Therefore, I know he wants to protect the bill and all the features in it. Yet he offers an amendment that is as broad as the United States, with cases in every community, every county, every State. It would more than double the cost of the bill, in my judgment, the very first 2 years.

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

Mr. KERR. I yield to the Senator from Kansas.

Mr. CARLSON. I yield to no one when it comes to taking care of the interests of mentally ill people. Our State was 46th for taking care of mentally ill when I was elected Governor, and it is now No. 1 in the Nation.

I am not concerned with the cost of the amendment, but if we want to disrupt the mental health programs of the States, in which States hire mental health specialists at high salaries, and which have their programs under way, bringing the social security people into this field will surely disrupt those programs. I think it would be one of the most disastrous things that could happen. It is not the dollars involved or the threat of a veto that concerns me, but the fact that it would disrupt the State programs and be disastrous to them.

Mr. KERR. The Senator from Washington [Mr. MAGNUSON] talked about servicemen being mentally ill and hospitals being overcrowded with those patients. I say that is a matter which we should take care of in appropriations for veterans. I yield to no Senator in the efforts I have taken to provide adequate facilities for our veterans, and I have done it with all the energy I have; but I do not believe in taking this provision when neither I nor any of its sponsors know what will be the effect of it. If we are to expand our veterans' programs, we should do it under the guise or heading or identity of a veterans' program, and not in a bill on which the Senate and House committees have worked for many, many weeks.

After we have brought the bill here in workable form, it is sought to add an amendment which, in my opinion, would cost more than all the benefits provided in the bill in the first 2 years of its operation, with what I believe to be the very certain result of jeopardizing or losing the entire bill. I hope the amendment will not be agreed to.

Mr. LONG of Louisiana. Mr. President, I yield myself 2 minutes.

The statement has been made that there is no estimate of cost. The departmental adviser sits two seats from the Senator from Oklahoma. He has been sitting near him throughout the debate. He is the same adviser who advised us what the cost of the Kerr amendment would be. He came up with a cost of $210 million for the Kerr amendment, which I believe to be conservative. It is going to be more than that if the States match the Federal funds. That is the same source on which we rely for the Federal cost of the Long-Smathers amendment, and that estimate is $120 million.

I voted for the Kerr amendment and supported it. While we were providing medical care for adults who needed it, it was my impression in the committee that it included assistance for patients suffering from tuberculosis or mental illness.

The best estimates from the psychiatrists is that 1 person out of 12 is going to require confinement in a mental institution during his lifetime. Why turn our backs on those people? Why impose the burden of large medical bills on the families of those victims, when we are doing so much for others?

The provisions of this bill are going to cost $1,400 million. It provides many costly benefits to persons who are not needy at all. Are Senators going to tell the people they voted to help those who could not afford to pay for their medical care, when they know, every time they say so, that they left out those who suffer from mental illness or tuberculosis? Those who suffer mental illness are the most trying types of cases, with the possible exception of victims of cancer. Senators tell me that care is provided in the latter cases, whereas in mental illness or tuberculosis cases nothing is provided.

The PRESIDING OFFICER. The time of the Senator has expired.

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

Mr. LONG of Louisiana. I yield myself 1 minute, and I yield to the Senator from Texas.

Mr. YARBOROUGH. I commend the Senator from Louisiana for his leadership in offering this amendment to cover a great gap left in the bill. I ask the Senator if it is not a fact that public health officers say one of the greatest dangers to public health comes from people who have tuberculosis and who work around food establishments because they cannot do heavier work? Would it not be foolish not to give those persons an opportunity to get well, so they will not be a hazard to the public health?

Mr. LONG of Louisiana. The Senator is correct. The only reason why tuberculosis was put in the same category as mental health is that the word "tuberculosis" had historically appeared in the same place in the law as the words "mental illness or psychosis."

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. Mr. President, if 1 out of every 12 living Americans is going to be confined to a mental institution during his lifetime, where is the Senator who thinks that problem can be taken care of with $120 million a year?

Mr. LAUSCHE. Mr. President, will the Senator yield 1 minute to me?

Mr. KERR. I yield 1 minute to the Senator from Ohio.

Mr. LAUSCHE. Historically and traditionally, the States have carried the responsibility of care for their mentally ill. In 25 out of the last 30 years the Government has had deficit operations. The burden of carrying the responsibility of national defense is one of tremendous weight and significance. There has been a constant trend of State governments wanting to give up those responsibilities which are historically and traditionally theirs. As they ask the Federal Government to give up their own responsibility, the Central Government grows bigger and bigger and mightier and mightier.

I respectfully submit to the Senator from Louisiana that this responsibility ought to be left with the States.

Mr. HOLLAND. Mr. President, will the Senator yield me 1 minute?

Mr. KERR. I yield 1 minute to the Senator from Florida.

Mr. HOLLAND. Is it not true that not only is the responsibility historically one which the States have assumed but also one which involves the exercise of the police power? Incarceration

is required in most cases. This represents one of the heavy burdens for the local officials, particularly the county judges who have to pass upon questions of lunacy. They are repeatedly called upon to try to figure out what cases should be handled, in the public interest, at the State's expense.

Mr. LAUSCHE. The Senator is completely correct.

Mr. LONG of Louisiana. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Louisiana has 2 minutes remaining. The opponents have 3 minutes.

Mr. LONG of Louisiana. Mr. President, I will say to the Senators who voted for the Anderson amendment that they voted to take care of the mentally sick when they voted for the Anderson amendment. It was my impression that the Anderson amendment provided care for all the sick, and made no distinction as to whether one was mentally sick or otherwise sick.

I believe many Senators who voted for the Kerr amendment, as I did in the committee—I think the Senator from Florida [Mr. SMATHERS] believed the same as I in the committee—thought we were voting to provide for all sick people not in a position to pay their bills, not merely for those who were not suffering from mental diseases or tuberculosis.

Mr. YARBOROUGH. Mr. President, will the Senator yield to me for 30 seconds for a question?

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. The statement has been made that cases of mental illness often lead to incarceration. That is one of the problems. These people are not receiving treatment.

I have been a member of the Public Health Subcommittee, and from my experience on the committee have learned that psychiatrists and other doctors feel that if we would treat the mentally ill, an overwhelming majority, some four-fifths of them, could be cured. I see the distinguished chairman of the Public Health Subcommittee, who knows more about medicine than any other Member of this body, the distinguished senior Senator from Alabama [Mr. HILL], is nodding agreement. When we wait and do not provide treatment, the end result is incarceration for those people. Then the family or the State or someone has to pay for many years of confinement. Those people are totally lost. If they were treated in time four out of five of the mentally ill could be restored to society, restored to active life, to a useful life in the community.

If we fail to give proper treatment, I think we shall be acting in a very short-sighted way. We shall be denying these people the right to be cured, the right to return to society as useful members of society.

Mr. KERR. Mr. President, I yield myself 30 seconds.

I say to the Senator from Minnesota, to the Senator from Louisiana, and to other Senators who think that when they voted for the Anderson amendment they voted, as the Senator from Louisiana said, for a coverage of those in mental and tubercular hospitals, that on page 8, line 7 of the Anderson amendment these words appear, "The term 'hospital' shall not include a tuberculosis or mental hospital."

Mr. HOLLAND. Mr. President, will the Senator yield me 1 minute?

Mr. KERR. I yield 1 minute to the Senator from Florida.

Mr. HOLLAND. I have had the responsibility of serving as a county judge in my State for 8 years. I know the cases which are the most pitiful ones clear through that office or through similar offices in the various States.

The Senator from Louisiana comes from a State which has one of the finest organizations of any State to take care of the mentally ill. Insofar as my own State is concerned, our procedures are such that many people much prefer to send the mentally ill to our State institutions rather than to any of the private institutions which are available. To make such a fine effort an apparent effort to unload from the State a responsibility which has always been its responsibility, and one of its driving responsibilities, I think is the wrong thing to do. It will undoubtedly load this bill, which is not intended to cover that kind of case. I hope the amendment will not prevail.

Mr. JOHNSON of Texas. Mr. President, has all time been consumed?

The PRESIDING OFFICER. One minute remains for the opponents.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG]. All time has expired. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD (when his name was called). Mr. President, on this vote I have a pair with the Senator from California [Mr. KUCHEL]. If he were present and voting he would vote "nay"; if I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from South Carolina [Mr. JOHNSTON], are absent on official business.

I also announce that the Senator from Missouri [Mr. HENNINGS] is absent because of illness.

I further announce that the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Missouri [Mr. SYMINGTON], are necessarily absent.

I further announce that, if present and voting, the Senator from Missouri [Mr. HENNINGS], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Missouri [Mr. SYMINGTON], would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Iowa [Mr. MARTIN] is absent by leave of the Senate on official business.

The Senator from Hawaii [Mr. FONG] is detained on official business.

The Senator from California [Mr. KUCHEL] is necessarily absent, and his pair has been previously announced.

The result was announced—yeas 51, nays 38, as follows:

[No. 308]

YEAS—51

Anderson	Gruening	Morse
Bartlett	Hartke	Moss
Bible	Hill	Mundt
Burdick	Humphrey	Muskie
Byrd, W. Va.	Jackson	Pastore
Cannon	Javits	Proxmire
Carroll	Johnson, Tex.	Randolph
Case, S. Dak.	Keating	Russell
Church	Kefauver	Scott
Clark	Kennedy	Smathers
Cooper	Long, Hawaii	Smith
Dodd	Long, La.	Sparkman
Douglas	McCarthy	Talmadge
Eastland	McGee	Williams, N.J.
Ellender	McNamara	Yarborough
Engle	Magnuson	Young, N. Dak.
Gore	Monroney	Young, Ohio

NAYS—38

Aiken	Dirksen	Lausche
Allott	Dworshak	Lusk
Beall	Ervin	McClellan
Bennett	Frear	Morton
Bridges	Goldwater	Prouty
Bush	Green	Robertson
Butler	Hart	Saltonstall
Byrd, Va.	Hayden	Schoeppel
Capehart	Hickenlooper	Stennis
Carlson	Holland	Thurmond
Case, N.J.	Hruska	Wiley
Cotton	Jordan	Williams, Del.
Curtis	Kerr	

NOT VOTING—11

Chavez	Johnston, S.C.	Murray
Fong	Kuchel	O'Mahoney
Fulbright	Mansfield	Symington
Hennings	Martin	

So the amendment of Mr. LONG of Louisiana was agreed to.

Mr. LONG of Louisiana. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr KERR. Mr. President, I send technical amendments to the desk. I ask unanimous consent that they be not stated, but printed in the RECORD at this point.

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

The amendments, ordered to be printed in the RECORD, are as follows:

On page 153, line 25, strike out "903(b)(2)," and insert in lieu thereof "903(b)(2)".

On page 156, line 3, after "SEC. 1202." insert in lieu thereof "(a)".

On page 156, after line 11, insert:

"(b)(1) There are hereby appropriated to the Unemployment Trust Fund for credit to the Federal unemployment account, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts by which—

"(A) 100 per centum of the additional tax received under the Federal Unemployment Tax Act by reason of the reduced credits provisions of section 3302(c) (2) or (3) of such Act and covered into the Treasury, exceeds

"(B) the amounts appropriated by paragraph (2). Any amount appropriated by this paragraph shall be credited against, and shall operate to reduce, that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax.

"(2) Whenever the amount of such additional tax received and covered into the Treasury exceeds that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax, there is hereby appropriated to the Unemployment Trust Fund for credit to the account of such State, out of any moneys in the Treasury not otherwise appropriated, an amount equal to such excess.

"(3) If, for any taxable year, there is with respect to any State both a balance described in section 3302(c)(2) of the Federal Unemployment Tax Act and a balance described in section 3302(c)(3) of such Act, paragraphs (1) and (2) shall be applied separately with respect to section 3302(c)(2) (and the balance described therein) and separately with respect to section 3302(c)(3) (and the balance described therein).

"(4) The amounts appropriated by paragraphs (1) and (2) shall be transferred at the close of the month in which the moneys were covered into the Treasury to the Unemployment Trust Fund for credit to the Federal unemployment account or to the account of the State, as the case may be, as of the first day of the succeeding month."

On page 159, line 6, strike out "Employment Security Act of 1960," and insert: "Social Security Amendments of 1960,".

On page 160, line 6, strike out "Employment Security Act of 1960," and insert: "Social Security Amendments of 1960,".

Mr. KERR. Mr. President, in redrafting the bill to conform to the decisions of the Committee on Finance, the provisions for placing the additional taxes for the repayment of a loan in the Federal Unemployment Account were inadvertently overlooked.

The technical amendments would restore these provisions to section 1202, with such modifications as are necessary to conform to the changes in the provisions for the repayment of loans, and ask unanimous consent that they be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments were agreed to.

Mr. JAVITS. Mr. President, I call up my amendment identified as "8-20-60—E" and ask that it may be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 100, following line 24, it is proposed to insert the following:

SEC. 212. (a) Clause (3) of the first sentence of subsection (e) of section 216 of the Social Security Act is amended to read as follows: "(3) in the case of a deceased individual, (A) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which such individual died, or (B) a child with respect to whom an individual has stood in loco parentis for not less than five years immediately preceding the day on which such individual died."

(b) Subsection (d) of section 202 of such Act is amended by adding at the end thereof the following new paragraph:

"(7) A child shall be deemed dependent upon the individual who stands in loco parentis with respect to such child at the time specified in paragraph (1)(C) if, at such time, the child was living with and was receiving at least three-fourths of his support from such individual."

Mr. KERR. The amendment was discussed in committee; it was probably due to an oversight that it was not considered and approved. I have discussed it with the chairman of the committee, and it is agreeable that the amendment be accepted.

Mr. JAVITS. Mr. President, I ask unanimous consent to have a statement on the purposes of the amendment printed in the RECORD at this point.

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

STATEMENT BY SENATOR JAVITS

Purpose: This amendment would permit a child to receive survivor benefits on the record of the individual who stood in loco parentis (in the place of the parent) for not less than 5 years immediately preceding the day on which the individual died. It also requires that the child must have been living with the worker at the time of death and have been receiving at least three-fourths of his support from such worker.

Cost: The Department of Health, Education, and Welfare estimates the cost to be negligible.

Departmental position: The Department of Health, Education, and Welfare favors this amendment and recommends its enactment. This report appears on page 466 of the Senate hearings, and indicates certain amendments which the Department proposes. In the main, these are based upon certain other provisions, such as length of a child's residence with the worker, with which the House bill dealt in other aspects of social security. However, as the Finance Committee deleted the provisions referred to, the proposed amendments have not been adopted. In addition, the Department has suggested that receipt of one-half support from the worker, rather than three-fourths, would be sufficient.

Background: A similar amendment was included in the 1956 Social Security Amendments, as passed by the Senate, but was deleted in the conference committee. It was suggested to me by a constituent, Mr. M. Chas. Rueckwald, of Watertown, N.Y., who has been the guardian and sole support of the children of his sister-in-law for many years, and who expressed concern that, in the event of his death, they would have no survivorship rights.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment was agreed to.

Mr. KEATING. Mr. President, I ask unanimous consent to have included in the RECORD a statement with regard to the amendment. I express my appreciation to the chairman of the committee and other members of the committee for accepting the amendment.

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

STATEMENT BY SENATOR KEATING

The amendment now before the Senate is one which is designed to insure that the intent and purpose of the present social security law is carried out regarding benefits to dependents of insured individuals. The proposed amendment would permit a child to receive survivor benefits on the record of an individual who stood in place of the parent for not less than 5 years. The qualification for such a condition of dependency is that the insured individual must have contributed at least three-fourths of the support of the child involved and that the child must have been living with that worker at the time of death.

It seems only fair that if an individual has fulfilled the financial obligations of a parent for a period as long as 5 years the child involved ought to be eligible to receive financial benefits from the insurance of such a person. In other words, if the individual is something of a "financial parent" to the child, it is only equitable and reasonable on the individual's death that this relationship ought to be recognized. This measure is hardly an extension of the social security system into a new area; in reality, it is little more than a grant of benefits to a group who, in the spirit of the present law, if not in the letter of it, are designated as beneficiaries of survivor's benefits.

If children lose their means of support, whether it be a parent or one who has served as a parent for them, they may be helpless and in serious danger of being deprived of many of the necessities of life. This provision covers very young children, as well as those who have reached their teenage years and are somewhat more capable of comprehending and meeting the situation with which they are faced. There is no earthly reason why these children who, goodness knows, have suffered enough in not being able to have their natural parents to care for them should further be punished by being deprived of what little they might derive in benefits from the insurance of those who were kind enough to aid them.

The Department of Health, Education, and Welfare has expressed its support of this amendment and, indeed, has suggested several changes which would even further extend its benefits. They have recommended that the amendment be modified to provide for payment in cases where a worker is disabled or retired, not only when he has died. The Department further asked that the test of dependency be lowered from three-fourths to one-half of the financial support of a child. Present law employs one-half support as a test of dependency, and there is no reason to believe that the present requirement is not an adequate one for the purposes of this amendment. Another recommendation of the Department is a change in the requirement of residence with the insured individual from 5 years to 1 year, which, the Department feels, is sufficient time to assure that benefits would be paid only in cases in which the worker had actually assumed the support of the child.

Considering the provisions of this amendment, including all of these modifications, which would have the effect of extending coverage even further, and to which I give my wholehearted support, the Department of Health, Education, and Welfare estimates that the cost of these provisions would be negligible.

I believe we have an obligation to correct this inequity which has resulted from a legal loophole, and not from any clear legislative intent. The children involved in this measure are clearly a group that the social security program was intended to benefit.

Mr. WILLIAMS of New Jersey. Mr. President, on behalf of myself and my colleague from New Jersey [Senator CASE], I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 100, after line 13, insert the following new paragraph:

(4) For purposes of section 214(a) of such Act (as it would be amended by this Act), the amendment made by subsection (a) shall not apply in the case of any individual who on, before, or after the date of enactment of this Act, becomes entitled to retirement benefits under the Teachers Pension and Annuity Fund of the State of New Jersey or to retirement benefits under the Public Employees Retirement System of the State of New Jersey.

Mr. WILLIAMS of New Jersey. I earnestly hope the Senate will accept this amendment. The hopes, expectations, and financial security of hundreds of dedicated New Jersey teachers and public employees depend upon it.

Mr. President, I wish to say that I strongly support the liberalizing features of these proposed amendments to the Social Security Act.

But I am confident that the Senate, in liberalizing the act, would not wish to cause financial losses of up to $1,300 a year for many hundreds of New Jersey teachers and public employees.

Unfortunately that is what will happen if the bill in its present form is adopted.

The amendment that my colleague and I are proposing relates to the liberalization of the retirement age requirement for men from the age of 65 to 62.

Our proposed amendment would not in any way adversely affect or work hardship on anyone in the United States who would benefit from the reduction in eligibility age from 65 to 62.

It would, however, protect New Jersey's male teachers and public employees from a serious loss in their retirement allowances that would occur because of the reduction in age.

Mr. President, I will try, briefly, to describe how this problem has arisen.

Because the laws of New Jersey provide for the integration of the Federal social security system with the New Jersey teacher's pension and annuity fund and the New Jersey public employees' retirement system, the State is permitted to reduce the amount of pension it owes to these groups of people by the amount of social security benefit for which the individual becomes eligible through New Jersey public employment.

Because of this provision, man teachers and public employees have retired or have planned their retirements in advance of the date on which they would become eligible for social security benefits as public employees, thus avoiding the reduction in their retirement allowances that would result if they earned the necessary number of quarters as public employees to make them eligible for social security benefits.

Now, however, the pending bill proposes to reduce the age requirement for men from 65 to 62. This change will have the effect of reducing the number of quarters of employment needed to become eligible for benefits. To take a specific example, under the existing law, a male teacher in New Jersey who was born in January 1899 would have to work 26 quarters to become eligible for social security benefits as a public employee. Perhaps he has already worked 23 quarters, or 3 short of eligibility. If the bill is passed in present form, he would need only 20 quarters for eligibility. Thus he would automatically become subject to a reduction in his New Jersey pension by the amount of his social security benefits. This loss for teachers would amount to an average of $1,300 a year. The loss for public employees would amount to an average of $960.

Mr. President, the amendment of my colleague and I would simply retain, for the male members of the New Jersey teachers and public employees pension systems, the same number of quarters necessary for eligibility under the existing law.

It will in no way affect anyone else in the country. Nor will it prevent New Jersey teachers or public employees from retiring at age 62 if they wish. It will simply require that they have the same number of quarters that they needed for eligibility under the existing law.

Mr. President, I wish only to point out that the older New Jersey teachers joined in this integrated program on the understanding that they would be able to avoid the State offset and receive both their full pensions and social security benefits. Well publicized official manuals gave careful instructions on the dates by which time they would have to retire to avoid the reduction.

Mr. President, our amendment would simply protect them from this reduction because of the proposed change in the Federal law. I hope the Senate will accept it.

Mr. CASE of New Jersey. Mr. President, on June 24, 1960, my colleague from New Jersey and I brought to the attention of the Senate the plight of approximately 3,400 New Jersey teachers and other public employees.

These people have retired or are shortly eligible to retire under a plan which permits the State of New Jersey to reduce the retirement allowance payable by the State pension fund if the employees earned a social security benefit through New Jersey public employment. Any social security benefit earned through such employment is used to relieve the State of all or a portion of its obligation to pay a pension to a retired public employee.

Many of these people who have already retired had purposely advanced the dates of their retirement in order to avoid earning a social security benefit through public employment in New Jersey. Others who are still working have long planned to take the same course. The ability to do this was held out to the New Jersey teachers and other employees as an inducement when they voted to come under the Federal social security program and it was a part of the terms of the service they have rendered since that time. Section 204(a) of H.R. 12580, however, proposed to cut eligibility requirements to such a degree that all of these people would be considered as having earned their social security benefit through New Jersey public employment.

The effect of this on these people would be a substantial reduction in income through loss of pension from the State of New Jersey.

To prevent this calamitous loss of much needed, and justly anticipated, income by many of our most deserving senior citizens, Senator WILLIAMS and I jointly introduced on June 24 an amendment to section 204(a) of H.R. 12580 which would protect members of the New Jersey teachers pension and annuity fund and the New Jersey public employees retirement system against the adverse effects of the proposed reduction of eligibility requirements. However, after careful study of this amendment and several alternative proposals, officials of the Department of Health, Education, and Welfare expressed their opposition to this approach. Other than deletion from section 204(a) of the proposal to cut in half the number of quarters of coverage required there appeared to be no Federal approach, acceptable to the Department, assuring New Jersey teachers and public employees they would receive the benefits they have been promised.

The social security bill reported out by the Senate Finance Committee does not contain a proposal to cut in half the number of quarters of coverage required. By deleting this provision the committee has, in effect, carried out the intent of the Williams-Case amendment, and acted to protect the interests of New Jersey teachers and public employees.

However, the Finance Committee bill does contain a new proposal to lower the retirement age for men from 65 to 62. Because eligibility requirements are directly related to retirement age, this would cause men to become fully insured with fewer quarters of coverage than are required under present law. As the retirement age for women is already 62, they would not be affected.

The net effect of the Finance Committee action on H.R. 12580 to date would be to prevent loss of income on the part of women teachers and public employees in New Jersey but to leave men still faced with the prospect of reduced benefits.

The amendment which Senator WILLIAMS and I now propose to the Finance Committee bill will eliminate the remaining threat of loss of income for these deserving teachers and public employees. At the same time, it will permit a reasonable liberalization of eligibility requirements. It will also permit a man to receive benefits 3 years earlier than under the present social security law. And, most importantly, it does not affect adversely any person or group.

Mr. KERR. Mr. President, I have not had time to digest the amendment; neither have the other members of the committee. However, in view of the fact that they have stated it relates only to New Jersey, I hope it will be accepted and taken to conference. If it is found there to be objectionable, it can be taken out of the bill.

Mr. WILLIAMS of New Jersey. I express my gratitude for the graciousness of my friend from Oklahoma.

Mr. CASE of New Jersey. I, too, thank the Senator from Oklahoma.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey [Mr. WILLIAMS].

The amendment was agreed to.

Mr. JAVITS. Mr. President, I call up my amendment identified as "8-20-60—D."

I ask unanimous consent that the amendment be not read, but printed in the RECORD at this point.

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

The amendment, ordered to be printed in the RECORD, is as follows:

On page 171, following line 12, insert the following:

"PART 4—EXTENSION OF FEDERAL-STATE UNEMPLOYMENT COMPENSATION PROGRAM TO PUERTO RICO

"*Extension of titles III, IX, and XII of the Social Security Act*

"SEC. 541. Effective on and after January 1, 1961, paragraphs (1) and (2) of section 1101(a) of the Social Security Act are amended to read as follows:

"'(1) The term "State", except where otherwise provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles I, IV, V, VII, X, and XIV includes the Virgin Islands and Guam.

"'(2) The term "United States" when used in a geographical sense means, except where otherwise provided, the States, the District of Columbia, and the Commonwealth of Puerto Rico.'

"*Federal employees and ex-servicemen*

"SEC. 542. (a)(1) Effective with respect to weeks of unemployment beginning after December 31, 1965, section 1503(h) of such Act is amended by striking out 'Puerto Rico or'.

"(2) Effective with respect to first claims filed after December 31, 1965, paragraph (3) of section 1504 of such Act is amended by striking out 'Puerto Rico or' wherever appearing therein.

"(b)(1) Effective on and after January 1, 1961 (but only in the case of weeks of unemployment beginning before January 1, 1966)—

"(A) Section 1502(b) of such Act is amended by striking out '(b) Any' and inserting in lieu thereof '(b)(1) Except as provided in paragraph (2), any', and by adding at the end thereof the following new paragraph:

"'(2) In the case of the Commonwealth of Puerto Rico, the agreement shall provide that compensation will be paid by the Commonwealth of Puerto Rico to any Federal employee whose Federal service and Federal wages are assigned under section 1504 to such Commonwealth, with respect to unemployment after December 31, 1960 (but only in the case of weeks of unemployment beginning before January 1, 1966), in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages. In applying this paragraph or subsection (h) of section 1503, as the case may be, employment and wages under the unemployment compensation law of the Commonwealth of Puerto Rico shall not be combined with Federal service or Federal wages.'

"(B) Section 1503(a) of such Act is amended by adding at the end thereof the following: 'For the purposes of this subsection, the term "State" does not include the Commonwealth of Puerto Rico.'

"(C) Section 1503(b) of such Act is amended by adding at the end thereof the following: 'This subsection shall apply in respect of the Commonwealth of Puerto Rico only if such Commonwealth does not have an agreement under this title with the Secretary.'

"(2) Effective on and after January 1, 1961 (but only in the case of first claims filed before January 1, 1966), section 1504 of such Act is amended by adding after and below paragraph (3) the following:

"'For the purposes of paragraph (2), the term "United States" does not include the Commonwealth of Puerto Rico.'

"(c) Effective on and after January 1, 1961—

"(1) section 1503(d) of such Act is amended by striking out 'Puerto Rico and', and by striking out 'agencies' each place it appears and inserting in lieu thereof 'agency'; and

"(2) section 1511(e) of such Act is amended by striking out 'Puerto Rico or'.

"(d) The last sentence of section 1501(a) of such Act is amended to read as follows:

"'For the purpose of paragraph (5) of this subsection, the term "United States" when used in the geographical sense means the States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.'

"*Extension of Federal Unemployment Tax Act*

"SEC. 543. (a) Effective with respect to remuneration paid after December 31, 1960, for services performed after such date, section 3306(j) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(j) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

"'(1) STATE.—The term "State" includes the District of Columbia and the Commonwealth of Puerto Rico.

"'(2) UNITED STATES.—The term "United States" when used in a geographical sense includes the States, the District of Columbia, and the Commonwealth of Puerto Rico.

An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States.'

"(b) The unemployment compensation law of the Commonwealth of Puerto Rico shall be considered as meeting the requirements of—

"(1) Section 3304(a)(2) of the Federal Unemployment Tax Act, if such law provides that no compensation is payable with respect to any day of unemployment occurring before January 1, 1959.

"(2) Section 3304(a)(3) of the Federal Unemployment Tax Act and section 303(a)(4) of the Social Security Act, if such law contains the provisions required by those sections and if it requires that, on or before February 1, 1961, there be paid over to the Secretary of the Treasury, for credit to the Puerto Rico account in the Unemployment Trust Fund, an amount equal to the excess of—

"(A) the aggregate of the moneys received in the Puerto Rico unemployment fund before January 1, 1961, over

"(B) the aggregate of the moneys paid from such fund before January 1, 1961, as unemployment compensation or as refunds of contributions erroneously paid."

Mr. JAVITS. Mr. President, I call up the amendment on behalf of myself and the Senator from Massachusetts [Mr. KENNEDY] and the Senator from New York [Mr. KEATING]. The purpose of the amendment is to conform our bill to the House bill in extending the Federal-State unemployment compensation program to Puerto Rico. This provision is contained in the House bill, and if we should enact the Senate bill tonight, with the amendment included, the provision would definitely be in the bill which will go to the President.

It does not represent an additional cost or burden. It merely harmonizes the relationships between our country and the Commonwealth in this very important respect. It is a matter which the people of Puerto Rico value very highly. I hope the committee will see fit to accept the amendment.

I ask unanimous consent to insert in the RECORD at this point a statement on the subject which appears in the House committee report, at page 57.

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

PART 4. EXTENSION OF FEDERAL-STATE UNEMPLOYMENT COMPENSATION TO PUERTO RICO

Part 4 of title V provides that Puerto Rico will be treated as a State for purposes of the several provisions of the Social Security Act dealing with unemployment compensation and the Federal Unemployment Tax Act. At the present time, the Commonwealth of Puerto Rico has an unemployment compensation program completely outside of the Federal-State unemployment compensation system. Employers in Puerto Rico are not subject to the Federal unemployment tax and Puerto Rico is not entitled to Federal grants to cover the administrative expenses of its unemployment compensation program. By separate legislation enacted in 1950, however, Federal grants were authorized to cover the costs of the employment service in Puerto Rico. It is estimated that the Federal unemployment taxes collected in Puerto Rico will meet all the costs of administering their unemployment compensation program and part of the costs of the employment service.

Part 4 includes provisions relating to the operation in Puerto Rico of title XV of the Social Security Act which deals with payment of unemployment compensation to Federal employees and ex-servicemen. At present, title XV provides generally that unemployed Federal employees and ex-servicemen will receive unemployment compensation paid for by the Federal Government but determined under the law of the particular State in which the individual last worked (in the case of Federal employees) or in which the individual resides (in the case of ex-servicemen). Title XV presently provides also that unemployment compensation to Federal employees and ex-servicemen in Puerto Rico and the Virgin Islands is to be computed under the law of the District of Columbia. Since Puerto Rico is to be considered a State for purposes of the unemployment compensation laws, your committee believes that an indefinite continuation of this use of the District of Columbia law for Federal employees and ex-servicemen in Puerto Rico is inappropriate. However, in view of the low level of Puerto Rican benefits, which (as of June 1, 1960) provided a maximum weekly amount of $12 and a maximum duration of 7 weeks, it does appear appropriate, for a transition period, to continue to determine the unemployment compensation payable to Federal employees and ex-servicemen in Puerto Rico under the law of the District of Columbia, and part 4 so provides. For weeks of unemployment beginning after December 31, 1965, Federal

civilian employees and ex-servicemen in Puerto Rico will be paid unemployment compensation under the unemployment compensation law of Puerto Rico.

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

Mr. JAVITS. I yield.

Mr. KEATING. I express my complete support of this amendment and join with my colleague from New York in the hope that the committee will accept it.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement I have prepared with respect to the amendment.

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

STATEMENT BY SENATOR KEATING

The amendment to extend the unemployment compensation program to Puerto Rico is one which, I feel, deserves our immediate action. This provision was accepted as a part of the House bill, and is a measure which my colleague, the senior Senator from New York, and I have given a great deal of consideration.

Bringing Puerto Rico under the unemployment compensation system would be a benefit both to the Commonwealth of Puerto Rico and to the Nation as a whole. In its status as a Commonwealth, which it has held since 1952, Puerto Rico is subject to the Federal laws of the United States, and it follows from this that the Commonwealth ought to be encompassed in any Federal program of the nature of the unemployment compensation system.

Puerto Rico is covered under other aspects of the social security program, and there is no reason why it should not be included in this one. I am told that the cost of such action would involve only a slight expenditure, and in fact would be virtually negligible. I believe this is a measure which clearly ought to be enacted, and I hope the Senate will do so.

Mr. CHAVEZ. Mr. President, will the Senator from New York yield?

Mr. KEATING. I yield.

Mr. CHAVEZ. I join with the distinguished senior Senator from New York and the distinguished junior Senator from New York in supporting the amendment. I hope it will be adopted. It is about time, when we are taking care of everyone else in the world, that we begin to take care of the Puerto Ricans. I favor the amendment.

Mr. KEATING. Mr. President, I express my gratitude to the distinguished Senator from New Mexico for his valiant support of the amendment. I know of his interest in this problem, and I commend him for it.

Mr. JAVITS. Mr. President, I am grateful to my colleagues, especially the distinguished Senator from Virginia [Mr. BYRD] and the distinguished Senator from Oklahoma [Mr. KERR].

I am prepared to yield back the remainder of my time, if that is agreeable.

Mr. KERR. Mr. President, there is no opposition to the amendment on the part of the managers of the bill. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS] for himself and other Senators.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I call up my amendment designated "8-20-60—B." I ask unanimous consent that the reading of the amendment be waived, but that the amendment be printed at this point in the RECORD.

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

On page 165, following line 21, it is proposed to insert the following:

"CONDITIONS FOR REDUCED RATE OF CONTRIBUTIONS

"SEC. 505. Section 3303(c) of the Federal Unemployment Tax Act is hereby amended by adding at the end thereof a new paragraph as follows:

"'(9) Person—

"'The term "person" shall not include any organization, service for which is excepted from employment under paragraph (8) of section 3306(c).'"

Mr. JAVITS. Mr. President, I have two other amendments at the desk. I shall not put them to a vote. I simply wish to express a request to the committee in connection with them. I shall detain the Senate for only a minute on each amendment. I should like to have the attention of the manager on the part of the committee, the Senator from Oklahoma [Mr. KERR].

These amendments concern two urgent problems. I am under no illusions about having them adopted, because the committee is not ready to adopt them. However, I ask the committee to examine into them in the interval between now and next year.

The amendment I have just called up is one of great interest to the State of New York. It seeks to redefine the word "person" in the Unemployment Compensation Act, so as to permit nonprofit organizations—and there is an enormous number of them in the State of New York, employing 350,000 people—to come under the Unemployment Compensation Act without paying the tax, but on a reimbursable basis. To achieve this purpose will require both State and Federal action. Therefore, the State will have the option of deciding whether to permit such action in the case of a particular nonprofit organization or not. We feel strongly about this proposal in New York.

I hope the Senator from Oklahoma will agree—and I shall withdraw the amendment in a moment—to have the committee examine into the question carefully, to see if perhaps next year the proposal might not receive favorable consideration.

Mr. KERR. Mr. President, as one who hopes he will be here next year and will be a member of the committee, and after speaking to my distinguished colleague from Virginia [Mr. BYRD], who, the Lord willing, will be here, I may say that it will be a pleasure for us to hear the Senator from New York discuss the amendment to which he has referred.

Mr. JAVITS. I thank the Senator from Oklahoma.

Mr. President, the other amendment which I should like to have similarly considered—and I hope that the committee will actually put its staff to work on it—is one which I think will commend itself to many Senators. It appears that when a child is entitled to benefits by virtue of the coverage of his parent under the social security system, and the child attains the age of 18, he receives no further payments. Between the ages of 18 and 21, many children—and 350,000 of them are affected—attend schools and colleges, and really need this help urgently. It is very much in the national interest that they should have it.

The amendment, which I have not called up, proposes that children actually attending schools or colleges, who really need this help, shall have it, notwithstanding the fact that they have attained the age 18, until they are 21 years old.

By way of support for this proposal, I call the attention of the Senator from Oklahoma to a resolution adopted by the American Legion in national convention at Minneapolis, Minn., on August 24 to August 27, 1959, favoring exactly such an amendment to the social security law.

Again, I know this is not the kind of proposal that one should seek to have adopted in an oppositional sense. I simply ask most earnestly, that the committee examine into the question, and have its staff examine into it, also, in the hope that the Senate may act on the proposal next year.

Mr. President, I point out that both of these amendments are offered with the sponsorship of my colleague from New York [Mr. KEATING].

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

Mr. JAVITS. I yield.

Mr. KEATING. Mr. President, I am in accord with the judgment of my distinguished colleague from New York in not pressing for these amendments at this time. I join in the hope that the committee will approve them.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, a statement in explanation of the amendment.

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

STATEMENT BY SENATOR KEATING

The amendment to the Social Security Amendments Act of 1960 which my colleague, the senior Senator from New York, and I have introduced deals with a problem which, I believe, urgently demands action. The proposed amendment would permit children eligible to receive old-age and survivor's insurance benefits under the social security program to continue to receive such benefits until they reach the age of 21, if they remain continuously in school or college from the time the age of 18 was attained until they have reached age 21. The law presently provides that such benefits must be discontinued when a child reaches the age of 18.

The purpose of the amendment is, quite clearly, to enable students who would otherwise be forced to discontinue their education for lack of financial resources to carry on to a college degree. Under the present setup,

the sudden withdrawal of benefits when a child turns 18 frequently imposes so overwhelming a financial burden on the widow that any thought of further education must be abandoned. This burden is unfair, and there are very good reasons, both from the viewpoint of the just claims of the individuals involved and from the standpoint of the general welfare of the Nation, why it should be eliminated, or at least, somewhat alleviated.

First, benefits were discontinued at the age of 18 because it was presumed that upon graduation from secondary school and the attainment of the age of 18, the child would begin to earn his keep and would become financially independent. However, an 18-, 19-, or 20-year-old who remains a student is not any more independent financially than a 17-year-old. In fact, in most cases education beyond secondary school involves additional financial expenditure, so that the general financial situation of the family is worsened. The discontinuance of survivor's benefits only serves to make a bad situation even more impossible.

It is clear beyond a doubt that children who remain in school or college past the age of 18 are at least as much, in need of benefits as those younger than 18. Most likely, their need is greater. And it is just as manifest that they are entitled to these benefits, because their financial situation and their status with regard to dependence on their remaining parent is the same as that of a child under 18. If such is the case, the distinction now being made at age 18 must be viewed as a purely arbitrary one, bearing no relationship to the conditions under which the individuals involved must live.

That the extension of benefits to this vitally important group bears significant relevance to the national welfare is a point that ought hardly to be necessary to make. When we deprive youngsters who are interested in and capable of pursuing their education to a point where they can contribute significantly to our society, we are depriving our country of something we can ill afford to throw away. At a time when the events which take place every day in the world emphasize and reemphasize the overwhelming importance of fulfilling our maximum potential as a nation and, with that in mind, of giving our youth every opportunity to develop its potential to the fullest, we must not slacken in our efforts with regard to any group of potential leaders.

I am told that some 115,000 young people would benefit from the proposed amendment, which would provide, on the average, an additional $507 annually. Among that 115,000 may be some of our most distinguished leaders of the future, if they are given the chance. And we cannot afford not to give them that chance.

The cost involved in this measure would be 0.08 percent of the payroll on a level premium basis, estimated at about $75 million for the children, and $30 million for the continued benefits to the mothers. I believe this cost—only 0.08 percent of the payroll taxable under the old-age, survivors, and disability insurance programs—is indeed minimal when the potential benefits are considered.

Mr. President, the extension of benefits so that qualified and needy youth who deserve survivor's benefits may continue their education is a responsibility of the utmost importance, and I strongly urge that the Senate at an early date consider this amendment.

Mr. KERR. Mr. President, the committee will be very happy to study the amendment, as the Senators from New York have suggested.

Mr. JAVITS. I thank the Senator from Oklahoma.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the text of the resolution of the American Legion in national convention, to which I referred in my remarks.

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

Whereas one of the major objectives of the American Legion's education and scholarship committee is to help make it possible for the children of veterans who have the ability and desire to receive an education beyond high school; and

Whereas present provisions of the Social Security Act, title II, terminates benefits to children of deceased wage earners when they attain the age of 18; and

Whereas it is at this age when the continuation of social security benefits would, in many instances, be the determining factor as to whether or not children would be financially able to continue their education beyond high school: Now, therefore, be it

Resolved, by the American Legion in national convention assembled at Minneapolis, Minn., August 24–27, 1959, That the American Legion actively support legislation which would amend title II of the Social Security Act in a manner which would authorize the continuance of payments to children after they reach age 18 while unmarried and enrolled in an approved school, but not beyond the age of 21.

Mr. JAVITS. Mr. President, I withdraw my amendment.

Mr. JAVITS subsequently said: Mr. President, I ask unanimous consent that I may make a brief statement as a part of the debate on amendments on the social security bill relating to miscellaneous matters, not on medical care.

I now read the statement:

It has been proposed by a number of organizations of civil service and post office employees in New York, that there be included in the social security bill a provision permitting such employees to participate in the social security system, on the same basis as self-employed persons, in addition to their participation under their own retirement system. They take the position that employees of State and local governments have been permitted to participate in the system on a voluntary basis to supplement their own benefits and that many persons covered by private industry retirement funds also have such additional coverage. They are, of course, not asking the Federal Government to contribute to this coverage in addition to their own—rather they suggest that they be subjected, on an optional basis, to the self-employment tax. This is a most interesting proposal, in my opinion, and I believe that it is worthy of the committee's study and consideration. I would, therefore, trust that the chairman of the committee will give consideration prior to the time the Senate next considers the matter of social security to this question of such coverage.

Mr. BYRD of West Virginia. Mr. President, I call up my amendment designated "8–22–60—C" and ask for its immediate consideration. I ask unanimous consent that the reading of the amendment be dispensed with, but that it be printed in the RECORD.

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

On page 83 it is proposed to strike out line 1 and everything that follows down to and including line 13 on page 100, and insert in lieu thereof the following:

"'RETIREMENT AGE

"'(a) The term "retirement age" means age sixty-two.'

"(b)(1) Subsection (q) of section 202 of such Act is amended to read as follows:

"'ADJUSTMENT OF OLD-AGE, WIFE'S, AND HUSBAND'S INSURANCE BENEFIT AMOUNTS IN ACCORDANCE WITH AGE OF BENEFICIARY

"'(q)(1) The old-age insurance benefit of any individual for any month prior to the month in which such individual attains the age of sixty-five shall be reduced by—

"'(A) five-ninths of 1 per centum, multiplied by

"'(B) the number equal to the number of months in the period beginning with the first day of the first month for which such individual is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which such individual would attain the age of sixty-five.

"'(2) The wife's or husband's insurance benefit of any individual for any month after the month preceding the month in which such individual attains retirement age and prior to such individual's attainment month (as defined in paragraph (10)) shall be reduced by—

"'(A) twenty-five thirty-sixths of 1 per centum, multiplied by

"'(B) the number equal to the number of months in the period beginning with the first day of the first month for which such individual is entitled to such wife's or husband's insurance benefit and ending with the last day of the month before such individual's attainment month, except that in no event shall such period start earlier than the first day of the month in which such individual attains retirement age.

In the case of a woman entitled to wife's insurance benefits, the preceding provisions of this paragraph shall not apply to the benefit for any month in which she has in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence of this paragraph, if (in the case of a woman entitled to wife's insurance benefits) she does not have in such month such a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based), she shall be deemed to have such a child in her care in such month for the purposes of the preceding sentence unless there is in effect for such month a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits as provided in this subsection. Any certificate filed pursuant to the preceding sentence shall be effective for purposes of such sentence—

"'(i) for the month in which it is filed, and for any month thereafter, if in such month she does not have such a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based), and

"'(ii) for the period of one or more consecutive months (not exceeding twelve) immediately preceding the month in which such certificate is filed which is designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based)),

If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month (i) for which she is entitled to a wife's insurance benefit, (ii) which occurs after the month preceding the month in which she attains retirement age, and (iii) for which such certificate is effective.

"'(3) In the case of any individual who is or was entitled to a wife's or husband's insurance benefit to which paragraph (2) is applicable and who, for any month after the first month for which such individual is or was so entitled (but not for such first month or any earlier month) occurring prior to such individual's attainment month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month prior to such attainment month, shall (in lieu of the reduction provided in paragraph (1) in any case in which such paragraph would otherwise have applied to such old-age insurance benefit) be reduced by the sum of—

"'(A) an amount equal to the amount by which such wife's or husband's (as the case may be) insurance benefit is reduced under paragraph (2) for such month (or, if such individual is not entitled to a wife's or husband's insurance benefit for such month, by an amount equal to the amount by which such benefit for the last month for which such individual was entitled to such a benefit was reduced), plus

"'(B) if the old-age insurance benefit for such month prior to reduction under this subsection exceeds such wife's or husband's (as the case may be) insurance benefit prior to reduction under this subsection and if paragraph (1) applied to such old-age insurance benefit, an amount equal to—

"'(i) the number equal to the number of months specified in clause (B) of paragraph (1), multiplied by

"'(ii) five-ninths of 1 per centum, and further multiplied by

"'(iii) the excess of such old-age insurance benefit over such wife's or husband's (as the case may be) insurance benefit.

"'(4) In the case of any individual who is entitled to an old-age insurance benefit and who, for the first month for which such individual is so entitled (but not for any prior month) or for any later month occurring prior to such individual's attainment month, is entitled to a wife's or husband's insurance benefit to which paragraph (2) is applicable, the amount of such wife's or husband's insurance benefit for any month prior to such attainment month, shall, in lieu of the reduction provided in paragraph (2), be reduced by the sum of—

"'(A) an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (1) or (5) (if such paragraph applied to such old-age insurance benefit), plus

"'(B) an amount equal to—

"'(i) the number equal to the number of months specified in clause (B) of paragraph (2), multiplied by

"'(ii) twenty-five thirty-sixths of 1 per centum, and further multiplied by

"'(iii) the excess of such wife's or husband's insurance benefit (as the case may be) prior to reduction under this subsection over the old-age insurance benefit prior to reduction under this subsection.

"'(5) In the case of any individual who is entitled to an old-age insurance benefit for the month in which such individual attains the age of sixty-five or any month thereafter, such benefit for such month shall, if such individual was also entitled to such benefit for any one or more months prior to the month in which such individual attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1) or (3), be reduced as provided in such paragraph, except that there shall be subtracted, from the number specified in clause (B) of such paragraph—

"'(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b),

and except that, in the case of any such benefit reduced under paragraph (3), there also shall be subtracted from the number specified in clause (B) of paragraph (2), for the purpose of computing the amount referred to in clause (A) of paragraph (3)—

"'(B) the number equal to the number of months for which the wife's or husband's (as the case may be) insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203(b), under section 203(c), or under section 222(b),

"'(C) in case of a wife's insurance benefit, the number equal to the number of months occurring after the first month for which such benefit was reduced under paragraph (2) in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

"'(D) the number equal to the number of months for which such wife's or husband's (as the case may be) insurance benefit was reduced under such paragraph (2), but in or after which such individual's entitlement to wife's or husband's insurance benefits was terminated because such individual's spouse ceased to be under a disability, not including in such number of months any month after such termination in which such individual was entitled to wife's or husband's insurance benefits.

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three. For purposes of clauses (B) and (C) of this paragraph, the wife's or husband's insurance benefit of an individual shall not be considered terminated for any reason prior to such individual's attainment month.

"'(6) In the case of any individual who is entitled to a wife's or husband's insurance benefit for such individual's attainment month, or any month thereafter, such benefit for such month shall, if such individual was also entitled to such benefit for any one or more months prior to such attainment month and such benefit for any such prior month was reduced under paragraph (2) or (4) be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—

"'(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under section 203(b) (1) or (2), under section 203(c), or under section 222(b),

"'(B) in case of a wife's insurance benefit, the number equal to the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

"'(C) the number equal to the number of months for which such wife's or husband's (as the case may be) insurance benefit was reduced under such paragraph, but in or after which such individual's entitlement to wife's or husband's insurance benefits was terminated because such individual's spouse ceased to be under a disability, not including in such number of months any month after such termination in which such individual was entitled to wife's or husband's insurance benefits,

and except that, in the case of any such benefit reduced under paragraph (4), there also shall be subtracted from the number specified in clause (B) of paragraph (1), for the purpose of computing the amount referred to in clause (A) of paragraph (4)—

"'(D) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph (1) but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203(b).

"Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three.

"'(7) In the case of an individual who is or was entitled to a wife's or husband's insurance benefit to which paragraph (6) was applicable and who, for such individual's attainment month (but not for any prior month) or for any later month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month shall be reduced by an amount equal to the amount by which the wife's or husband's (as the case may be) insurance benefit is reduced under paragraph (6) for such month (or, if such individual is not entitled to a wife's or husband's insurance benefit for such month, by (i) an amount equal to the amount by which such benefit for the last month for which such individual was entitled thereto was reduced, or (ii) if smaller, an amount equal to the amount by which such benefit would have been reduced under pargaraph (6) for such individual's attainment month if entitlement to such benefit had not terminated before such month).

"'(8) In the case of an individual who is entitled to an old-age insurance benefit to which paragraph (5) is applicable and who, for such individual's attainment month (but not for any prior month) or for any later month, is entitled to a wife's or husband's insurance benefit, the amount of such wife's or husband's insurance benefit for any month shall be reduced by an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (5).

"'(9) The preceding paragraphs shall be applied to old-age insurance benefits, wife's insurance benefits, and husband's insurance benefits after reduction under section 203(a) and application of section 215(g). If the amount of any reduction computed under paragraph (1), under paragraph (2), under clause (A) or clause (B) of paragraph (3), or under clause (A) or clause (B) of paragraph (4) is not a multiple of $0.10, it shall be reduced to the next lower multiple of $0.10.

"'(10) For purposes of this subsection, an individual's "attainment month" means—

"'(A) in the case of a man entitled to husband's insurance benefits, the month in which he attains, or would attain, the age of sixty-five;

"'(B) in the case of a woman entitled to wife's insurance benefits, the month in which she attains, or would attain, the age of sixty-five, or, if later, the month in which the individual (if entitled to old-age insurance benefits) on the basis of whose wages

and self-employment income she is entitled to such benefits attains, or would attain, the age of sixty-five.'

"(2) Subsection (r) of section 202 of such Act is hereby repealed.

"(3) Subsection (s) of section 202 of such Act is amended to read as follows:

"'DISABILITY INSURANCE BENEFICIARY

"'(s)(1) If any individual becomes entitled to a widow's insurance benefit, widower's insurance benefit, or parent's insurance benefit for a month before the month in which such individual attains the age of sixty-five, or becomes entitled to an old-age insurance benefit, wife's insurance benefit, or husband's insurance benefit for a month before the month in which such individual attains the age of sixty-five which is reduced under the provisions of subsection (q), such individual may not thereafter become entitled to disability insurance benefits under this title.

"'(2) If an individual would, but for the provisions of subsection (k)(2)(B), be entitled for any month to a disability insurance benefit and to a wife's or husband's insurance benefits, subsection (q) shall be applicable to such wife's or husband's insurance benefit (as the case may be) for such month only to the extent it exceeds such disability insurance benefit for such month.

"'(3) The entitlement of any individual to disability insurance benefits shall terminate with the month before the month in which such individual becomes entitled to old-age insurance benefits.'

"(c)(1) Clause (C) of section 202(b)(1) is amended to read as follows:

"'(C) is not entitled to old-age or disability insurance benefits or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of the primary insurance amount of her husband.'

"(2) So much of such section 202(b)(1) as follows clause (C) is amended by striking out 'she becomes entitled to an old-age or disability insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of an old-age insurance benefit of her husband,'.

"(3) Subsection (b)(2) of such section 202 is amended by striking out 'old-age or disability insurance benefit' and inserting in lieu thereof 'primary insurance amount'.

"(d)(1) Clause (D) of subsection (c)(1) of such section 202 is amended to read as follows:

"'(D) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of the primary insurance amount of his wife,'.

"(2) So much of such section 202(b)(1) as follows clause (D) is amended by striking out 'or he becomes entitled to an old-age or disability insurance benefit equal to or exceeding one-half of the primary insurance amount of his wife,'.

"(3) Subsection (c)(3) of such section 202 is amended by striking out 'Such' and inserting in lieu thereof 'Except as provided in subsection (q), such'.

"(e) Subsection 202(j)(3) of such Act is amended to read as follows:

"'(3) Notwithstanding the provisions of paragraph (1), an individual may, at his option, waive entitlement to old-age insurance benefits, wife's insurance benefits, or husband's insurance benefits for any one or more consecutive months which occur—

"'(A) after the month before the month in which such individual attains retirement age,

"'(B) prior to (i) in the case of a man, the month in which he attains the age of sixty-five, or (ii) in the case of a woman, the month in which she attains the age of sixty-five or, if later, the month in which the individual (if entitled to old-age insurance benefits) on the basis of whose wages and self-employment income she is entitled to wife's insurance benefits attains the age of sixty-five, and

"'(C) prior to the month in which such individual files application for such benefits, and, in such case, such individual shall not be considered as entitled to such benefits for any such month or months before he filed such application. An individual shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.'

"(f) Section 203(b)(3) is amended to read as follows:

"'(3) in which such individual, if a wife entitled to wife's insurance benefits, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit and such wife's insurance benefit for such month was not reduced under the provisions of section 202(q) and such month occurred prior to the month in which she attained the age of sixty-five or, if later, the month in which her husband (if entitled to old-age insurance benefits) attained the age of sixty-five; or'.

"(g) Section 3121(a)(9) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of sixty-two, if such employee did not work for the employer in the period for which such payment is made; or'.

"(h)(1) The amendment made by subsection (a) shall apply only in the case of lump-sum death payments under section 202(i) of the Social Security Act with respect to deaths occurring after October 1960, and in the case of monthly benefits under title II of such Act for months after October 1960 on the basis of applications filed in or after the month in which this Act is enacted.

"(2) For purposes of section 215(b)(3)(B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

"(A) a man who attains the age of sixty-two prior to November 1960 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to November 1960 shall be deemed to have attained the age of sixty-two in 1960 or, if earlier, the year in which he died;

"(B) a man shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before November 1960 or the month in which he died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any man who was eligible for old-age insurance benefits under such section 202 for any month prior to November 1960.

A man shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of the Social Security Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(3) For purposes of section 209(i) of such Act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after October 1960.

"(i)(1) The amendments made by subsections (b) through (f) shall take effect November 1, 1960, and shall be applicable with respect to monthly benefits under title II of the Social Security Act for months after October 1960 and with respect to lump-sum death payments, for deaths occurring after October 1960.

"(2) The amendment made by subsection (g) shall be effective with respect to remuneration paid after October 1960."

Mr. BYRD of West Virginia. Mr. President, the Senators know that the Senate Finance Committee adopted an amendment offered by me and cosponsored by 21 other Senators to permit men to voluntarily retire and receive actuarially reduced benefits at age 62 in the same way as such benefits are presently available to women at age 62. Following the adoption of the amendment, Mr. Robert Myers, Chief Actuary of the Social Security Administration, and other social security experts in the Department, discovered a technical deficiency in the language of the amendment. This technical deficiency must be rectified if the language is to carry out the intent and purpose of the Senators cosponsoring the amendment and the intent and purpose of the committee in adopting it. Under the language of the bill as it is presently written, the wife of a retired worker would suffer a double reduction in her benefit. One reduction would be based on her being under 65, and the other reduction would be based on her husband's being under 65. I am advised by the Chief Actuary of the Social Security Administration that, from an actuarial standpoint, it is necessary and proper that there be only one reduction in the wife's benefit. The amendment I am now offering is a perfecting amendment and it would correct the inequity that would result from the present language of the bill and would safeguard the wife's benefit against the double reduction. This amendment will provide that the single actuarial reduction be based on the wife's age, or, on the husband's age, if he is the younger of the two.

I have discussed this perfecting amendment with Senator KERR and Senator FREAR and with the chairman of the Senate Finance Committee, Senator BYRD of Virginia, and I believe that they have agreed to accept the amendment. I trust that the Senate will adopt it.

I also hope, Mr. President, that the House conferees will accept the amendment permitting male workers to voluntarily retire at age 62. Wives who now must wait until the breadwinner in the family reaches age 65 before receiving benefits, may also benefit from the amendment, because it will make possible the payment of benefits to wives who reach age 62 when the retired husband worker has reached age 62, if he and she so elect to apply.

Mr. President, I have discussed the perfecting amendment with the distinguished Senator from Virginia [Mr. BYRD], chairman of the Committee on Finance. I believe he has no objection to it. I hope the Senate will adopt it.

Mr. KERR. Mr. President, the Senator from West Virginia is correct. The committee believes the amendment should be approved.

Mr. BYRD of West Virginia. Mr. President, I yield back the remainder of my time.

Mr. KERR. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from West Virginia.

The amendment was agreed to.

Mr. HARTKE. Mr. President, I ask unanimous consent to have several statements by me printed at this point in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HARTKE IN SUPPORT OF PROVISION REMOVING AGE REQUIREMENT FOR RETIREMENT BECAUSE OF TOTAL AND PERMANENT DISABILITY

Earlier this session I introduced legislation to remove the age 50 requirement contained in the disability insurance program. I am happy that this amendment was approved by the House of Representatives and the Senate Finance Committee. This provision is contained in the pending social security bill.

The age 50 requirement was included under the disability insurance program as part of its conservative program in 1956 when it acknowledged that individuals permanently and totally disabled should be able to draw benefits to assist them and their families when disability fell upon them.

Sufficient experience has now been gained to warrant the removal of the age requirement. This will benefit an estimated 125,000 disabled workers immediately and a like number of their dependents.

The removal of this restriction will enable many of these people to be removed from public assistance rolls. According to the committee report the first year's savings in public assistance will be $28 million.

This follows once again the great American principle of self-reliance, of permitting an individual to pay into an insurance fund from which he may benefit when he retires or when he becomes disabled and is no longer capable of working.

This is a great step forward because when a younger worker becomes disabled he is not the only one who suffers. This group of individuals usually have families who depend upon them for support. Now, if they are under 50, they must rely on public assistance. Under the committee-approved bill they will become eligible to begin drawing benefits under the disability insurance program of the social security system.

STATEMENT BY SENATOR HARTKE IN SUPPORT OF PROVISION LOWERING THE SOCIAL SECURITY RETIREMENT AGE FOR MEN TO 62

Among the social security amendments before us is one which would allow retirement of men at age 62 at benefits somewhat lower than those at age 65. I am an author of the Senate amendment to accomplish this and, therefore, I am extremely gratified that the Senate Finance Committee approved this liberalization.

Actually, this is in the nature of an equalizing amendment. The privilege of retirement at age 62 has been accorded to women for some time. It seems to me to be at least of equal importance to permit a wage earner to retire at age 62 if he must because of illness or other reasons which would deem it advisable for him to quit working.

There will be little, if any, cost to the social security trust fund with this earlier optional retirement. The benefits available to one who chooses to retire at age 62 would be 80 percent of the amount to which he would be entitled at age 65. The percentage would rise five-ninths of 1 percent for each month beyond age 62.

In areas of high unemployment especially this will be of immeasurable value. It is difficult, if not impossible, for persons of advanced age to obtain employment in these unemployment areas. This optional retirement will allow persons of 62 to obtain a measure of comfort.

STATEMENT BY SENATOR HARTKE IN SUPPORT OF PROVISION RELATING TO THE BLIND

Among the social security amendments approved by the Finance Committee is an amendment I introduced to help the blind. A man who loses his sight when he is 25 years of age—or 35 or 45—should not be on public assistance for the rest of his life.

A man who is still in his working years, who becomes blind, does not have to be on public assistance the rest of his life. He should be working and earning his own living. Many blind men and women today are doing just this—providing for themselves and their families, contributing to their community life, strengthening the economy of the Nation.

A man who becomes blind may have to accept the help of public assistance temporarily to feed himself and his family—but this help needs to be only temporary if it is geared to assist him to work his way off public assistance and into economic self-sufficiency. In 1950, the Congress recognized that blind and recipients did not have to be permanent public charges, by including in title X, the Aid to the Blind title of the Social Security Act, the earned income exemption concept.

This concept brought rehabilitation into the Federal-State blind aid programs. It provided that a blind person receiving aid could earn up to $50 a month—up to $12 a week—without having these earnings used to reduce the amount he received during that period from public assistance; if he earned, not $50 in a month, but $75, then the $25 excess over the exempted amount would be used to diminish his public assistance check.

This put rehabilitation into the public assistance for the blind—and it was a fine, a magnificent action—it was government help of the highest caliber, a help to disadvantaged men and women who had the spirit the determination and the willingness to rebuild their lives—but couldn't do it alone.

Ten years have changed very much the value of $50 and the action taken by the Congress in 1950 has become meaningless as the value of $50 has shrunk to a mere shadow in purchasing power.

I believed there was need to bring the action of 1950 up to date—to bring the rehabilitation principle incorporated into the aid to the blind title in 1950 up to date—to make it commensurate with today's values, with today's needs.

I therefore proposed an amendment to title X of the Social Security Act, which would change the present $600 annual earned income exemption for blind aid recipients to $1,000 a year plus 50 percent of income in excess of this amount. I am gratified that it was accepted by the Senate Finance Committee and that it is included in the pending bill. This is not a grab bag for the blind.

This provision does not mean that a blind person may earn $100,000 a year and still draw public assistance. It does mean that a limit should be placed on the earnings of a blind aid recipient so as to be sure that this can't and won't happen. It can't and won't happen with the amendment as I have proposed it—as it was adopted by the Finance Committee.

Let me give you an example: A blind man applies for public assistance and it is determined by the authorities that he has need for $75 a month or $900 a year to meet his basic needs. This man has a newsstand and he earns, let us say, $1,400 a year; according to my amendment the first $1,000 of this man's earnings would be exempt—exempt from being used to meet his basic needs; 50 percent of the balance or $200 of his earnings would also be exempt; this would leave $200 of his earnings not exempt and this amount would then be used to meet his basic needs to reduce his public assistance grant—so that he would receive not $900 public assistance but $700; and with each additional dollar of his earnings 50 cents will be used to reduce his public assistance check. When this man's income from his newsstand amounts to $2,800 a year, he will receive no public assistance at all.

So, instead of public assistance merely helping to feed this man, it is so structured by my amendment as to help him to eventually escape from public assistance.

And, I use the word "escape" with the knowledge that as of April 1960, the average blind aid check for 107,787 blind persons was $72.42 a month.

Last week, we declared by action of this Chamber that a man has a minimum need of $1.25 an hour and should receive it. What of the blind aid recipient? He has the same needs; he too must eat, must pay rent, and buy clothes—and he must make these purchases at the same stores used by everyone else. How does he make these purchases? He does it all—or more than 100,000 of them do—on a current monthly average of $72.42, or an average of $18.10 a week or, figuring it on a 40-hour-week basis, the blind aid recipient has an average hourly income of $0.45 to pay all his living costs.

I do not set forth these figures as an argument for increased public assistance funds; I state them so that all will understand why blind men and women who are on public assistance want and need release from public assistance, want and need the opportunity to get off public assistance.

My amendment gives them this chance—to work their way from dependence upon public aid to economic independence; it provides a means, it provides a gradual transition from complete reliance upon public funds, to complete independence of public funds.

I urge that my amendment be allowed to remain in the form in which I submitted it. There is no need for controls, or limitations on a blind man's earnings—the blind person's own initiative will in itself be a control, his own ambitions a limitation—for as his earnings increase, his public aid will decrease until one happy day, one wonderful day, the blind worker will discover he is again his own man, free of public aid, free because he has earned his freedom through his own efforts.

STATEMENT BY SENATOR HARTKE IN SUPPORT OF PROVISION INCREASING THE SOCIAL SECURITY EARNINGS LIMITATION

I am gratified that the Senate Finance Committee has recognized that there is an inequity in the present social security law which limits the earnings of a retiree to $1,200 a year. The committee has approved an increase in this limitation to $1,800, and this provision is contained in the pending bill.

The increase to $1,800 is an improvement, but I feel that a larger increase is justified.

Early this year I introduced legislation removing the earnings limitation. When the House acted on the social security revision bill I submitted several amendments designed to remove or increase the $1,200 earnings limitation. One amendment completely removed the ceiling. Another provided for gradual removal over a period of 5 years. The others increased the limitation to $4,800, $3,600, $3,000, $2,400, and $1,800.

This is still far short of the goal which I feel we should work for—that is the complete removal of the income limitation on earned income.

My colleagues are aware, I am sure, that there is no limitation on the amount an individual may receive from insurance, bonds, dividends, rents, etc. The provision adopted by the Senate simply will place those wishing to continue work and supplement their meager social security check on the same level as those receiving income from so-called unearned sources.

This great social security program was enacted to provide some measure of security for our elderly citizens. So long as this earnings limitation remains we are rewarding the rich and penalizing those who really need protection. It penalizes our great American initiative. We cannot continue to penalize the health and vigorous members of our society who would like to continue working in jobs for which they are qualified and needed in order to supplement the bare subsistence income they receive under social security.

In urging the Senate conferees to insist on this provision, I would like to quote from the November 1959 issue of Nation's Business. In an article entitled "Let's Take the Brakes Off Growth," it is stated:

"Permission for older people to work may often mean the difference between comfort and penury, self-confidence and despair, success, and failure.

"For both economic and psychological reasons, changes in our old-age pension systems are sorely needed."

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time on the bill, on condition that the minority leader will do likewise.

Mr. DIRKSEN. 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? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. JOHNSTON] are absent on official business.

I also announce that the Senator from Missouri [Mr. HENNINGS] is absent because of illness.

I further announce that the Senator from Montana [Mr. MURRAY] and the Senator from Wyoming [Mr. O'MAHONEY] are necessarily absent.

I further announce that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. HENNINGS], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY], would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Iowa [Mr. MARTIN] is absent, by leave of the Senate, on official business.

The Senator from California [Mr. KUCHEL] is necessarily absent. If present and voting, he would vote "yea."

The result was announced—yeas 91, nays 2, as follows:

[No. 309]

YEAS—91

Aiken	Engle	Magnuson
Allott	Ervin	Mansfield
Anderson	Fong	Monroney
Bartlett	Frear	Morse
Beall	Gore	Morton
Bennett	Green	Moss
Bible	Gruening	Mundt
Bridges	Hart	Muskie
Burdick	Hartke	Pastore
Bush	Hayden	Prouty
Butler	Hickenlooper	Proxmire
Byrd, Va.	Hill	Randolph
Byrd, W. Va.	Holland	Robertson
Cannon	Hruska	Russell
Capehart	Humphrey	Saltonstall
Carlson	Jackson	Schoeppel
Carroll	Javits	Scott
Case, N.J.	Johnson, Tex.	Smathers
Case, S. Dak.	Jordan	Smith
Chavez	Keating	Sparkman
Church	Kefauver	Stennis
Clark	Kennedy	Symington
Cooper	Kerr	Talmadge
Cotton	Lausche	Wiley
Curtis	Long, Hawaii	Williams, Del.
Dirksen	Long, La.	Williams, N.J.
Dodd	Lusk	Yarborough
Douglas	McCarthy	Young, N. Dak.
Dworshak	McClellan	Young, Ohio
Eastland	McGee	
Ellender	McNamara	

NAYS—2

Goldwater Thurmond

NOT VOTING—7

Fulbright	Kuchel	Murray
Hennings	Martin	O'Mahoney
Johnston, S.C.		

So the bill (H.R. 12580) was passed.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. WILLIAMS of Delaware. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make appropriate corrections in section and paragraph numbers.

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

Mr. BYRD of Virginia. I ask unanimous consent that the bill as passed, showing Senate amendments, be printed.

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

Mr. BYRD of Virginia. I move that the Senate insist on its amendments and ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. LONG of Louisiana, Mr. WILLIAMS of Delaware, and Mr. CARLSON conferees on the part of the Senate.

Mr. THURMOND subsequently said: Mr. President, I was compelled to vote against this program which is financed by the Federal Government in whole or in part. My position on this issue was not taken with any degree of insensitivity or callousness to the plight of our elder citizens. The medical problems of many of these citizens are genuine and real, and I have repeatedly urged appropriate legislative action by the Congress to assist them in their financial problems. However, the assistance which I have urged has not been in the form of a program of grants. On the contrary, I have urged repeatedly that the income tax laws be amended so as to give some measure of relief to persons 65 years of age and over and those who are assisting such persons.

Mr. President, I am convinced that the necessity for increased Federal intervention in this area diminishes with the growth of private pension plans and additional concern by the State governments. Today over 19 million workers are covered by private pension plans which have total assets of nearly $40 billion. By 1965 these are expected to have assets of $77 billion.

Mr. President, much has been said about a program of medical care for the aged which can be administered to all persons who have reached retirement age and retain a measure of dignity to the program. In my opinion, there can be no program administered by the Federal Government which can attain the mark of dignity which accompanies a program of health insurance administered by private companies and for which the elder citizen has himself voluntarily provided. Our citizens are not as insensitive to their future needs as the proponents of Federal programs for the aged would seem to believe. According to Health Insurance Association of America, about 43 percent of Americans over 65 are now covered by some form of health insurance. This percentage will continue to increase in proportion to our standard of living until the necessity for intervention by government will be completely eliminated.

Mr. President, the States of this Union have not ignored the medical and financial problems of their elder citizens. Forty States have some form of medical care provisions in their old age assistance plans, and 16 States have direct money payments for all essential items of medical care. My own State of South Carolina has a program which provides for direct payments for hospital care and nursing home care. Any federally financed program of medical care for the aged will increase the necessity for additional Federal revenues, diminish sources of revenue from which the States could draw, and thereby hamper additional efforts by the States to expand their present programs of medical care for the aged.

Mr. President, it was my sincere hope that the welfare clause of the Constitution would not be further expanded to the extent proposed by H.R. 12580.

conferees: Messrs. MILLS, FORAND, KING of California, O'BRIEN of Illinois, MASON, BYRNES of Wisconsin, and BAKER.

SOCIAL SECURITY AMENDMENTS OF 1960

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12580) to extend and improve coverage under the Federal old-age, survivors, and disability insurance system and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes, together with Senate amendments thereto, disagree to the Senate amendments and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none and appoints the following

86TH CONGRESS
2D SESSION

H. R. 12580

IN THE SENATE OF THE UNITED STATES

AUGUST 23 (legislative day, AUGUST 22), 1960
Ordered to be printed with the amendments of the Senate numbered

AN ACT

To extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such 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, divided into titles and sections according to the following table of contents, may be cited as the "Social Security Amendments of 1960".

(1)TABLE OF CONTENTS

TABLE OF CONTENTS—Continued

~~TABLE OF CONTENTS—Continued~~

~~TITLE VI—MEDICAL SERVICES FOR THE AGED~~

~~TITLE VII—MISCELLANEOUS~~

TABLE OF CONTENTS

Title I—Coverage

TABLE OF CONTENTS—Continued

TABLE OF CONTENTS—Continued

Title VII—Miscellaneous

TITLE I—COVERAGE

EXTENSION OF TIME FOR MINISTERS TO ELECT COVERAGE

SEC. 101. (a) Clause (B) of section 1402(e)(2) of the Internal Revenue Code of 1954 (relating to time for filing waiver certificate) is amended by striking out "1956" and inserting in lieu thereof "1959".

(b) Section 1402(e)(3) of such Code (relating to effective date of certificate) is amended to read as follows:

"(3) ~~(2)~~*(A)* EFFECTIVE DATE OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the taxable year immediately preceding the earliest taxable year for which, at the time the certificate is filed, the period for filing a return (including any extension thereof) has not expired, and for all succeeding taxable years. An election made pursuant to this subsection shall be ~~(3)irrevocable."~~ *irrevocable.*

"(B) Notwithstanding the first sentence of subparagraph (A), if an individual filed a certificate on or before the date of enactment of this subparagraph which (but for this subparagraph) is effective only for the first taxable year ending after 1956 and all succeeding taxable years, such certificate shall be effective for his first taxable year ending after 1955 and all succeeding taxable years if—

"(i) such individual files a supplemental certificate after the date of enactment of this subparagraph and on or before April 15, 1962,

"(ii) the tax under section 1401 in respect of all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith), for his first taxable year ending after 1955 is paid on or before April 15, 1962, and

"(iii) in any case where refund has been made of any such tax which (but for this subparagraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1962.

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

(c) Section 1402 (e) of such Code is further amended by adding at the end thereof the following new paragraph:

"(5) OPTIONAL PROVISION FOR CERTAIN CERTIFICATES FILED ON OR BEFORE APRIL 15, 1962.—In any case where an individual has derived earnings, in any taxable year ending after 1954 and before 1960, from the performance of service described in subsection (c) (4), or in subsection (c) (5) (as in effect prior to the enactment of this paragraph) insofar as it related to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, and has reported such earnings as self-employment income on a return filed on or before the date of the enactment of this paragraph and on or before the due date prescribed for filing such return (including any extension thereof)—

"(A) a certificate filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205 (c) (1) (C) of the Social Security Act) after the date of the enactment of this paragraph and on or before April 15, 1962, may be effective, at the elec-

tion of the person filing such certificate, for the first taxable year ending after 1954 and before 1960 for which such a return was filed, and for all succeeding taxable years, rather than for the period prescribed in paragraph (3), and

"(B) a certificate filed by such individual on or before the date of the enactment of this paragraph which (but for this subparagraph) is ineffective for the first taxable year ending after 1954 and before 1959 for which such a return was filed shall be effective for such first taxable year, and for all succeeding taxable years, provided a supplemental certificate is filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205 (c) (1) (C) of the Social Security Act) after the date of the enactment of this paragraph and on or before April 15, 1962,

but only if—

"(i) the tax under section 1401 in respect of all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith), for each such year ending before 1960 in the case of a certificate described in subparagraph (A) or for each such year ending

before 1959 in the case of a certificate described in subparagraph (B), is paid on or before April 15, 1962, and

"(ii) in any case where refund has been made of any such tax which (but for this paragraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1962.

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

(d) In the case of a certificate or supplemental certificate filed pursuant to section 1402(e)(4)*(3)(B) or* (5) of the Internal Revenue Code of 1954—

(1) for purposes of computing interest, the due date for the payment of the tax under section 1401 which is due for any taxable year ending before 1959 solely by reason of the filing of a certificate which is effective under such section 1042(e)(5)*(3)(B) or* (5) shall be April 15, 1962;

(2) the statutory period for the assessment of any tax for any such year which is attributable to the filing of such certificate shall not expire before the expiration of 3 years from such due date; and

(3) for purposes of section 6651 of such Code (relating to addition to tax for failure to file tax return),

the amount of tax required to be shown on the return shall not include such tax under section 1401.

(e) The provisions of section 205(c)(5)(F) of the Social Security Act, insofar as they prohibit inclusion in the records of the Secretary of Health, Education, and Welfare of self-employment income for a taxable year when the return or statement including such income is filed after the time limitation following such taxable year, shall not be applicable to earnings which are derived in any taxable year ending before 1960 and which constitute self-employment income solely by reason of the filing of a certificate which is effective under section 1402(e) ~~(6)~~*(3)(B) or* (5) of the Internal Revenue Code of 1954.

(f) The amendments made by this section shall be applicable (except as otherwise specifically indicated therein) only with respect to certificates (and supplemental certificates) filed pursuant to section 1402(e) of the Internal Revenue Code of 1954 after the date of the enactment of this Act; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendments, and no lump-sum death payment under such title shall be payable or increased by reason of such amendments in the case of any individual who died prior to the date of the enactment of this Act.

STATE AND LOCAL GOVERNMENTAL EMPLOYEES

Delegation by Governor of Certification Functions

SEC. 102. (a) (1) Section 218 (d) (3) of the Social Security Act is amended by inserting ", or an official of the State designated by him for the purpose," after "the governor of the State".

(2) Section 218 (d) (7) of such Act is amended by inserting "(or an official of the State designated by him for the purpose)" after "by the governor", and by inserting "(or the official so designated)" after "if the governor".

Employees Transferred From One Retirement System to Another

(b) (1) Section 218 (d) (6) (C) of the Social Security Act is further amended by adding at the end thereof the following new sentence: "If, in the case of a separate retirement system which is deemed to exist by reason of subparagraph (A) and which has been divided into two divisions or parts pursuant to the first sentence of this subparagraph, individuals become members of such system by reason of action taken by a political subdivision after coverage under an agreement under this section has been extended to the division or part thereof composed of positions of individuals who desire such coverage, the positions of such individuals who become members of such retirement system by reason of the action so taken shall be included in the division

or part of such system composed of positions of members who do not desire such coverage if (i) such individuals, on the day before becoming such members, were in the division or part of another separate retirement system (deemed to exist by reason of subparagraph (A)) composed of positions of members of such system who do not desire coverage under an agreement under this section, and (ii) all of the positions in the separate retirement system of which such individuals so become members and all of the positions in the separate retirement system referred to in clause (i) would have been covered by a single retirement system if the State had not taken action to provide for separate retirement systems under this paragraph."

(2) The amendment made by paragraph (1) shall apply in the case of transfers of positions (as described therein) which occur on or after the date of enactment of this Act. Such amendment shall also apply in the case of such transfers in any State which occurred prior to such date, but only upon request of the Governor (or other official designated by him for the purpose) filed with the Secretary of Health, Education, and Welfare before July 1, 1961; and, in the case of any such request, such amendment shall apply only with respect to wages paid on and after the date on which such request is filed.

Retroactive Coverage

(c) (1) Section 218 (f) (1) of the Social Security Act is amended by striking out all that follows the first semicolon and inserting in lieu thereof the following: "except that such date may not be earlier than the last day of the sixth calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary and the State."

(2) Section 218 (d) (6) (A) of such Act is amended by adding at the end thereof the following new sentence: "Where a retirement system covering positions of employees of a State and positions of employees of one or more political subdivisions of the State, or covering positions of employees of two or more political subdivisions of the State, is not divided into separate retirement systems pursuant to the preceding sentence or pursuant to subparagraph (C), then the State may, for purposes of subsection (f) only, deem the system to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned."

(3) The amendment made by paragraph (1) shall apply in the case of any agreement or modification of an

agreement under section 218 of the Social Security Act which is agreed to on or after January 1, 1960; except that in the case of any such agreement or modification agreed to before January 1, 1961, the effective date specified therein shall not be earlier than December 31, 1955. The amendment made by paragraph (2) shall apply in the case of any such agreement or modification which is agreed to on or after the date of the enactment of this Act.

Policemen and Firemen

(d) Section 218(p) of the Social Security Act is amended by inserting "Hawaii," after "Georgia,"; and by striking out "Washington, or Territory of Hawaii" and inserting in lieu thereof "Virginia, or Washington".

Limitation on States' Liability for Employer (and Employee) Contributions in Certain Cases

(e) (1) Section 218(e) of the Social Security Act is amended by inserting "(1)" immediately after "(e)", by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and by adding at the end thereof the following new paragraph:

"(2) Where—

"(A) an individual in any calendar year performs services to which an agreement under this section is applicable (i) as the employee of two or more political subdivisions of a State or (ii) as the employee of a

State and one or more political subdivisions of such State; and

"(B) such State provides all of the funds for the payment of those amounts referred to in paragraph (1) (A) which are equivalent to the taxes imposed by section 3111 of the Internal Revenue Code of 1954 with respect to wages paid to such individual for such services; and

"(C) the political subdivision or subdivisions involved do not reimburse such State for the payment of such amounts or, in the case of services described in subparagraph (A) (ii), for the payment of so much of such amounts as is attributable to employment by such subdivision or subdivisions;

then, notwithstanding paragraph (1), the agreement under this section with such State may provide (either in the original agreement or by a modification thereof) that the amounts referred to in paragraph (1) (A) may be computed as though the wages paid to such individual for the services referred to in clause (A) of this paragraph were paid by one political subdivision for services performed in its employ; but the provisions of this paragraph shall be applicable only where such State complies with such regulations as the Secretary may prescribe to carry out the purposes of this paragraph. The preceding sentence shall be applicable with

respect to wages paid after an effective date specified in such agreement or modification, but in no event with respect to wages paid before (7)~~the first day of the year following the year in which this paragraph is enacted, or before the first day of~~ *January 1, 1957, or before January 1 of the third year preceding* the year in which such agreement or modification is mailed or delivered by other means to the Secretary, whichever such day is the later."

(2) Section 218 (f) (1) of such Act is amended by striking out "Any agreement" and inserting in lieu thereof "Except as provided in subsection (e) (2), any agreement".

Statute of Limitations for State and Local Coverage

(f) (1) Section 218 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"Time Limitation on Assessments

"(q) (1) Where a State is liable for an amount due under an agreement pursuant to this section, such State shall remain so liable until the Secretary is satisfied that the amount due has been paid to the Secretary of the Treasury.

"(2) Notwithstanding paragraph (1), a State shall not be liable for an amount due under an agreement pursuant to this section, with respect to the wages paid to individuals, after the expiration of the latest of the following periods—

"(A) three years, three months, and fifteen days after the year in which such wages were paid, or

"(B) three years after the date on which such amount became due, or

"(C) three years, three months, and fifteen days after the year following the year in which this subsection is enacted,

unless prior to the expiration of such period the Secretary makes an assessment of the amount due.

"(3) For purposes of this subsection and section 205(c), an assessment of an amount due is made when the Secretary mails or otherwise delivers to the State a notice stating the amount he has determined to be due under an agreement pursuant to this section and the basis for such determination.

"(4) An assessment of an amount due made by the Secretary after the expiration of the period specified in paragraph (2) shall nevertheless be deemed to have been made within such period if—

"(A) before the expiration of such period (or, if it has previously been extended under this paragraph, of such period as so extended), the State and the Secretary agree in writing to an extension of such period (or extended period) and, subject to such conditions as

may be agreed upon, the Secretary makes the assessment prior to the expiration of such extension; or

"(B) within the 365 days immediately preceding the expiration of such period (or extended period) the State pays to the Secretary of the Treasury less than the correct amount due under an agreement pursuant to this section with respect to wages paid to individuals in any calendar quarters as members of a coverage group, and the Secretary of Health, Education, and Welfare makes the assessment, adjusted to take into account the amount paid by the State, no later than the 365th day after the day the State made payment to the Secretary of the Treasury; but the Secretary of Health, Education, and Welfare shall make such assessment only with respect to the wages paid to such individuals in such calendar quarters as members of such coverage group; or

"(C) pursuant to subparagraph (A) or (B) of section 205(c)(5) he includes in his records an entry with respect to wages for an individual, but only if such assessment is limited to the amount due with respect to such wages and is made within the period such entry could be made in such records under such subparagraph.

"(5) If the Secretary allows a claim for a credit or

refund of an overpayment by a State under an agreement pursuant to this section, with respect to wages paid or alleged to have been paid to an individual in a calendar year for services as a member of a coverage group, and if as a result of the facts on which such allowance is based there is an amount due from the State, with respect to wages paid to such individual in such calendar year for services performed as a member of a coverage group, for which amount the State is not liable by reason of paragraph (2), then notwithstanding paragraph (2) the State shall be liable for such amount due if the Secretary makes an assessment of such amount due at the time of or prior to notification to the State of the allowance of such claim. For purposes of this paragraph and paragraph (6), interest as provided for in subsection (j) shall not be included in determining the amount due.

"(6) The Secretary shall accept wage reports filed by a State under an agreement pursuant to this section or regulations of the Secretary thereunder, after the expiration of the period specified in paragraph (2) or such period as extended pursuant to paragraph (4), with respect to wages which are paid to individuals performing services as employees in a coverage group included in the agreement and for payment in connection with which the State is not liable by reason of paragraph (2), only if the State—

"(A) pays to the Secretary of the Treasury the amount due under such agreement with respect to such wages, and

"(B) agrees in writing with the Secretary of Health, Education, and Welfare to an extension of the period specified in paragraph (2) with respect to wages paid to all individuals performing services as employees in such coverage group in the calendar quarters designated by the State in such wage reports as the periods in which such wages were paid. If the State so agrees, the period specified in paragraph (2), or such period as extended pursuant to paragraph (4), shall be extended until such time as the Secretary notifies the State that such wage reports have been accepted.

"(7) Notwithstanding the preceding provisions of this subsection, where there is an amount due by a State under an agreement pursuant to this section and there has been a fraudulent attempt on the part of an officer or employee of the State or any political subdivision thereof to defeat or evade payment of such amount due, the State shall be liable for such amount due without regard to the provisions of paragraph (2), and the Secretary may make an assessment of such amount due at any time.

"Time Limitation on Credits and Refunds

"(r) (1) No credit or refund of an overpayment by a State under an agreement pursuant to this section with respect to wages paid or alleged to have been paid to an individual as a member of a coverage group in a calendar quarter shall be allowed after the expiration of the latest of the following periods—

"(A) three years, three months, and fifteen days after the year in which occurred the calendar quarter in which such wages were paid or alleged to have been paid, or

"(B) three years after the date the payment which included such overpayment became due under such agreement with respect to the wages paid or alleged to have been paid to such individual as a member of such coverage group in such calendar quarter, or

"(C) two years after such overpayment was made to the Secretary of the Treasury, or

"(D) three years, three months, and fifteen days after the year following the year in which this subsection is enacted,

unless prior to the expiration of such period a claim for such credit or refund is filed with the Secretary of Health, Education, and Welfare by the State.

"(2) A claim for a credit or refund filed by a State after the expiration of the period specified by paragraph (1) shall nevertheless be deemed to have been filed within such period if—

"(A) before the expiration of such period (or, if it has previously been extended under this subparagraph, of such period as so extended) the State and the Secretary agree in writing to an extension of such period (or extended period) and the claim is filed with the Secretary by the State prior to the expiration of such extension; but any claim for a credit or refund valid because of this subparagraph shall be allowed only to the extent authorized by the conditions provided for in the agreement for such extension, or

"(B) the Secretary deletes from his records an entry with respect to wages of an individual pursuant to the provisions of subparagraph (A), (B), or (E) of section 205(c)(5), but only with respect to the entry so deleted.

"Review by Secretary

"(s) Where the Secretary has made an assessment of an amount due by a State under an agreement pursuant to this section, disallowed a State's claim for a credit or refund of an overpayment under such agreement, or allowed a

State a credit or refund of an overpayment under such agreement, he shall review such assessment, disallowance, or allowance if a written request for such review is filed with him by the State within 90 days (or within such further time as he may allow) after notification to the State of such assessment, disallowance, or allowance. On the basis of the evidence obtained by or submitted to the Secretary, he shall render a decision affirming, modifying, or reversing such assessment, disallowance, or allowance. In notifying the State of his decision, the Secretary shall state the basis therefor.

"Review by Court

"(t) (1) Notwithstanding any other provision of this title any State, irrespective of the amount in controversy, may file, within two years after the mailing to such State of the notice of any decision by the Secretary pursuant to subsection (s) affecting such State, or within such further time as the Secretary may allow, a civil action for a redetermination of the correctness of the assessment of the amount due. the disallowance of the claim for a refund or credit, or the allowance of the refund or credit, as the case may be, with respect to which the Secretary has rendered such decision. Such action shall be brought in the district court of the United States for the judicial district in which is located the capital of such State, or, if such action is brought by an

instrumentality of two or more States, the principal office of such instrumentality. The judgment of the court shall be final, except that it shall be subject to review in the same manner as judgments of such court in other civil actions. Any action filed under this subsection shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in such office.

"(2) Notwithstanding the provisions of section 2411 of title 28, United States Code, no interest shall accrue to a State after final judgment with respect to a credit or refund of an overpayment made under an agreement pursuant to this section.

"(3) The first sentence of section 2414 of title 28, United States Code, shall not apply to final judgments rendered by district courts of the United States in civil actions filed under this subsection. In such cases, the payment of amounts due to States pursuant to such final judgments shall be adjusted in accordance with the provisions of this section and with regulations promulgated by the Secretary."

(2) Section 205(c)(5)(F) of such Act is amended to read as follows:

"(F) to conform his records to—

"(i) tax returns or portions thereof (including information returns and other written statements)

filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act, under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code of 1939, under chapter 2 or 21 of the Internal Revenue Code of 1954, or under regulations made under authority of such title, subchapter, or chapter;

"(ii) wage reports filed by a State pursuant to an agreement under section 218 or regulations of the Secretary thereunder; or

"(iii) assessments of amounts due under an agreement pursuant to section 218, if such assessments are made within the period specified in subsection (q) of such section, or allowances of credits or refunds of overpayments by a State under an agreement pursuant to such section;

except that no amount of self-employment income of an individual for any taxable year (if such return or statement was filed after the expiration of the time limitation following the taxable year) shall be included in the Secretary's records pursuant to this subparagraph;".

(3) (A) The amendments made by paragraphs (1) and (2) shall become effective on the first day of the second calendar year following the year in which this Act is enacted.

(B) In any case in which the Secretary of Health, Education, and Welfare has notified a State prior to the beginning of such second calendar year that there is an amount due by such State, that such State's claim for a credit or refund of an overpayment is disallowed, or that such State has been allowed a credit or refund of an overpayment, under an agreement pursuant to section 218 of the Social Security Act, then the Secretary shall be deemed to have made an assessment of such amount due as provided in section 218 (q) of such Act or notified the State of such allowance or disallowance, as the case may be, on the first day of such second calendar year. In such a case the 90-day limitation in section 218 (s) of such Act shall not be applicable with respect to the assessment so deemed to have been made or the notification of allowance or disallowance so deemed to have been given the State. However, the preceding sentences of this subparagraph shall not apply if the Secretary makes an assessment of such amount due or notifies the State of such allowance or disallowance on or after the first day of the second calendar year following the year in which this Act is enacted and within the period specified in section 218 (q) of the Social Security Act or the period specified in section 218 (r) of such Act, as the case may be.

Municipal and County Hospitals

(g) Section 218 (d) (6) (B) of the Social Security Act is amended by adding at the end thereof the following new sentence: "If a retirement system covers positions of employees of a hospital which is an integral part of a political subdivision, then, for purposes of the preceding paragraphs there shall, if the State so desires, be deemed to be a separate retirement system for the employees of such hospital."

Validation of Coverage for Certain Mississippi Teachers

(h) For purposes of the agreement under section 218 of the Social Security Act entered into by the State of Mississippi, services of teachers in such State performed after February 28, 1951, and prior to October 1, 1959, shall be deemed to have been performed by such teachers as employees of the State. The term "teacher" as used in the preceding sentence means—

(1) any individual who is licensed to serve in the capacity of teacher, librarian, registrar, supervisor, principal, or superintendent and who is principally engaged in the public elementary or secondary school system of the State in any one or more of such capacities;

(2) any employee in the office of the county superintendent of education or the county school supervisor,

or in the office of the principal of any county or municipal public elementary or secondary school in the State; and

(3) any individual licensed to serve in the capacity of teacher who is engaged in any educational capacity in any day or night school conducted under the supervision of the State department of education as a part of the adult education program provided for under the laws of Mississippi or under the laws of the United States.

(8) *JUSTICES OF THE PEACE AND CONSTABLES IN THE STATE OF NEBRASKA*

(i) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of Nebraska entered into pursuant to such section may, at the option of such State, be modified so as to exclude services performed within such State by individuals as justices of the peace or constables, if such individuals are compensated for such services on a fee basis. Any modification of such agreement pursuant to this subsection shall be effective with respect to services performed after an effective date specified in such modification, except that such date shall not be earlier than the date of enactment of this Act.

(9) *TEACHERS IN THE STATE OF MAINE*

(j) Section 316 of the Social Security Amendments of 1958 is amended by striking out "July 1, 1960" and inserting in lieu thereof "July 1, 1961".

(10) *CERTAIN EMPLOYEES IN THE STATE OF CALIFORNIA*

(k) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of California heretofore entered into pursuant to such section may, at the option of such State be modified, at any time prior to 1962, pursuant to subsection (c)(4) of such section 218 so as to apply to services performed by any individual who, on or after January 1, 1957, and on or before December 31, 1959, was employed by such State (or any political subdivision thereof) in any hospital employee's position which, on September 1, 1954, was covered by a retirement system, but which, prior to 1960, was removed from coverage by such retirement system if—

(1) after January 1, 1957, but before January 1, 1960, such individual has, in his capacity as an employee in such a position, participated in a referendum conducted in accordance with the requirements contained in subsection (d)(3) of such section, and

(2) prior to July 1, 1960, such State has, in good faith, paid to the Secretary of the Treasury, with respect to any of the services performed by such individual in

any such position, the sums prescribed pursuant to subsection (e)(1) of such section 218.

Notwithstanding the provisions of subsection (f) of such section 218, such modification shall be effective with respect to (A) all services performed by such individual in any such position on or after the date of enactment of this subsection, and (B) all such services, performed before such date, with respect to which such State has paid to the Secretary of the Treasury the sums prescribed pursuant to subsection (e) of such section 218, at the time or times established pursuant to such subsection.

(11) *INCLUSION OF TEXAS AMONG STATES WHICH ARE PERMITTED TO DIVIDE THEIR RETIREMENT SYSTEMS INTO TWO PARTS FOR PURPOSES OF OBTAINING SOCIAL SECURITY COVERAGE UNDER FEDERAL-STATE AGREEMENT*

(l) Section 218(d)(6)(C) of the Social Security Act is amended by inserting "Texas," before "Vermont".

(12) ~~EXTENSION OF THE PROGRAM TO GUAM AND AMERICAN SAMOA~~

~~SEC. 103. (a)(1)(A) The next to the last sentence of section 202(i) of the Social Security Act is amended by striking out "Puerto Rico, or the Virgin Islands" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa".~~

~~(B) The last sentence of such section 202(i) is amended by striking out "any of such States, or the District of Columbia" and inserting in lieu thereof "any State".~~

~~(2) Section 101(d) of the Social Security Act Amendments of 1950 and section 5(c)(2) of the Social Security Act Amendments of 1952 are each amended by striking out "Puerto Rico, or the Virgin Islands" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa".~~

~~(b) Section 203(k) of the Social Security Act is amended by striking out "Puerto Rico, or the Virgin Islands" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa", and by striking out "Puerto Rico and the Virgin Islands" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa".~~

~~(c) Section 210(a)(7) of such Act is amended to read as follows:~~

~~"(7) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, except that this paragraph shall not apply in the case of—~~

"(A) service included under an agreement under section 218,

"(B) service which, under subsection (k), constitutes covered transportation service, or

"(C) service in the employ of the Government of Guam or the Government of American Samoa or any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, performed by an officer or employee thereof (including a member of the legislature of any such Government or political subdivision), and, for purposes of this title—

"(i) any person whose service as such an officer or employee is not covered by a retirement system established by a law of the United States shall not, with respect to such service, be regarded as an officer or employee of the United States or any agency or instrumentality thereof, and

"(ii) the remuneration for service described in clause (i) (including fees paid to a public official) shall be deemed to have been paid by the Government of Guam or the

~~Government of American Samoa or by a political subdivision thereof or an instrumentality of any one or more of the foregoing which is wholly owned thereby, whichever is appropriate;".~~

~~(d) Section 210(a) of such Act is further amended—~~

~~(1) by striking out "or" at the end of paragraph (16);~~

~~(2) by striking out the period at the end of paragraph (17) and inserting in lieu thereof a semicolon, and~~

~~(3) by adding at the end thereof the following new paragraph:~~

~~"(18) Service performed in Guam by a resident of the Republic of the Philippines while in Guam on a temporary basis as a nonimmigrant alien admitted to Guam pursuant to section 101(a)(15)(H)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)); or".~~

~~(c) Section 210(h) of such Act is amended to read as follows:~~

~~"State~~

~~"(h) The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa."~~

(f) Section 210(i) of such Act is amended to read as follows:

"United States

"(i) The term 'United States' when used in a geographical sense means the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa."

(g) (1) Section 211(a) of such Act is amended by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and", and by inserting after paragraph (7) the following new paragraph:

"(8) The term 'possession of the United States' as used in sections 931 (relating to income from sources within possessions of the United States) and 932 (relating to citizens of possessions of the United States) of the Internal Revenue Code of 1954 shall be deemed not to include the Virgin Islands, Guam, or American Samoa."

(2) Clauses (v) and (vi) in the last sentence of section 211(a) of such Act are each amended by striking out "paragraphs (1) through (6)" and inserting in lieu thereof "paragraphs (1) through (6) and paragraph (8)".

(h) Section 211(b) of such Act is amended by striking

out the last two sentences and inserting in lieu thereof the following:

"An individual who is not a citizen of the United States but who is a resident of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa shall not, for the purposes of this subsection, be considered to be a nonresident alien individual."

(i) Section 218(b)(1) of such Act is amended by inserting ", Guam, or American Samoa" immediately before the period at the end thereof.

(j)(1) Section 219 of such Act is repealed.

(2)(A) Section 210(j) of such Act is repealed.

(B) Subsections (k) through (o) of section 210 of such Act are redesignated as subsections (j) through (n), respectively.

(C) Sections 202(i), 215(h)(1), and 217(c)(1), and the last paragraph of section 209, are each amended by striking out "section 210(m)(1)" and inserting in lieu thereof "section 210(l)(1)".

(D) Section (202)(t)(4)(D) of such Act is amended—

(i) by striking out "section 210(m)(2)", "section 210(m)(3)", and "section 210(m)(2) and (3)" and inserting in lieu thereof "section 210(l)(2)", "section

~~210(l)(3)", and "section 210(l)(2) and (3)", respectively; and~~

~~(ii) by striking out "section 210(n)" each place it appears and inserting in lieu thereof "section 210(m)".~~

~~(E) Section 205(p)(1) of such Act is amended by striking out "subsection (m)(1)" and inserting in lieu thereof "subsection (l)(1)".~~

~~(F) Section 209(j) of such Act is amended by striking out "section 210(k)(3)(C)" and inserting in lieu thereof "section 210(j)(3)(C)".~~

~~(G) Section 218(c)(6)(C) of such Act is amended by striking out "section 210(l)" and inserting in lieu thereof "section 210(k)".~~

~~(3) Section 211(a)(6) of such Act is amended to read as follows:~~

~~"(6) A resident of the Commonwealth of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States but without regard to the provisions of section 933 of the Internal Revenue Code of 1954;".~~

~~(k)(1) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-~~

employment) is amended by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and", and by inserting after paragraph (8) the following new paragraph:

"(9) the term 'possession of the United States' as used in sections 931 (relating to income from sources within possessions of the United States) and 932 (relating to citizens of possessions of the United States) shall be deemed not to include the Virgin Islands, Guam, or American Samoa."

(2) Clauses (v) and (vi) in the last sentence of such section 1402(a) are each amended by striking out "paragraphs (1) through (7)" and inserting in lieu thereof "paragraphs (1) through (7) and paragraph (9)".

(l) The last sentence of section 1402(b) of such Code (relating to definition of self-employment income) is amended by striking out "the Virgin Islands or a resident of Puerto Rico" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa".

(m) Section 1403(b)(2) of such Code (relating to cross references) is amended by inserting ", Guam, American Samoa," after "Virgin Islands".

(n) Section 3121(b)(7) of such Code (relating to definition of employment) is amended to read as follows:

"(7) service performed in the employ of a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, except that this paragraph shall not apply in the case of—

"(A) service which, under subsection (j), constitutes covered transportation service, or

"(B) service in the employ of the Government of Guam or the Government of American Samoa or any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, performed by an officer or employee thereof (including a member of the legislature of any such Government or political subdivision), and, for purposes of this title with respect to the taxes imposed by this chapter—

"(i) any person whose service as such an officer or employee is not covered by a retirement system established by a law of the United States shall not, with respect to such service, be regarded as an employee of the United States or any agency or instrumentally thereof, and

"(ii) the remuneration for service described in clause (i) (including fees paid to

a public official) shall be deemed to have been paid by the Government of Guam or the Government of American Samoa or by a political subdivision thereof or an instrumentality of any one or more of the foregoing which is wholly owned thereby, whichever is appropriate;".

(c) Section 3121(b) of such Code is further amended—

(1) by striking out "or" at the end of paragraph (16);

(2) by striking out the period at the end of paragraph (17) and inserting in lieu thereof a semicolon; and

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

"(18) service performed in Guam by a resident of the Republic of the Philippines while in Guam on a temporary basis as a nonimmigrant alien admitted to Guam pursuant to section 101(a)(15)(H)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)); or".

(p) Section 3121(e) of such Code (relating to definition of State, United States, and citizen) is amended to read as follows:

"(e) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

"(1) STATE.—The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"(2) UNITED STATES.—The term 'United States' when used in a geographical sense includes the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States."

(q)(1) Subchapter C of chapter 21 of such Code (general provisions relating to tax under Federal Insurance Contributions Act) is amended by redesignating section 3125 as section 3126, and by inserting after section 3124 the following new section:

"SEC. 3125. RETURNS IN THE CASE OF GOVERNMENTAL EMPLOYEES IN GUAM AND AMERICAN SAMOA.

"(a) GUAM.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of Guam or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such

individuals in its employ, may be made by the Governor of Guam or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the $4,800 limitation in section 3121(a)(1).

"(b) AMERICAN SAMOA.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of American Samoa or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of American Samoa or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the $4,800 limitation in section 3121(a)(1)."

(2) The table of sections for such subchapter C is amended by striking out

"Sec. 3125. Short title."

and inserting in lieu thereof:

"Sec. 3125. Returns in the case of governmental employees in Guam and American Samoa.
"Sec. 3126. Short title."

(r) (1) Section 6205(a) of such Code (relating to adjustment of tax) is amended by adding at the end thereof the following new paragraph:

"(3) GUAM OR AMERICAN SAMOA AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received during any calendar year from the Government of Guam, the Government of American Samoa, a political subdivision of either, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, the Governor of Guam, the Governor of American Samoa, and each agent designated by either who makes a return pursuant to section 3125 shall be deemed a separate employer."

(2) Section 6413(a) of such Code (relating to adjustment of tax) is amended by adding at the end thereof the following new paragraph:

"(3) GUAM OR AMERICAN SAMOA AS EMPLOYER. For purposes of this subsection, in the case of remuneration received during any calendar year from the Government of Guam, the Government of American Samoa, a political subdivision of either, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, the Governor of Guam, the Governor of American Samoa, and each agent designated by either who makes a return pur-

suant to section 3125 shall be deemed a separate employer."

(3) Section 6413(c)(2) of such Code (relating to applicability of special rules to certain employment taxes) is amended by adding at the end thereof the following new subparagraphs:

"(D) GOVERNMENTAL EMPLOYEES IN GUAM.—In the case of remuneration received from the Government of Guam or any political subdivision thereof or from any instrumentality of any one or more of the foregoing which is wholly owned thereby, during any calendar year, the Government of Guam and each agent designated by him who makes a return pursuant to section 3125(a) shall, for purposes of this subsection, be deemed a separate employer.

"(E) GOVERNMENTAL EMPLOYEES IN AMERICAN SAMOA.—In the case of remuneration received from the Government of American Samoa or any political subdivision thereof or from any instrumentality of any one or more of the foregoing which is wholly owned thereby, during any calendar year, the Governor of American Samoa and each agent designated by him who makes a return pursuant to section 3125(b) shall, for purposes of this subsection, be deemed a separate employer."

(4) The heading of such section 6413(c)(2) is amended by striking out "AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS" and inserting in lieu thereof ", EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS, AND GOVERNMENTAL EMPLOYEES IN GUAM AND AMERICAN SAMOA".

(s) Section 7213 of such Code (relating to unauthorized disclosure of information) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) DISCLOSURES BY CERTAIN DELEGATES OF SECRETARY.—All provisions of law relating to the disclosure of information, and all provisions of law relating to penalties for unauthorized disclosure of information, which are applicable in respect of any function under this title when performed by an officer or employee of the Treasury Department are likewise applicable in respect of such function when performed by any person who is a 'delegate' within the meaning of section 7701(a)(12)(B)."

(t) Section 7701(a)(12) of such Code (relating to definition of delegate) is amended to read as follows:

"(12) DELEGATE.—

"(A) IN GENERAL.—The term 'Secretary or his delegate' means the Secretary of the Treasury, or any officer, employee, or agency of the Treasury Department duly authorized by the Secretary

~~(directly, or indirectly by one or more redelegations of authority) to perform the function mentioned or described in the context, and the term 'or his delegate' when used in connection with any other official of the United States shall be similarly construed.~~

~~"(B) PERFORMANCE OF CERTAIN FUNCTIONS IN GUAM OR AMERICAN SAMOA.—The term 'delegate', in relation to the performance of functions in Guam or American Samoa with respect to the taxes imposed by chapters 2 and 21, also includes any officer or employee of any other department or agency of the United States, or of any possession thereof, duly authorized by the Secretary (directly, or indirectly by one or more redelegations of authority) to perform such functions."~~

~~(u) Section 30 of the Organic Act of Guam (48 U.S.C., see 1421h) is amended by inserting before the period at the end thereof the following: "; except that nothing in this Act shall be construed to apply to any tax imposed by chapter 2 or 21 of the Internal Revenue Code of 1954".~~

~~(v)(1) The amendments made by subsection (a) shall apply only with respect to reinterments after the date of the enactment of this Act. The amendments made by subsec-~~

tions (b), (c), and (f) shall apply only with respect to service performed after 1960; except that insofar as the carrying on of a trade or business (other than performance of service as an employee) is concerned, such amendments shall apply only in the case of taxable years beginning after 1960. The amendments made by subsections (d), (i), (o), and (p) shall apply only with respect to service performed after 1960. The amendments made by subsections (h) and (l) shall apply only in the case of taxable years beginning after 1960. The amendments made by subsections (e), (n), (q), and (r) shall apply only with respect to (1) service in the employ of the Government of Guam or any political subdivision thereof, or any instrumentality of any one or more of the foregoing wholly owned thereby, which is performed after 1960 and after the calendar quarter in which the Secretary of the Treasury receives a certification by the Governor of Guam that legislation has been enacted by the Government of Guam expressing its desire to have the insurance system established by title II of the Social Security Act extended to the officers and employees of such Government and such political subdivisions and instrumentalities, and (2) service in the employ of the Government of American Samoa or any political subdivision thereof, or any instrumentality of any one or more of the foregoing wholly owned thereby, which is performed after

1960 and after the calendar quarter in which the Secretary of the Treasury receives a certification by the Governor of American Samoa that the Government of American Samoa desires to have the insurance system established by such title II extended to the officers and employees of such Government and such political subdivisions and instrumentalities. The amendments made by subsections (g) and (k) shall apply only in the case of taxable years beginning after 1960, except that, insofar as they involve the nonapplication of section 932 of the Internal Revenue Code of 1954 to the Virgin Islands for purposes of chapter 2 of such Code and section 211 of the Social Security Act, such amendments shall be effective in the case of all taxable years with respect to which such chapter 2 (and corresponding provisions of prior law) and such section 211 are applicable. The amendments made by subsections (j), (s), and (t) shall take effect on the date of the enactment of this Act; and there are authorized to be appropriated such sums as may be necessary for the performance by any officer or employee of functions delegated to him by the Secretary of the Treasury in accordance with the amendment made by such subsection (t).

(2) The amendments made by subsections (c) and (n) shall have application only as expressly provided therein, and determinattions as to whether an officer or employee

of the Government of Guam or the Government of American Samoa or any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, is an employee of the United States or any agency or instrumentality thereof within the meaning of any provision of law not affected by such amendments, shall be made without any inferences drawn from such amendments.

(3) The repeal (by subsection (j)(1)) of section 219 of the Social Security Act, and the elimination (by subsections (e), (f), (h), (j)(2), and (j)(3)) of other provisions of such Act making reference to such section 219, shall not be construed as changing or otherwise affecting the effective date specified in such section for the extension to the Commonwealth of Puerto Rico of the insurance system under title II of such Act, the manner or consequences of such extension, or the status of any individual with respect to whom the provisions so eliminated are applicable.

(13) DOCTORS OF MEDICINE

SEC. 104. (a)(1) Section 211(c)(5) of the Social Security Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a Christian Science practitioner."

(2) Section 211(c) of such Act is further amended by striking out the last two sentences and inserting in lieu thereof the following:

"The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by him under section 1402(c) of the Internal Revenue Code of 1954 is in effect."

(b) Section 210(a)(6)(C)(iv) of such Act is amended by striking out all that follows "1947" and inserting in lieu thereof "(relating to certain student employees of hospitals of the Federal Government; 5 U.S.C. 1052), other than as a medical or dental intern or a medical or dental resident in training;".

(c) Section 210(a)(13) of such Act is amended by striking out all that follows the first semicolon.

(d)(1) Section 1402(c)(5) of the Internal Revenue Code of 1954 (relating to definition of trade or business) is amended to read as follows:

"(5) the performance of service by an individual in the exercise of his profession as a Christian Science practitioner."

(2) Section 1402(c) of such Code is further amended

by striking out the last two sentences and inserting in lieu thereof the following:

"The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by him under subsection (c) is in effect."

(c) (1) Section 1402 (c) (1) of such Code (relating to filing of waiver certificate by ministers, members of religious orders, and Christian Science practitioners) is amended by striking out "extended to service" and all that follows and inserting in lieu thereof "extended to service described in subsection (c) (4) or (c) (5) performed by him."

(2) Clause (A) of section 1402 (c) (2) of such Code (relating to time for filing waiver certificate) is amended to read as follows: "(A) the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard to subsections (c) (4) and (c) (5)) of $400 or more, any part of which was derived from the performance of service described in subsection (c) (4) or (c) (5); or".

(f) Section 3121(b)(6)(C)(iv) of such Code (relating to definition of employment) is amended by striking out all that follows "1947" and inserting in lieu thereof "(relating to certain student employees of hospitals of the Federal Government; 5 U.S.C. 1052), other than as a medical or dental intern or a medical or dental resident in training."

(g) Section 3121(b)(13) of such Code is amended by striking out all that follows the first semicolon.

(h) The amendments made by subsections (a), (d), and (e) shall apply only with respect to taxable years ending on or after December 31, 1960. The amendments made by subsections (b), (c), (f), and (g) shall apply only with respect to services performed after 1960.

(14) SERVICE OF PARENT FOR SON OR DAUGHTER

SEC. 105. (a) Section 210(a)(3) of the Social Security Act is amended to read as follows:

"(3)(A) Service performed by an individual in the employ of his spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

"(B) Service not in the course of the employer's trade or business, or domestic service in a private home of the employer, performed by an individual in the employ of his son or daughter;".

~~(b) Section 3121 (b) (3) of the Internal Revenue Code of 1954 (relating to definition of employment) is amended to read as follows:~~

~~"(3) (A) service performed by an individual in the employ of his spouse, and service performed by a child under the age of 21 in the employ of his father or mother;~~

~~"(B) service not in the course of the employer's trade or business, or domestic service in a private home of the employer, performed by an individual in the employ of his son or daughter;".~~

~~(c) The amendments made by subsections (a) and (b) shall apply only with respect to services performed after 1960.~~

EMPLOYEES OF NONPROFIT ORGANIZATIONS

SEC. ~~(15)106~~ *103*. (a) (1) The first sentence of section 3121 (k) (1) (A) of the Internal Revenue Code of 1954 (relating to waiver of exemption by religious, charitable, and certain other organizations) is amended by striking out "and that at least two-thirds of its employees concur in the filing of the certificate".

(2) The second sentence of such section 3121 (k) (1) (A) is amended by inserting "(if any)" after "each employee".

(3) Section 3121 (k) (1) (E) of such Code is

amended by striking out the last two sentences and inserting in lieu thereof: "An organization which has so divided its employees into two groups may file a certificate pursuant to subparagraph (A) with respect to the employees in either group, or may file a separate certificate pursuant to such subparagraph with respect to the employees in each group."

(b) (1) If—

(A) an individual performed service in the employ of an organization after 1950 with respect to which remuneration was paid before July 1, 1960, and such service is excepted from employment under section 210 (a) (8) (B) of the Social Security Act,

(B) such service would have constituted employment as defined in section 210 of such Act if the requirements of section 3121 (k) (1) of the Internal Revenue Code of 1954 (or corresponding provisions of prior law) were satisfied,

(C) such organization paid before August 11, 1960, any amount, as taxes imposed by sections 3101 and 3111 of the Internal Revenue Code of 1954 (or corresponding provisions of prior law), with respect to such remuneration paid by the organization to the individual for such service,

(D) such individual (or a fiduciary acting for such

individual or his estate, or his survivor (within the meaning of section 205 (c) (1) (C) of the Social Security Act)) requests that such remuneration be deemed to constitute remuneration for employment for purposes of title II of the Social Security Act, and

(E) the request is made in such form and manner, and with such official, as may be prescribed by regulations made by the Secretary of Health, Education, and Welfare,

then, subject to the conditions stated in paragraphs (2), (3), and (4), the remuneration with respect to which the amount has been paid as taxes shall be deemed to constitute remuneration for employment for purposes of title II of the Social Security Act.

(2) Paragraph (1) shall not apply with respect to an individual unless the organization referred to in paragraph (1) (A)—

(A) on or before the date on which the request described in paragraph (1) is made, has filed a certificate pursuant to section 3121 (k) (1) of the Internal Revenue Code of 1954 (or corresponding provisions of prior law), or

(B) no longer has any individual in its employ for remuneration at the time such request is made.

(3) Paragraph (1) shall not apply with respect to an

individual who was in the employ of the organization referred to in paragraph (2) (A) at any time during the 24-month period following the calendar quarter in which the certificate was filed, unless the organization paid an amount as taxes under sections 3101 and 3111 of the Internal Revenue Code of 1954 (or corresponding provisions of prior law) with respect to remuneration paid by the organization to the employee during some portion of such 24-month period.

(4) If credit or refund of any portion of the amount referred to in paragraph (1) (C) (other than a credit or refund which would be allowed if the service constituted employment for purposes of chapter 21 of the Internal Revenue Code of 1954) has been obtained, paragraph (1) shall not apply with respect to the individual unless the amount credited or refunded (including any interest under section 6611) is repaid before January 1, 1963.

(5) If—

(A) any remuneration for service performed by an individual is deemed pursuant to paragraph (1) to constitute remuneration for employment for purposes of title II of the Social Security Act,

(B) such individual performs service, on or after

the date on which the request is made, in the employ of the organization referred to in paragraph (1) (A), and

(C) the certificate filed by such organization pursuant to section 3121 (k) (1) of the Internal Revenue Code of 1954 (or corresponding provisions of prior law) is not effective with respect to service performed by such individual before the first day of the calendar quarter following the quarter in which the request is made,

then, for purposes of clauses (ii) and (iii) of section 210 (a) (8) (B) of the Social Security Act and of clauses (ii) and (iii) of section 3121 (b) (8) (B) of the Internal Revenue Code of 1954, such individual shall be deemed to have become an employee of such organization (or to have become a member of a group described in section 3121 (k) (1) (E) of such Code) on the first day of the calendar quarter following the quarter in which the request is made.

(6) Section 403 (a) of the Social Security Amendments of 1954 is amended by striking out "filed in such form and manner" and inserting in lieu thereof "filed on or before the date of the enactment of the Social Security Amendments of 1960 and in such form and manner".

(c) (1) Section 1402 of such Code is further amended by adding at the end thereof the following new subsection:

"(g) TREATMENT OF CERTAIN REMUNERATION ERRONEOUSLY REPORTED AS NET EARNINGS FROM SELF-EMPLOYMENT.—If—

"(1) an amount is erroneously paid as tax under section 1401, for any taxable year ending after 1954 and before 1962, with respect to remuneration for service described in section 3121(b)(8) (other than service described in section 3121(b)(8)(A)), and such remuneration is reported as self-employment income on a return filed on or before the due date prescribed for filing such return (including any extension thereof),

"(2) the individual who paid such amount (or a fiduciary acting for such individual or his estate, or his survivor (within the meaning of section 205(c)(1)(C) of the Social Security Act)) requests that such remuneration be deemed to constitute net earnings from self-employment,

"(3) such request is filed after the date of the enactment of this paragraph and on or before April 15, 1962,

"(4) such remuneration was paid to such individual for services performed in the employ of an organization which, on or before the date on which such re-

quest is filed, has filed a certificate pursuant to section 3121 (k), and

"(5) no credit or refund of any portion of the amount erroneously paid for such taxable year as tax under section 1401 (other than a credit or refund which would be allowable if such tax were applicable with respect to such remuneration) has been obtained before the date on which such request is filed or, if obtained, the amount credited or refunded (including any interest under section 6611) is repaid on or before such date,

then, for purposes of this chapter and chapter 21, any amount of such remuneration which is paid to such individual before the calendar quarter in which such request is filed (or before the succeeding quarter if such certificate first becomes effective with respect to services performed by such individual in such succeeding quarter), and with respect to which no tax (other than an amount erroneously paid as tax) has been paid under chapter 21, shall be deemed to constitute net earnings from self-employment and not remuneration for employment. For purposes of section 3121 (b) (8) (B) (ii) and (iii), if the certificate filed by such organization pursuant to section 3121 (k) is not effective with respect to services performed by such individual on or before the first day of the calendar quarter in which the request is filed, such individual shall be deemed to have become

an employee of such organization (or to have become a member of a group described in section 3121 (k) (1) (E)) on the first day of the succeeding quarter."

(2) Remuneration which is deemed under section 1402 (g) of the Internal Revenue Code of 1954 to constitute net earnings from self-employment and not remuneration for employment shall also be deemed, for purposes of title II of the Social Security Act, to constitute net earnings from self-employment and not remuneration for employment. If, pursuant to the last sentence of section 1402 (g) of the Internal Revenue Code of 1954, an individual is deemed to have become an employee of an organization (or to have become a member of a group) on the first day of a calendar quarter, such individual shall likewise be deemed, for purposes of clause (ii) or (iii) of section 210 (a) (8) (B) of the Social Security Act, to have become an employee of such organization (or to have become a member of such group) on such day.

~~(16) (d) (1) Section 3121 (h) of such Code (relating to definition of American employer) is amended by striking out "or" at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:~~

~~"(6) a labor organization created or organized in the~~

Canal Zone, if such organization is chartered by a labor organization (described in section 501(c)(5) and exempt from tax under section 501(a)) created or organized in the United States."

(2) Section 210(c) of the Social Security Act is amended by striking out "or (6)" and inserting in lieu thereof "(6)", and by inserting before the period at the end thereof the following: ", or (7) a labor organization created or organized in the Canal Zone, if such organization is chartered by a labor organization (described in section 501(c)(5) of the Internal Revenue Code of 1954 and exempt from tax under section 501(a) of such Code) created or organized in the United States".

(3) For purposes of title II of the Social Security Act, if—

(A) a citizen of the United States is paid remuneration for service performed after 1954 and before 1961 as an employee of an American employer (as defined in section 210(c)(7) of such Act);

(B) amounts are paid, as taxes imposed by sections 3101 and 3111 of the Internal Revenue Code of 1951, with respect ot any part of the remuneration paid in any calendar quarter to such individual for such service and part of such amounts have been paid before the date of the enactment of this Act; and

~~(C) no claim for credit or refund of such amounts paid with respect to such calendar quarter (other than a claim which would be allowed if such services constituted employment for purposes of chapter 21 of such Code) is filed prior to the expiration of the period prescribed in section 6511 for filing claim for credit or refund.~~ ~~then the remuneration paid in such calendar quarter with respect to which such amounts are timely paid shall be deemed to constitute remuneration for employment.~~

(17) ~~(c)~~ *(d)* (1) The amendments made by subsection (a) shall apply only with respect to certificates filed under section 3121 (k) (1) of the Internal Revenue Code of 1954 after the date of the enactment of this Act.

(18) ~~(2) The amendments made by paragraphs (1) and (2) of subsection (d) shall be effective with respect to service performed after December 31, 1960.~~

(19) ~~(3)~~ *(2)* No monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of the provisions of subsections (20) ~~(b), (c), and (d)~~ *(b) and (c)* of this section or the amendments made by such subsections, and no lump-sum death payment under such title shall be payable or increased by reason of such provisions or amendments in the case of any individual who died prior to the date of the enactment of this Act.

AMERICAN CITIZEN EMPLOYEES OF FOREIGN GOVERNMENTS

(21) ~~AND INTERNATIONAL ORGANIZATIONS~~

SEC. (22) ~~107~~ *104.* (a) Section 211 (c) (2) of the Social Security Act is amended to read as follows:

"(2) The performance of service by an individual as an employee, other than—

"(A) service described in section 210 (a) (14) (B) performed by an individual who has attained the age of eighteen,

"(B) service described in section 210 (a) (16),

"(C) service described in section 210 (a) (23) ~~(11),~~ *(11) or* (12) (24) ~~, or (15)~~ performed in the United States by a citizen of the United States, and

"(D) service described in paragraph (4) of this subsection;".

(b) Section 1402 (c) (2) of the Internal Revenue Code of 1954 (relating to definition of trade or business) is amended to read as follows:

"(2) the performance of service by an individual as an employee, other than—

"(A) service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18,

"(B) service described in section 3121 (b) (16),

"(C) service described in section 3121(b) (25) ~~(11)~~, *(11) or* (12), (26) ~~or (15)~~ performed in the United States (as defined in section 3121 (e) (2)) by a citizen of the United States, and

"(D) service described in paragraph (4) of this subsection;".

(c) The amendments made by this section shall apply only with respect to taxable years ending on or after December 31, 1960; except that for purposes of section 203 of the Social Security Act, the amendment made by subsection (a) shall apply only with respect to taxable years (of the individual performing the service involved) beginning after the date of the enactment of this Act.

DOMESTIC SERVICE AND CASUAL LABOR

(27) ~~SEC. 108. (a) Paragraphs (2) and (3) of section 209 (g) of the Social Security Act are each amended by striking out "$50" and inserting in lieu thereof "$25".~~

(28) ~~(b)~~ *SEC. 105. (a)* Section 210(a) of such Act is amended by adding after paragraph (29) *(18)* ~~(added by section 103 of this Act)~~ *(17)* the following new paragraph:

"(30) ~~(19)~~ *(18)* Service not in the course of the employer's trade or business, or domestic service in a private home of the employer, performed by an individual under the age of sixteen."

(31) ~~(c) Subparagraphs (B) and (C) of section 3121~~

~~(a) (7) of the Internal Revenue Code of 1954 (relating to definition of wages) are each amended by striking out "$50" and inserting in lieu thereof "$25".~~

~~(32)(d)~~ *(b)* Section 3121 (b) of such Code (relating to definition of employment) is amended by adding after paragraph ~~(33)(18) (added by section 103 of this Act)~~ *(17)* the following new paragraph:

"~~(34)(19)~~ *(18)* service not in the course of the employer's trade or business, or domestic service in a private home of the employer, performed by an individual under the age of sixteen."

~~(35)(c)~~ *(c)* ~~(36)The amendments made by subsections (a) and (c) shall apply only with respect to remuneration paid after 1960.~~ The amendments made by subsections ~~(37)(b) and (d)~~ *(a) and (b)* shall apply only with respect to service performed after 1960.

TITLE II—ELIGIBILITY FOR BENEFITS

CHILDREN BORN OR ADOPTED AFTER ONSET OF PARENT'S DISABILITY

SEC. 201. (a) Section 202 (d) (1) (C) of the Social Security Act is amended to read as follows:

"(C) was dependent upon such individual—

"(i) if such individual is living, at the time such application was filed,

"(ii) if such individual has died, at the time of such death, or

"(iii) if such individual had a period of disability which continued until he became entitled to old-age or disability insurance benefits, or (if he has died) until the month of his death, at the beginning of such period of disability or at the time he became entitled to such benefits,".

(b) Section 202 (d) (1) of such Act is further amended by adding at the end thereof the following new sentence: "In the case of an individual entitled to disability insurance benefits, the provisions of clause (i) of subparagraph (C) of this paragraph shall not apply to a child of such individual unless he (38)*(A)* is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual) or (39)*(B)* was legally adopted by such individual before the end of the twenty-four month period beginning with the month after the month in which such individual most recently became entitled to disability insurance benefits (40), *but only if (i) proceedings for such adoption of the child had been instituted by such individual in or before the month in which began the period of disability of such individual which still exists at the time of such adoption or (ii) such adopted child was living with such individual in such month.*"

(c) The amendments made by this section shall apply as though this Act had been enacted on August 28, 1958, and with respect to monthly benefits under section 202 of the Social Security Act for months after August 1958 based on applications for such benefits filed on or after August 28, 1958.

CONTINUED DEPENDENCY OF STEPCHILD ON NATURAL FATHER

SEC. 202. (a) Section 202 (d) (3) of the Social Security Act is amended by striking out subparagraph (C), and by striking out ", or" at the end of subparagraph (B) and inserting in lieu thereof a period.

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning with the month in which this Act is enacted, but only if an application for such benefits is filed in or after such month.

PAYMENT OF BURIAL EXPENSES

SEC. 203. (a) The second and third sentences of section 202 (i) of the Social Security Act are amended to read as follows: "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 of 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 any part of the amount payable under this subsection remains after payments have been made pursuant to clauses (1) and (2), 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."

(b) The amendment made by subsection (a) shall apply—

(1) in the case of the death of an individual occurring on or after the date of the enactment of this Act, and

(2) in the case of the death of an individual occurring prior to such date, but only if no application for a lump-sum death payment under section 202 (i)

of the Social Security Act is filed on the basis of such individual's wages and self-employment income prior to the third calendar month beginning after such date.

(41) ~~FULLY INSURED STATUS~~

TECHNICAL AMENDMENTS WITH RESPECT TO FULLY INSURED STATUS

SEC. 204. (a) Section 214(a) of the Social Security Act is amended to read as follows:

"Fully Insured Individual

"(a) The term 'fully insured individual' means any individual who had not less than—

"(1) one quarter of coverage (whenever acquired) for each (42) ~~four~~ *two* of the quarters elapsing—

"(A) after (i) December 31, 1950, or (ii) if later, December 31 of the year in which he attained the age of twenty-one, and

"(B) prior to (i) the year in which he died, or (ii) if earlier, the year in which he attained retirement age,

except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage; or

"(2) forty quarters of coverage; or

"(3) in the case of an individual who died prior to 1951, six quarters of coverage;

not counting as an elapsed quarter for purposes of paragraph (1) any quarter any part of which was included in a period of disability (as defined in section 216(i)) unless such quarter was a quarter of coverage. When the number of elapsed quarters referred to in paragraph (1) is not a multiple of (43)*two*, such number shall, for purposes of such paragraph, be reduced to the next lower multiple of (44) ~~four~~ *two*."

(b) The primary insurance amount (for purposes of title II of the Social Security Act) of any individual who died after 1939 and prior to 1951 shall be determined as provided in section 215(a)(2) of such Act.

(c) Section 109(b) of the Social Security Amendments of 1954 is amended by inserting immediately before the period at the end of such subsection "and in or prior to the month in which the Social Security Amendments of 1960 are enacted".

(d)(1) The amendments made by subsections (a) and (b) of this section shall be applicable (A) in the case of monthly benefits under title II of the Social Security Act for months after the month in which this Act is enacted, on the basis of applications filed in or after such month, (B) in the case of lump-sum death payments under such title with respect to deaths occurring after such month, and (C) in the case of an application for a disability determination

with respect to a period of disability (as defined in section 216 (i) of the Social Security Act) filed after such month.

(2) For the purposes of determining (A) entitlement to monthly benefits under title II of the Social Security Act for the month in which this Act is enacted and prior months with respect to the wages and self-employment income of an individual and (B) an individual's closing date prior to 1960 under section 215 (b) (3) (B) of the Social Security Act, the provisions of section 214 (a) of the Social Security Act in effect prior to the date of the enactment of this Act and the provisions of section 109 of the Social Security Amendments of 1954 in effect prior to such date shall apply.

SURVIVORS OF INDIVIDUALS WHO DIED PRIOR TO 1940 AND OF CERTAIN OTHER INDIVIDUALS

SEC. 205. (a) Subsections (d) (1), (e) (1), (g) (1), and (h) (1) of section 202 of the Social Security Act are each amended by striking out "after 1939".

(b) That part of section 202 (f) (1) of such Act which precedes subparagraph (A) is amended by striking out "after August 1950".

(c) The primary insurance amount (for purposes of title II of the Social Security Act) of any individual who died prior to 1940, and who had not less than six

quarters of coverage (as defined in section 213 of such Act), shall be computed under section 215 (a) (2) of such Act.

(d) The preceding provisions of this section and the amendments made thereby shall apply only in the case of monthly benefits under title II of the Social Security Act for months after the month in which this Act is enacted, on the basis of applications filed in or after such month.

CREDITING OF QUARTERS OF COVERAGE FOR YEARS BEFORE 1951

SEC. 206. (a) Section 213 (a) (2) of the Social Security Act is amended by striking out all that precedes "$3,600 in the case of a calendar year after 1950 and before 1955" in clause (ii) of subparagraph (B) and inserting in lieu thereof the following:

"(2) The term 'quarter of coverage' means a quarter in which the individual has been paid $50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

"(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of dis-

ability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;

"(ii) if the wages paid to any individual in any calendar year equal $3,000 in the case of a calendar year before 1951, or".

(b) (1) Except as provided in paragraph (2), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act, and the lump-sum death payment under section 202 of such Act, based on the wages and self-employment income of an individual—

(A) who becomes entitled to benefits under section 202 (a) or 223 of such Act on the basis of an application filed in or after the month in which this Act is enacted; or

(B) who is (or would, but for the provisions of section 215 (f) (6) of the Social Security Act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (2) (A) of such Act on the basis of an application filed in or after the month in which this Act is enacted; or

(C) who dies without becoming entitled to benefits under section 202 (a) or 223 of the Social Security Act, and (unless he dies a currently insured individual but not a fully insured individual (as those terms are defined

in section 214 of such Act)) without leaving any individual entitled (on the basis of his wages and self-employment income) to survivor's benefits or a lump-sum death payment under section 202 of such Act on the basis of an application filed prior to the month in which this Act is enacted; or

(D) who dies in or after the month in which this Act is enacted and whose survivors are (or would, but for the provisions of section 215(f)(6) of the Social Security Act, be) entitled to a recomputation of his primary insurance amount under section 215(f)(4)(A) of such Act; or

(E) who dies prior to the month in which this Act is enacted and (i) whose survivors are (or would, but for the provisions of section 215(f)(6) of the Social Security Act, be) entitled to a recomputation of his primary insurance amount under section 215(f)(4)(A) of such Act, and (ii) on the basis of whose wages and self-employment income no individual was entitled to survivor's benefits or a lump-sum death payment under section 202 of such Act on the basis of an application filed prior to the month in which this Act is enacted (and no individual was entitled to such a benefit, without the filing of an application, for any month prior to the month in which this Act is enacted); or

(F) who files an application for a recomputation under section 102 (f) (2) (B) of the Social Security Amendments of 1954 in or after the month in which this Act is enacted and is (or would, but for the fact that such recomputation would not result in a higher primary insurance amount, be) entitled to have his primary insurance amount recomputed under such subparagraph; or

(G) who dies and whose survivors are (or would, but for the fact that such recomputation would not result in a higher primary insurance amount for such individual, be) entitled, on the basis of an application filed in or after the month in which this Act is enacted, to have his primary insurance amount recomputed under section 102 (f) (2) (B) of the Social Security Amendments of 1954.

(2) The amendment made by subsection (a) shall also be applicable in the case of applications for disability determination under section 216 (i) of the Social Security Act filed in or after the month in which this Act is enacted.

(3) Notwithstanding any other provision of this subsection, in the case of any individual who would not be a fully insured individual under section 214 (a) of the Social Security Act except for the enactment of this section, no benefits shall be payable on the basis of his wages and self-

employment income for any month prior to the month in which this Act is enacted.

(45) TIME NEEDED TO ACQUIRE STATUS OF WIFE, CHILD, OR HUSBAND IN CERTAIN CASES

SEC. 207. (a) Section 216(b) of the Social Security Act is amended by striking out "not less than three years immediately preceding the day on which her application is filed" and inserting in lieu thereof "not less than one year immediately preceding the day on which her application is filed".

(b) The first sentence of section 216(e) of such Act is amended to read as follows: "The term 'child' means (1) the child or legally adopted child of an individual, and (2) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which application for child's insurance benefits is filed or (if the insured individual is deceased) the day on which such individual died."

(c) Section 216(f) of such Act is amended by striking out "not less than three years immediately preceding the day on which his application is filed" and inserting in lieu thereof "not less than one year immediately preceding the day on which his application is filed".

(d) The amendments made by this section shall apply only with respect to monthly benefits under section 202 of the Social Security Act for months beginning with the

~~month in which this Act is enacted, on the basis of applications filed in or after such month.~~

MARRIAGES SUBJECT TO LEGAL IMPEDIMENT

Sec. ~~(46)208~~ *207*. (a) Section 216(h)(1) of the Social Security Act is amended by inserting "(A)" after "(1)", and by adding at the end thereof the following new subparagraph:

"(B) In any case where under subparagraph (A) an applicant is not (and is not deemed to be) the wife, widow, husband, or widower of a fully or currently insured individual, or where under subsection (b), (c), (f), or (g) such applicant is not the wife, widow, husband, or widower of such individual, but it is established to the satisfaction of the Secretary that such applicant in good faith went through a marriage ceremony with such individual resulting in a purported marriage between them which, but for a legal impediment not known to the applicant at the time of such ceremony, would have been a valid marriage, and such applicant and the insured individual were living in the same household at the time of the death of such insured individual or (if such insured individual is living) at the time such applicant files the application, then, for purposes of subparagraph (A) and subsections (b), (c), (f), and (g), such purported marriage shall be deemed to be a valid marriage. The provisions of the preceding

sentence shall not apply (i) if another person is or has been entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual and such other person is (or is deemed to be) a wife, widow, husband, or widower of such insured individual under subparagraph (A) at the time such applicant files the application, or (ii) if the Secretary determines, on the basis of information brought to his attention, that such applicant entered into such purported marriage with such insured individual with knowledge that it would not be a valid marriage. The entitlement to a monthly benefit under subsection (b), (c), (e), (f), or (g) of section 202, based on the wages and self-employment income of such insured individual, of a person who would not be deemed to be a wife, widow, husband, or widower of such insured individual but for this subparagraph, shall end with the month before the month (i) in which the Secretary certifies, pursuant to section 205(i), that another person is entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual, if such other person is (or is deemed to be) the wife, widow, husband, or widower of such insured individual under subparagraph (A), or (ii) if the applicant is entitled to a monthly benefit under

subsection (b) or (c) of section 202, in which such applicant entered into a marriage, valid without regard to this subparagraph, with a person other than such insured individual. For purposes of this subparagraph, a legal impediment to the validity of a purported marriage includes only an impediment (i) resulting from the lack of dissolution of a previous marriage or otherwise arising out of such previous marriage or its dissolution, or (ii) resulting from a defect in the procedure followed in connection with such purported marriage."

(b) Section 216(h)(2) of such Act is amended by inserting "(A)" after "(2)", and by adding at the end thereof the following new subparagraph:

"(B) If an applicant is a son or daughter of a fully or currently insured individual but is not (and is not deemed to be) the child of such insured individual under subparagraph (A), such applicant shall nevertheless be deemed to be the child of such insured individual if such insured individual and the mother or father, as the case may be, of such applicant went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of paragraph (1)(B), would have been a valid marriage."

(c) Section 216(e) of such Act is amended by adding

at the end thereof the following new sentence: "For purposes of clause (2), a person who is not the stepchild of an individual shall be deemed the stepchild of such individual if such individual was not the mother or adopting mother or the father or adopting father of such person and such individual and the mother or adopting mother, or the father or adopting father, as the case may be, of such person went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of subsection (h) (1) (B), would have been a valid marriage."

(d) Section 202 (d) (3) of such Act (as amended by section 202 of this Act) is amended by adding after and below subparagraph (B) the following new sentence:
"For purposes of this paragraph, a child deemed to be a child of a fully or currently insured individual pursuant to section 216 (h) (2) (B) shall, if such individual is the child's father, be deemed to be the legitimate child of such individual."

(e) Where—

(1) one or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under section 202 of

such Act for the month before the month in which this Act is enacted on the basis of the wages and self-employment income of an individual; and

(2) any person is entitled to benefits under subsection (b), (c), (d), (e), (f), or (g) of section 202 of the Social Security Act for any subsequent month on the basis of such individual's wages and self-employment income and such person would not be entitled to such benefits but for the enactment of this section; and

(3) the total of the benefits to which all persons are entitled under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income for such subsequent month is reduced by reason of the application of section 203 (a) of such Act,

then the amount of the benefit to which each person referred to in paragraph (1) of this subsection is entitled for such subsequent month shall not, after the application of such section 203 (a), be less than the amount it would have been (determined without regard to section 301) if no person referred to in paragraph (2) of this subsection was entitled to a benefit referred to in such paragraph for such subsequent month on the basis of such wages and self-employment income of such individual.

(f) The amendments made by the preceding provisions of this section shall be applicable (1) 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 on the basis of an application filed in or after such month, and (2) in the case of a lump-sum death payment under such title based on an application filed in or after such month, but only if no person, other than the person filing such application, has filed an application for a lump-sum death payment under such title prior to the date of the enactment of this Act with respect to the death of the same individual.

PENALTY DEDUCTIONS UNDER FOREIGN WORK TEST

SEC. (47)~~209~~ *208*. (a) Section 203 (f) of the Social Security Act is amended by striking out "or (c)" wherever it appears and by striking out "or (c) (1)".

(b) No deduction shall be imposed on or after the date of the enactment of this Act under section 203 (f) of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in section 203 (c) of such Act; and no such deduction imposed prior to such date shall be collected after such date.

EXTENSION OF FILING PERIOD FOR HUSBAND'S, WIDOWER'S, OR PARENT'S BENEFITS IN CERTAIN CASES

SEC. ~~(48)210~~ *209*. (a) In the case of any husband who would not be entitled to husband's insurance benefits under section 202 (c) of the Social Security Act except for the enactment of this Act, the requirement in section 202 (c) (1) (C) of the Social Security Act relating to the time within which proof of support must be filed shall not apply if such proof of support is filed within two years after the month in which this Act is enacted.

(b) In the case of any widower who would not be entitled to widower's insurance benefits under section 202 (f) of the Social Security Act except for the enactment of this Act, the requirement in section 202 (f) (1) (D) of the Social Security Act relating to the time within which proof of support must be filed shall not apply if such proof of support is filed within two years after the month in which this Act is enacted.

(c) In the case of any parent who would not be entitled to parent's insurance benefits under section 202 (h) of the Social Security Act except for the enactment of this Act, the requirement in section 202 (h) (1) (B) of the Social Security Act relating to the time within which proof of support must be filed shall not apply if such proof of support is

filed within two years after the month in which this Act is enacted.

(49) *ACTUARIALLY REDUCED BENEFITS FOR MEN AT AGE 62*

SEC. 210. (a) Section 216(a) of the Social Security Act is amended to read as follows:

"Retirement Age

"(a) The term 'retirement age' means age sixty-two."

(b)(1) Subsection (q) of section 202 of such Act is amended to read as follows:

"ADJUSTMENT OF OLD-AGE, WIFE'S, AND HUSBAND'S INSURANCE BENEFIT AMOUNTS IN ACCORDANCE WITH AGE OF BENEFICIARY

"(q)(1) The old-age insurance benefit of any individual for any month prior to the month in which such individual attains the age of sixty-five shall be reduced by—

"(A) five-ninths of 1 per centum, multiplied by

"(B) the number equal to the number of months in the period beginning with the first day of the first month for which such individual is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which such individual would attain the age of sixty-five.

"(2) The wife's or husband's insurance benefit of any in-

dividual for any month after the month preceding the month in which such individual attains retirement age and prior to such individual's attainment month (as defined in paragraph (10)) shall be reduced by—

"(A) twenty-five thirty-sixths of 1 per centum, multiplied by

"(B) the number equal to the number of months in the period beginning with the first day of the first month for which such individual is entitled to such wife's or husband's insurance benefit and ending with the last day of the month before such individual's attainment month, except that in no event shall such period start earlier than the first day of the month in which such individual attains retirement age.

In the case of a woman entitled to wife's insurance benefits, the preceding provisions of this paragraph shall not apply to the benefit for any month in which she has in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence of this paragraph, if (in the case of a woman entitled to wife's insurance benefits) she does not have in such month such a child in her care (individually

or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based), she shall be deemed to have such a child in her care in such month for the purposes of the preceding sentence unless there is in effect for such month a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits as provided in this subsection. Any certificate filed pursuant to the preceding sentence shall be effective for purposes of such sentence—

"(i) for the month in which it is filed, and for any month thereafter, if in such month she does not have such a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based), and

"(ii) for the period of one or more consecutive months (not exceeding twelve) immediately preceding the month in which such certificate is filed which is designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefit is based)).

If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence

with the first day of the first month (i) for which she is entitled to a wife's insurance benefit, (ii) which occurs after the month preceding the month in which she attains retirement age, and (iii) for which such certificate is effective.

"(3) In the case of any individual who is or was entitled to a wife's or husband's insurance benefit to which paragraph (2) is applicable and who, for any month after the first month for which such individual is or was so entitled (but not for such first month or any earlier month) occurring prior to such individual's attainment month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month prior to such attainment month, shall (in lieu of the reduction provided in paragraph (1) in any case in which such paragraph would otherwise have applied to such old-age insurance benefit) be reduced by the sum of—

"(A) an amount equal to the amount by which such wife's or husband's (as the case may be) insurance benefit is reduced under paragraph (2) for such month (or, if such individual is not entitled to a wife's or husband's insurance benefit for such month, by an amount equal to the amount by which such benefit for the last month for which such individual was entitled to such a benefit was reduced), plus

"(B) if the old-age insurance benefit for such

month prior to reduction under this subsection exceeds such wife's or husband's (as the case may be) insurance benefit prior to reduction under this subsection and if paragraph (1) applied to such old-age insurance benefit, an amount equal to—

"(i) the number equal to the number of months specified in clause (B) of paragraph (1), multiplied by

"(ii) five-ninths of 1 per centum, and further multiplied by

"(iii) the excess of such old-age insurance benefit over such wife's or husband's (as the case may be) insurance benefit.

"(4) In the case of any individual who is entitled to an old-age insurance benefit and who, for the first month for which such individual is so entitled (but not for any prior month) or for any later month occurring prior to such individual's attainment month, is entitled to a wife's or husband's insurance benefit to which paragraph (2) is applicable, the amount of such wife's or husband's insurance benefit for any month prior to such attainment month, shall, in lieu of the reduction provided in paragraph (2), be reduced by the sum of—

"(A) an amount equal to the amount by which such old-age insurance benefit for such month is reduced

under paragraph (1) or (5) (if such paragraph applied to such old-age insurance benefit), plus

"(B) an amount equal to—

"(i) the number equal to the number of months specified in clause (B) of paragraph (2), multiplied by

"(ii) twenty-five thirty-sixths of 1 per centum, and further multiplied by

"(iii) the excess of such wife's or husband's insurance benefit (as the case may be) prior to reduction under this subsection over the old-age insurance benefit prior to reduction under this subsection.

"(5) In the case of any individual who is entitled to an old-age insurance benefit for the month in which such individual attains the age of sixty-five or any month thereafter, such benefit for such month shall, if such individual was also entitled to such benefit for any one or more months prior to the month in which such individual attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1) or (3), be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—

"(A) the number equal to the number of months

for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203(b),

and except that, in the case of any such benefit reduced under paragraph (3), there also shall be subtracted from the number specified in clause (B) of paragraph (2), for the purpose of computing the amount referred to in clause (A) of paragraph (3)—

"(B) the number equal to the number of months for which the wife's or husband's (as the case may be) insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203(b), under section 203(c), or under section 222(b),

"(C) in case of a wife's insurance benefit, the number equal to the number of months occurring after the first month for which such benefit was reduced under paragraph (2) in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

"(D) the number equal to the number of months for which such wife's or husband's (as the case may be) insurance benefit was reduced under such paragraph (2), but in or after which such individual's en-

titlement to wife's or husband's insurance benefits was terminated because such individual's spouse ceased to be under a disability, not including in such number of months any month after such termination in which such individual was entitled to wife's or husband's insurance benefits.

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three. For purposes of clauses (B) and (C) of this paragraph, the wife's or husband's insurance benefit of an individual shall not be considered terminated for any reason prior to such individual's attainment month.

"(6) In the case of any individual who is entitled to a wife's or husband's insurance benefit for such individual's attainment month, or any month thereafter, such benefit for such month shall, if such individual was also entitled to such benefit for any one or more months prior to such attainment month and such benefit for any such prior month was reduced under paragraph (2) or (4) be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—

"(A) the number equal to the number of months for which such benefit was reduced under such para-

graph, but for which such benefit was subject to deductions under section 203(b) (1) or (2), under section 203(c), or under section 222(b),

"(B) in case of a wife's insurance benefit, the number equal to the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and

"(C) the number equal to the number of months for which such wife's or husband's (as the case may be) insurance benefit was reduced under such paragraph, but in or after which such individual's entitlement to wife's or husband's insurance benefits was terminated because such individual's spouse ceased to be under a disability, not including in such number of months any month after such termination in which such individual was entitled to wife's or husband's insurance benefits,

and except that, in the case of any such benefit reduced under paragraph (4), there also shall be subtracted from the number specified in clause (B) of paragraph (1), for the purpose of computing the amount referred to in clause (A) of paragraph (4)—

"(D) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph (1) but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203(b).

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of the preceding sentence is not less than three.

"(7) In the case of an individual who is or was entitled to a wife's or husband's insurance benefit to which paragraph (6) was applicable and who, for such individual's attainment month (but not for any prior month) or for any later month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month shall be reduced by an amount equal to the amount by which the wife's or husband's (as the case may be) insurance benefit is reduced under paragraph (6) for such month (or, if such individual is not entitled to a wife's or husband's insurance benefit for such month, by (i) an amount equal to the amount by which such benefit for the last month for which such individual was entitled thereto was reduced, or (ii) if smaller, an amount equal to the amount by which such benefit would have been reduced under paragraph (6) for such individual's attainment month if entitlement to such benefit had not terminated before such month).

"(8) In the case of an individual who is entitled to an old-age insurance benefit to which paragraph (5) is applicable and who, for such individual's attainment month (but not for any prior month) or for any later month, is entitled to a wife's or husband's insurance benefit, the amount of such wife's or husband's insurance benefit for any month shall be reduced by an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (5).

"(9) The preceding paragraphs shall be applied to old-age insurance benefits, wife's insurance benefits, and husband's insurance benefits after reduction under section 203 (a) and application of section 215(g). If the amount of any reduction computed under paragraph (1), under paragraph (2), under clause (A) or clause (B) of paragraph (3), or under clause (A) or clause (B) of paragraph (4) is not a multiple of $0.10, it shall be reduced to the next lower multiple of $0.10.

"(10) For purposes of this subsection, an individual's 'attainment month' means—

"(A) in the case of a man entitled to husband's insurance benefits, the month in which he attains, or would attain, the age of sixty-five;

"(B) in the case of a woman entitled to wife's insurance benefits, the month in which she attains, or would

attain the age of sixty-five, or, if later, the month in which the individual (if entitled to old-age insurance benefits) on the basis of whose wages and self-employment income she is entitled to such benefits attains, or would attain, the age of sixty-five."

(2) Subsection (r) of section 202 of such Act is hereby repealed.

(3) Subsection (s) of section 202 of such Act is amended to read as follows:

"DISABILITY INSURANCE BENEFICIARY

"(s)(1) If any individual becomes entitled to a widow's insurance benefit, widower's insurance benefit, or parent's insurance benefit for a month before the month in which such individual attains the age of sixty-five, or becomes entitled to an old-age insurance benefit, wife's insurance benefit, or husband's insurance benefit for a month before the month in which such individual attains the age of sixty-five which is reduced under the provisions of subsection (q), such individual may not thereafter become entitled to disability insurance benefits under this title.

"(2) If an individual would, but for the provisions of subsection (k)(2)(B), be entitled for any month to a disability insurance benefit and to a wife's or husband's insurance benefit, subsection (q) shall be applicable to such wife's or husband's insurance benefit (as the case may be) for such

month only to the extent it exceeds such disability insurance benefit for such month.

"(3) The entitlement of any individual to disability insurance benefits shall terminate with the month before the month in which such individual becomes entitled to old-age insurance benefits."

(c)(1) Clause (C) of section 202(b)(1) is amended to read as follows:

"(C) is not entitled to old-age or disability insurance benefits or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of the primary insurance amount of her husband,"

(2) So much of such section 202(b)(1) as follows clause (C) is amended by striking out "she becomes entitled to an old-age or disability insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of an old-age insurance benefit of her husband,".

(3) Subsection (b)(2) of such section 202 is amended by striking out "old-age or disability insurance benefit" and inserting in lieu thereof "primary insurance amount".

(d)(1) Clause (D) of subsection (c)(1) of such section 202 is amended to read as follows:

"(D) is not entitled to old-age or disability in-

surance benefits, or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of the primary insurance amount of his wife,".

(2) So much of such section 202(b)(1) as follows clause (D) is amended by striking out "or he becomes entitled to an old-age or disability insurance benefit equal to or exceeding one-half of the primary insurance amount of his wife,".

(3) Subsection (c)(3) of such section 202 is amended by striking out "Such" and inserting in lieu thereof "Except as provided in subsection (q), such".

(e) Subsection 202(j)(3) of such Act is amended to read as follows:

(3) Notwithstanding the provisions of paragraph (1), an individual may, at his option, waive entitlement to old-age insurance benefits, wife's insurance benefits, or husband's insurance benefits for any one or more consecutive months which occur—

"(A) after the month before the month in which such individual attains retirement age,

"(B) prior to (i) in the case of a man, the month in which he attains the age of sixty-five, or (ii) in the

case of a woman, the month in which she attains the age of sixty-five or, if later, the month in which the individual (if entitled to old-age insurance benefits) on the basis of whose wages and self-employment income she is entitled to wife's insurance benefits attains the age of sixty-five, and

"(C) prior to the month in which such individual files application for such benefits,

and, in such case, such individual shall not be considered as entitled to such benefits for any such month or months before he filed such application. An individual shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero."

(f) Section 203(b)(3) is amended to read as follows:

"(3) in which such individual, if a wife entitled to wife's insurance benefits, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit and such wife's insurance benefit for such month was not reduced under the provisions of section 202(q) and such month occurred prior to the month in which she attained the

age of sixty-five or, if later, the month in which her husband (if entitled to old-age insurance benefits) attained the age of sixty-five; or".

(g) Section 3121(a)(9) of the Internal Revenue Code of 1954 is amended to read as follows:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of sixty-two, if such employee did not work for the employer in the period for which such payment is made; or".

(h)(1) The amendment made by subsection (a) shall apply only in the case of lump-sum death payments under section 202(i) of the Social Security Act with respect to deaths occurring after October 1960, and in the case of monthly benefits under title II of such Act for months after October 1960 on the basis of applications filed in or after the month in which this Act is enacted.

(2) For purposes of section 215(b)(3)(B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

(A) a man who attains the age of sixty-two prior to November 1960 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to November 1960 shall be deemed to

have attained the age of sixty-two in 1960 or, if earlier, the year in which he died;

(B) a man shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before November 1960 or the months in which he died, whichever month is the earlier; and

(C) the amendment made by subsection (a) shall not be applicable in the case of any man who was eligible for old-age insurance benefits under such section 202 for any month prior to November 1960.

A man shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of the Social Security Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

(3) For purposes of section 209(i) of such Act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after October 1960.

(i)(1) The amendments made by subsection (b) through (f) shall take effect November 1, 1960, and shall be applicable with respect to monthly benefits under title II of the Social Security Act for months after October 1960 and with respect to lump-sum death payments, for deaths occurring after October 1960.

(2) The amendment made by subsection (g) shall be

effective with respect to remuneration paid after October 1960.

(4) For purposes of section 214(a) of such Act (as it would be amended by this Act), the amendment made by subsection (a) shall not apply in the case of any individual who on, before, or after the date of enactment of this Act, becomes entitled to retirement benefits under the Teachers Pension and Annuity Fund of the State of New Jersey or to retirement benefits under the Public Employees Retirement System of the State of New Jersey.

(50) *INCREASE IN THE EARNED INCOME LIMITATION*

SEC. 211. (a)(1) Paragraphs (1) and (2) of subsection 203(e) of the Social Security Act are each amended by striking out "$1,200" wherever it appears therein and inserting in lieu thereof "$1,800", and (2) such paragraphs and paragraph (1) of subsection (g) of such section are each amended by striking out "$100 times" wherever it appears therein and inserting in lieu thereof "$150 times".

(b) The amendments made by subsection (a) shall be effective, in the case of any individual, with respect to taxable years of such individual ending after 1960.

(51) *SEC. 212. (a) Clause (3) of the first sentence of subsection (e) of section 216 of the Social Security Act is amended to read as follows: "(3) in the case of a deceased*

individual (A) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which such individual died, or (B) a child with respect to whom an individual has stood in loco parentis for not less than five years immediately preceding the day on which such individual died."

(b) Subsection (d) of section 202 of such Act is amended by adding at the end thereof the following new paragraph:

"(7) A child shall be deemed dependent upon the individual who stands in loco parentis with respect to such child at the time specified in paragraph (1)(C) if, at such time, the child was living with and was receiving at least three-fourths of his support from such individual."

TITLE III—BENEFIT AMOUNTS

INCREASE IN INSURANCE BENEFITS OF CHILDREN OF DECEASED WORKERS

SEC. 301. (a) The second sentence of section 202 (d) (2) of the Social Security Act is amended to read as follows: "Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual."

(b) The amendment made by this section shall apply

only with respect to monthly benefits under section 202 of the Social Security Act for months after the second month following the month in which this Act is enacted.

(c) Where—

(1) one or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under section 202 of such Act for the second month following the month in which this Act is enacted on the basis of the wages and self-employment income of a deceased individual (but not including any person who became so entitled by reason of section ~~(52)208~~ *207* of this Act); and

(2) no person, other than (i) those persons referred to in paragraph (1) of this subsection and (ii) those persons who are entitled to benefits under section 202 (d), (e), (f), or (g) of the Social Security Act but would not be so entitled except for the enactment of section ~~(53)208~~ *207* of this Act, is entitled to benefits under such section 202 on the basis of such individual's wages and self-employment income for any subsequent month or for any month after the second month following the month in which this Act is enacted and prior to such subsequent month; and

(3) the total of the benefits to which all persons referred to in paragraph (1) of this subsection are en-

titled under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income for such subsequent month exceeds the maximum of benefits payable, as provided in section 203 (a) of such Act, on the basis of such wages and self-employment income,

then the amount of the benefit to which each such person referred to in paragraph (1) of this subsection is entitled for such subsequent month shall be determined—

(4) in case such person is entitled to benefits under section 202 (e), (f), (g), or (h), as though this section and section (54)~~208~~ *207* had not been enacted, or

(5) in case such person is entitled to benefits under section 202 (d), as though (i) no person is entitled to benefits under section 202 (e), (f), (g), or (h) for such subsequent month, and (ii) the maximum of benefits payable, as described in paragraph (3), is such maximum less the amount of each person's benefit for such month determined pursuant to paragraph (4).

MAXIMUM FAMILY BENEFITS IN CERTAIN CASES

SEC. 302. (a) Section 203 (a) (3) of the Social Security Act is amended—

(1) by striking out "and is not less than $68, then such total of benefits shall not be reduced to less than the

smaller of" and inserting in lieu thereof ", then such total of benefits shall not be reduced to less than $99.10 if such primary insurance amount is $66, to less than $102.40 if such primary insurance amount is $67, to less than $106.50 if such primary insurance amount is $68, or, if such primary insurance amount is higher than $68, to less than the smaller of"; and

(2) by striking out "the last figure in column V of the table appearing in section 215 (a)" and inserting in lieu thereof "the amount determined under this subsection without regard to this paragraph, or $206.60, whichever is larger".

(b) The amendments made by subsection (a) shall apply only in the case of monthly benefits under section 202 or section 223 of the Social Security Act for months after the month following the month in which this Act is enacted, and then only (1) if the insured individual on the basis of whose wages and self-employment income such monthly benefits are payable became entitled (without the application of section 202 (j) (1) or section 223 (b) of such Act) to benefits under section 202 (a) or section 223 of such Act after the month following the month in which this Act is enacted, or (2) if such insured individual died before becoming so entitled and no person was entitled (without the application of section 202 (j) (1) or section 223 (b) of such Act) on the

basis of such wages and self-employment income to monthly benefits under title II of the Social Security Act for the month following the month in which this Act is enacted or any prior month.

COMPUTATIONS AND RECOMPUTATIONS OF PRIMARY INSURANCE AMOUNTS

SEC. 303. (a) Section 215(b) of the Social Security Act is amended to read as follows:

"(b) (1) For the purposes of column III of the table appearing in subsection (a) of this section, an individual's 'average monthly wage' shall be the quotient obtained by dividing—

"(A) the total of his wages paid in and self-employment income credited to his 'benefit computation years' (determined under paragraph (2)), by

"(B) the number of months in such years.

"(2) (A) The number of an individual's 'benefit computation years' shall be equal to the number of elapsed years (determined under paragraph (3) of this subsection), reduced by five; except that the number of an individual's benefit computation years shall in no case be less than two.

"(B) An individual's 'benefit computation years' shall be those computation base years, equal in number to the number determined under subparagraph (A), for which the total of his wages and self-employment income is the largest.

"(C) For the purposes of subparagraph (B), 'computation base years' include only calendar years occurring—

"(i) after December 31, 1950, and

"(ii) prior to the year in which the individual became entitled to old-age insurance benefits or died, whichever first occurred;

except that the year in which the individual became entitled to old-age insurance benefits or died, as the case may be, shall be included as a computation base year if the Secretary determines, on the basis of evidence available to him at the time of the computation of the primary insurance amount for such individual, that the inclusion of such year would result in a higher primary insurance amount. Any calendar year all of which is included in a period of disability shall not be included as a computation base year.

"(3) For the purposes of paragraph (2), an individual's 'elapsed years' shall be the number of calendar years—

"(A) after (i) December 31, 1950, or (ii) if later, December 31 of the year in which he attained the age of twenty-one, and

"(B) prior to (i) the year in which he died, or (ii) if earlier, the first year after December 31, 1960, in which he both was fully insured and had attained retirement age.

For the purposes of the preceding sentence, any calendar

year any part of which was included in a period of disability shall not be included in such number of calendar years.

"(4) The provisions of this subsection shall be applicable only in the case of an individual with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and—

"(A) who becomes entitled to benefits after December 1960 under section 202(a) or section 223; or

"(B) who dies after December 1960 without being entitled to benefits under section 202(a) or section 223; or

"(C) who files an application for a recomputation under subsection (f) (2) (A) after December 1960 and is (or would, but for the provisions of subsection (f) (6), be) entitled to have his primary insurance amount recomputed under subsection (f) (2) (A); or

"(D) who dies after December 1960 and whose survivors are (or would, but for the provisions of subsection (f) (6), be) entitled to a recomputation of his primary insurance amount under subsection (f) (4).

"(5) In the case of any individual—

"(A) to whom the provisions of this subsection are not made applicable by paragraph (4), but

"(B) (i) prior to 1961, met the requirements of this paragraph (including subparagraph (E) thereof)

as in effect prior to the enactment of the Social Security Amendments of 1960, or (ii) after 1960, meets the conditions of subparagraph (E) of this paragraph as in effect prior to such enactment,

then the provisions of this subsection as in effect prior to such enactment shall apply to such individual for the purposes of column III of the table appearing in subsection (a) of this section."

(b) Section 215(c)(2)(B) of such Act is amended to read as follows:

"(B) to whom the provisions of neither paragraph (4) nor paragraph (5) of subsection (b) are applicable."

(c)(1) Section 215(d)(1)(A) of such Act is amended to read as follows:

"(A) In the computation of such benefit, such individual's average monthly wage shall (in lieu of being determined under section 209(f) of this title as in effect prior to the enactment of such amendments) be determined as provided in subsection (b) of this section (but without regard to paragraphs (4) and (5) thereof), except that for the purposes of paragraphs (2)(C)(i) and (3)(A)(i) of subsection (b), De-

cember 31, 1936, shall be used instead of December 31, 1950."

(2) Section 215(d)(1)(C) of such Act is amended by striking out "any part" and inserting in lieu thereof "all"; and by striking out the last sentence thereof.

(3) Section 215(d)(2)(B) of such Act is amended by striking out "paragraph (5)" and inserting in lieu thereof "paragraph (4)".

(4) Section 215(d) of such Act is further amended by adding at the end thereof the following new paragraph:

"(3) The provisions of this subsection as in effect prior to the enactment of the Social Security Amendments of 1960 shall be applicable in the case of an individual who meets the requirements of subsection (b)(5) (as in effect after such enactment) but without regard to whether such individual has six quarters of coverage after 1950."

(d)(1) Effective with respect to individuals who become entitled to benefits under section 202(a) of the Social Security Act after 1960, section 215(e)(3) of such Act is amended to read as follows:

"(3) if an individual has self-employment income in a taxable year which begins prior to the calendar year in which he becomes entitled to old-age insurance bene-

fits and ends after the last day of the month preceding the month in which he becomes so entitled, his self-employment income in such taxable year shall not be counted in determining his benefit computation years, except as provided in subsection (f) (3) (C)."

(2) Effective with respect to individuals who meet any of the subparagraphs of paragraph (4) of section 215(b) of the Social Security Act, as amended by this Act, section 215(e) of the Social Security Act is further amended by inserting "and" after the semicolon at the end of paragraph (2) and by striking out paragraph (4).

(e) (1) Effective with respect to applications for recomputation under section 215(f) (2) of the Social Security Act filed after 1960, section 215(f) (2) of such Act is amended by striking out "1954" the first time it appears and inserting in lieu thereof "1960", and by striking out "no earlier than six months" in subparagraph (A) (iii).

(2) Section 215(f) (2) (B) of such Act is amended to read as follows:

"(B) A recomputation pursuant to subparagraph (A) shall be made—

"(i) only as provided in subsection (a) (1), if the provisions of subsection (b), as amended by the Social Security Amendments of 1960, were applicable to the

last previous computation of the individual's primary insurance amount, or

"(ii) as provided in subsection (a) (1) and (3), in all other cases.

Such recomputation shall be made as though the individual became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, except that if clause (i) of this subparagraph is applicable to such recomputation, the computation base years referred to in subsection (b) (2) shall include only calendar years occurring prior to the year in which he filed his application for such recomputation."

(3) Section 215 (f) (3) of such Act is amended to read as follows:

"(3) (A) Upon application by an individual—

"(i) who became entitled to old-age insurance benefits under section 202 (a) after December 1960, or

"(ii) whose primary insurance amount was recomputed as provided in paragraph (2) (B) (ii) of this subsection on the basis of an application filed after December 1960,

the Secretary shall recompute his primary insurance amount if such application is filed after the calendar year in which

he became entitled to old-age insurance benefits or in which he filed application for the recomputation of his primary insurance amount under clause (ii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made as provided in subsection (a) (1) and (3) of this section, except that such individual's computation base years referred to in subsection (b) (2) shall include the calendar year referred to in the preceding sentence. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed.

"(B) In the case of an individual who dies after December 1960 and—

"(i) who, at the time of death was not entitled to old-age insurance benefits under section 202 (a), or

"(ii) who became entitled to such old-age insurance benefits after December 1960, or

"(iii) whose primary insurance amount was recomputed under paragraph (2) of this subsection of the basis of an application filed after December 1960, or

"(iv) whose primary insurance amount was recomputed under paragraph (4) of this subsection,

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of such individual's wages and self-employment income. Such recomputation shall be made as provided in subsection (a) (1) and (3) of this section, except that such individual's computation base years referred to in subsection (b) (2) shall include the calendar year in which he died in the case of an individual who was not entitled to old-age insurance benefits at the time of death or whose primary insurance amount was recomputed under paragraph (4) of this subsection, or in all other cases, the calendar year in which he filed his application for the last previous computation of his primary insurance amount. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed.

"(C) In the case of an individual who becomes entitled to old-age insurance benefits in a calendar year after 1960, if such individual has self-employment income in a taxable year which begins prior to such calendar year and ends after the last day of the month preceding the month in which

he became so entitled, the Secretary shall recompute such individual's primary insurance amount after the close of such taxable year and shall take into account in determining the individual's benefit computation years only such self-employment income in such taxable year as is credited, pursuant to section 212, to the year preceding the year in which he became so entitled. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits."

(4) (A) Section 215(f)(4) of such Act is amended by striking out "1954" in the first sentence and inserting in lieu thereof "1960", and by striking out the second and third sentences and inserting in lieu thereof the following: "If the recomputation is permitted by subparagraph (A), the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2)(A) in the month in which he died. If the recomputation is permitted by subparagraph (B), the recomputation shall take into account only the wages and self-employment income which were considered in the last previous computation of his primary insurance amount and the compensation (described in section 205(o)) paid to him in the years in which such wages were paid or to which such self-employment income was credited.

(B) Effective in the case of deaths occurring on or after

the date of the enactment of this Act, the first sentence of such section 215 (f) (4) is further amended by striking out "(without the application of clause (iii) thereof)".

(f) Effective with respect to individuals who become entitled to benefits under section 223 of the Social Security Act after 1960, section 223 (a) (2) of such Act (as amended by section 402 (b) of this Act) is amended to read as follows:

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he had attained retirement age in—

"(A) the first month of his waiting period, or

"(B) in any case in which clause (ii) of paragraph (1) of this subsection is applicable, the first month for which he becomes entitled to such disability insurance benefits,

and as though he had become entitled to old-age insurance benefits in the month in which he filed his application for disability insurance benefits. For the purposes of the preceding sentence, in the case of (55) ~~a woman~~ *an individual* who both was fully insured and had attained retirement age in or before the first month referred to in subparagraph (A) or (B) of such sentence, as the case may be, the elapsed years referred to in section 215 (b) (3) shall not include the

first year in which (56)~~she~~ *such individual* both was fully insured and had attained retirement age, or any year thereafter."

(g) (1) In the case of any individual who both was fully insured and had attained retirement age prior to 1961 and (A) who becomes entitled to old-age insurance benefits after 1960, or (B) who dies after 1960 without being entitled to such benefits, then, notwithstanding the amendments made by the preceding subsections of this section, the Secretary shall also compute such individual's primary insurance amount on the basis of such individual's average monthly wage determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act with a closing date determined under section 215 (b) (3) (B) of such Act as then in effect, but only if such closing date would have been applicable to such computation had this section not been enacted. If the primary insurance amount resulting from the use of such an average monthly wage is higher than the primary insurance amount resulting from the use of an average monthly wage determined pursuant to the provisions of section 215 of the Social Security Act, as amended by the Social Security Amendments of 1960, such higher primary insurance amount shall be the individual's primary insurance amount for purposes of such section 215.

The terms used in this subsection shall have the meaning assigned to them by title II of the Social Security Act.

(2) Notwithstanding the amendments made by the preceding subsections of this section, in the case of any individual who was entitled (without regard to the provisions of section 223 (b) of the Social Security Act) to a disability insurance benefit under such section 223 for the month before the month in which he became entitled to an old-age insurance benefit under section 202 (a) of such Act, or in which he died, and such disability insurance benefit was based upon a primary insurance amount determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act, the Secretary shall, in applying the provisions of such section 215 (a) (except paragraph (4) thereof), for purposes of determining benefits payable under section 202 of such Act on the basis of such individual's wages and self-employment income, determine such individual's average monthly wage under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act. The provisions of this paragraph shall not apply with respect to any such individual, entitled to such old-age insurance benefits, (i) who applies, after 1960, for a recomputation (to which he is entitled) of his primary insurance amount under section 215 (f) (2) of such Act, or

(ii) who dies after 1960 and meets the conditions for a recomputation of his primary insurance amount under section 215 (f) (4) of such Act.

(h) In any case where application for recomputation under section 215 (f) (3) of the Social Security Act is filed on or after the date of the enactment of this Act with respect to an individual for whom the last previous computation of the primary insurance amount was based on an application filed prior to 1961, or who died before 1961, the provisions of section 215 of such Act as in effect prior to the enactment of this Act shall apply except that—

(1) such recomputation shall be made as provided in section 215 (a) of the Social Security Act (as in effect prior to the enactment of this Act) and as though such individual first became entitled to old-age insurance benefits in the month in which he filed his application for such recomputation or died without filing such an application, and his closing date for such purposes shall be as specified in such section 215 (f) (3) ; and

(2) the provisions of section 215 (b) (4) of the Social Security Act (as in effect prior to the enactment of this Act) shall apply only if they were applicable to the last previous computation of such individual's primary insurance amount, or would have been applicable

to such computation if there had been taken into account—

(A) his wages and self-employment income in the year in which he became entitled to old-age insurance benefits or filed application for the last previous recomputation of his primary insurance amount, where he is living at the time of the application for recomputation under this subsection, or

(B) his wages and self-employment income in the year in which he died without becoming entitled to old-age insurance benefits, or (if he was entitled to such benefits) the year in which application was filed for the last previous computation of his primary insurance amount or in which he died, whichever first occurred, where he has died at the time of the application for such recomputation.

If the primary insurance amount of an individual was recomputed under section 215 (f) (3) of the Social Security Act as in effect prior to the enactment of this Act, and such amount would have been larger if the recomputation had been made under such section as modified by this subsection, then the Secretary shall recompute such primary insurance amount under such section as so modified, but only if an application for such recomputation is filed on or after the

date of the enactment of this Act. A recomputation under the preceding sentence shall be effective for and after the first month for which the last previous recomputation of such individual's primary insurance amount under such section 215 was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for a recomputation is filed under the preceding sentence.

(i) (1) In the case of an application for a recomputation under section 215 (f) (2) of the Social Security Act filed after 1954 and prior to 1961, the provisions of section 215 (f) (2) of such Act in effect prior to the enactment of this Act shall apply.

(2) In the case of an individual who died after 1954 and prior to 1961 and who was entitled to an old-age insurance benefit under section 202 (a) at the time of his death, the provisions of section 215 (f) (4) of the Social Security Act in effect prior to the enactment of this Act shall apply.

(j) In the case of an individual whose average monthly wage is computed under the provisions of section 215 (b) of the Social Security Act, as amended by this Act, and—

(1) who is entitled, by reason of the provisions of section 202 (j) (1) or section 223 (b) of the Social Security Act, to a monthly benefit for any month prior to January 1961, or

(2) who is (or would, but for the fact that such

recomputation would not result in a higher primary insurance amount for such individual, be) entitled, by reason of section 215 (f) of the Social Security Act, to have his primary insurance amount recomputed effective for a month prior to January 1961,

his average monthly wage as determined under the provisions of such section 215 (b) shall be his average monthly wage for the purposes of determining his primary insurance amount for such prior month.

(b) Section 102 (f) (2) (B) of the Social Security Amendments of 1954 is amended by inserting after "Social Security Act" in the second sentence thereof "as in effect prior to the enactment of the Social Security Amendments of 1960"; and by striking out "bond" and inserting in lieu thereof "month".

ELIMINATION OF CERTAIN OBSOLETE RECOMPUTATIONS

SEC. 304. (a) The first sentence of section 215 (f) (5) of the Social Security Act is amended by striking out "after the close of such taxable year by such individual or (if he died without filing such application)" and inserting in lieu thereof the following: "by such individual after the close of such taxable year and prior to January 1961 or (if he died without filing such application and such death occurred prior to January 1961)".

(b) Section 102 (e) (5) of the Social Security Amend-

ments of 1954 is amended by adding at the end thereof the following new subparagraph:

"(D) Notwithstanding the provisions of subparagraphs (A), (B), and (C), the primary insurance amount of an individual shall not be recomputed under such provisions unless such individual files the application referred to in subparagraph (A) or (B) prior to January 1961 or, if he dies without filing such application, his death occurred prior to January 1961."

(c) Section 102(e)(8) of the Social Security Amendments of 1954 is amended by inserting before the period at the end thereof "but only if such individual files the application referred to in subparagraph (A) of such section prior to January 1961 or (if he dies without filing such application) his death occurred prior to January 1961".

(d) Section 5(c)(1) of the Social Security Act Amendments of 1952 is amended by adding at the end thereof the following new sentence: "Notwithstanding the preceding provisions of this paragraph, the primary insurance amount of an individual shall not be recomputed under such provisions unless such individual files the application referred to in clause (A) of the first sentence of this paragraph prior to January 1961 or, if he dies without filing such application, his death occurred prior to January 1961."

TITLE IV—DISABILITY INSURANCE BENEFITS AND THE DISABILITY FREEZE

ELIMINATION OF REQUIREMENT OF ATTAINMENT OF AGE FIFTY FOR DISABILITY INSURANCE BENEFITS

SEC. 401. (a) Section 223 (a) (1) (B) of the Social Security Act is amended by striking out "has attained the age of fifty and".

(b) The last sentence of section 223 (c) (3) of such Act is amended by striking out the semicolon and all that follows and inserting in lieu thereof a period.

(c) The amendments made by this section shall apply only with respect to monthly benefits under sections 202 and 223 of the Social Security Act for months after the month following the month in which this Act is enacted which are based on the wages and self-employment income of an individual who did not attain the age of fifty in or prior to the month following the month in which this Act is enacted, but only where applications for such benefits are filed in or after the month in which this Act is enacted.

ELIMINATION OF THE WAITING PERIOD FOR DISABILITY INSURANCE BENEFITS IN CERTAIN CASES

SEC. 402. (a) Section 223 (a) (1) of the Social Security Act is amended by striking out "shall be entitled to a disability insurance benefit for each month, beginning

with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits" and inserting in lieu thereof the following: "shall be entitled to a disability insurance benefit (i) for each month beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits, or (ii) for each month beginning with the first month during all of which he is under a disability and in which he becomes so entitled to such insurance benefits, but only if he was entitled to disability insurance benefits which terminated, or had a period of disability (as defined in section 216 (i)) which ceased, within the 60-month period preceding the first month in which he is under such disability,".

(b) Section 223 (a) (2) of such Act is amended to read as follows:

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in—

"(A) the first month of his waiting period, or

"(B) in any case in which clause (ii) of paragraph (1) of this subsection is applicable, the first

month for which he becomes so entitled to such disability insurance benefits."

(c) The first sentence of section 223(b) of such Act is amended to read as follows: "No application for disability insurance benefits shall be accepted as a valid application for purposes of this section (1) if it is filed more than nine months before the first month for which the applicant becomes entitled to such benefits, or (2) in any case in which clause (ii) of paragraph (1) of subsection (a) is applicable, if it is filed more than six months before the first month for which the applicant becomes entitled to such benefits; and any application filed within such nine months' period or six months' period, as the case may be, shall be deemed to have been filed in such first month."

(d) The second sentence of section 223(b) of such Act is amended by striking out "if he files application therefor" and inserting in lieu thereof "if he is continuously under a disability after such month and until he files application therefor, and he files such application".

(e)(1) The first sentence of section 216(i)(2) of such Act is amended to read as follows: "The term 'period of disability' means a continuous period (beginning and ending as hereinafter provided in this subsec-

tion) during which an individual was under a disability (as defined in paragraph (1)), but only if such period is of not less than six full calendar months' duration or such individual was entitled to benefits under section 223 for one or more months in such period."

(2) (A) The fifth sentence of such section 216(i)(2) is amended by inserting ", or, in any case in which clause (ii) of section 223(a)(1) is applicable, more than six months before the first month for which such applicant becomes entitled to benefits under section 223," after "(as determined under this paragraph)".

(B) Such section 216(i)(2) is further amended by adding at the end thereof the following new sentence: "Any application for a disability determination which is filed within such three months' period or six months' period shall be deemed to have been filed on such first day or in such first month, as the case may be."

(f) The amendments made by subsections (a) and (b) shall apply only with respect to benefits under section 223 of the Social Security Act for the month in which this Act is enacted and subsequent months. The amendment made by subsection (c) shall apply only in the case of applications for benefits under such section 223 filed after the seventh month before the month in which this Act is enacted. The amendment made by subsection (d) shall apply only in the

case of applications for benefits under such section 223 filed in or after the month in which this Act is enacted. The amendment made by subsection (e) shall apply only in the case of individuals who become entitled to benefits under such section 223 in or after the month in which this Act is enacted.

PERIOD OF TRIAL WORK BY DISABLED INDIVIDUAL

SEC. 403. (a) Section 222 of the Social Security Act is amended by striking out subsection (c) and inserting in lieu thereof the following:

"Period of Trial Work

"(c) (1) The term 'period of trial work', with respect to an individual entitled to benefits under section 223 or 202(d), means a period of months beginning and ending as provided in paragraphs (3) and (4).

"(2) For purposes of sections 216(i) and 223, any services rendered by an individual during a period of trial work shall be deemed not to have been rendered by such individual in determining whether his disability has ceased in a month during such period. For purposes of this subsection 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.

"(3) A period of trial work for any individual shall

begin with the month in which he becomes entitled to disability insurance benefits, or, in the case of an individual entitled to benefits under section 202 (d) who has attained the age of eighteen, with the month in which he becomes entitled to such benefits or the month in which he attains the age of eighteen, whichever is later. Notwithstanding the preceding sentence, no period of trial work may begin for any individual prior to the beginning of the month following the month in which this paragraph is enacted; and no such period may begin for an individual in a period of disability of such individual in which he had a previous period of trial work.

"(4) A period of trial work for any individual shall end with the close of whichever of the following months is the earlier:

"(A) 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

"(B) the month in which his disability (as defined in section 223 (c) (2)) ceases (as determined after application of paragraph (2) of this subsection).

"(5) In the case of an individual who becomes entitled to benefits under section 223 for any month as provided in clause (ii) of subsection (a) (1) of such section, the pre-

ceding provisions of this subsection shall not apply with respect to services in any month beginning with the first month for which he is so entitled and ending with the first month thereafter for which he is not entitled to benefits under section 223."

(b) Section 223 (a) (1) of such Act is amended by striking out "the first month in which any of the following occurs: his disability ceases, he dies, or he attains the age of sixty-five" and inserting in lieu thereof "whichever of the following months is the earliest: the month in which he dies, the month in which he attains the age of sixty-five, or the third month following the month in which his disability ceases".

(c) The fourth sentence of section 216 (i) (2) of such Act is amended by striking out "the first month in which either the disability ceases or the individual attains the age of sixty-five" and inserting in lieu thereof "the month preceding whichever of the following months is the earlier: the month in which the individual attains age sixty-five or the third month following the month in which the disability ceases".

(d) (1) The first sentence of section 202 (d) (1) of such Act is amended by inserting "or" before "attains the age of eighteen and is not under a disability (as defined in section 223 (c)) which began before he at-

tained such age" and by striking out ", or ceases to be under a disability (as so defined) on or after the day on which he attains age eighteen".

(2) Such section 202 (d) (1) is further amended by inserting after the first sentence the following new sentence: "Entitlement of any child to benefits under this subsection shall also end with the month preceding the third month following the month in which he ceases to be under a disability (as so defined) after the month in which he attains age eighteen."

(e) (1) The amendment made by subsection (a) shall be effective only with respect to months beginning after the month in which this Act is enacted.

(2) The amendments made by subsections (b) and (d) shall apply only with respect to benefits under section 223 (a) or 202 (d) of the Social Security Act for months after the month in which this Act is enacted in the case of individuals who, without regard to such amendments, would have been entitled to such benefits for the month in which this Act is enacted or for any succeeding month.

(3) The amendment made by subsection (c) shall apply only in the case of individuals who have a period of disability (as defined in section 216 (i) of the Social Security Act) beginning on or after the date of the enactment of this Act, or beginning before such date and continuing,

without regard to such amendment, beyond the end of the month in which this Act is enacted.

SPECIAL INSURED STATUS TEST IN CERTAIN CASES FOR DISABILITY PURPOSES

SEC. 404. (a) In the case of any individual who does not meet the requirements of section 216 (i) (3) of the Social Security Act with respect to any quarter, or who is not insured for disability insurance benefits as determined under section 223 (c) (1) of such Act with respect to any month in a quarter, such individual shall be deemed to have met such requirements with respect to such quarter or to be so insured with respect to such month of such quarter, as the case may be, if—

(1) he had a total of not less than twenty quarters of coverage (as defined in section 213 of such Act) during the period ending with the close of such quarter, and

(2) all of the quarters elapsing after 1950 and up to but excluding such quarter were quarters of coverage with respect to him and there were not fewer than six such quarters of coverage.

(b) Subsection (a) shall apply only in the case of applications for disability insurance benefits under section 223 of the Social Security Act, or for disability determinations under section 216 (i) of such Act, filed in or after the month

in which this Act is enacted, and then only with respect to an individual who, but for such subsection (a), would not meet the requirements for a period of disability under section 216(i) with respect to the quarter in which this Act is enacted or any prior quarter and would not meet the requirements for benefits under section 223 with respect to the month in which this Act is enacted or any prior month. No benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of the amendment made by such subsection.

TITLE V—EMPLOYMENT SECURITY

~~(57) PART 1—SHORT TITLE~~

~~SEC. 501. This title may be cited as the "Employment Security Act of 1960".~~

~~PART 2—EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING AMENDMENTS~~

~~AMENDMENT OF TITLE IX OF THE SOCIAL SECURITY ACT~~

~~SEC. 521. Title IX of the Social Security Act (42 U.S.C., see 1101 and following) is amended to read as follows:~~

"TITLE IX—MISCELLANEOUS PROVISIONS RELATING TO EMPLOYMENT SECURITY

"EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT

"Establishment of Account

SEC. 901. (a) There is hereby established in the Unemployment Trust Fund an employment security administration account.

"Appropriations to Account

"(b)(1) There is hereby appropriated to the Unemployment Trust Fund for credit to the employment security administration account, out of any moneys in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1961, and for each fiscal year thereafter, an amount equal to 100 per centum of the tax (including interest, penalties, and additions to the tax) received during the fiscal year under the Federal Unemployment Tax Act and covered into the Treasury.

"(2) The amount appropriated by paragraph (1) shall be transferred at least monthly from the general fund of the Treasury to the Unemployment Trust Fund and credited to the employment security administration account. Each such

transfer shall be based on estimates made by the Secretary of the Treasury of the amounts received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred, to the extent prior estimates (including estimates for the fiscal year ending June 30, 1960,) were in excess of or were less than the amounts required to be transferred.

"(3) The Secretary of the Treasury is directed to pay from time to time from the employment security administration account into the Treasury, as repayments to the account for refunding internal revenue collections, amounts equal to all refunds made after June 30, 1960, of amounts received as tax under the Federal Unemployment Tax Act (including interest on such refunds).

"Administrative Expenditures

"(c) (1) There are hereby authorized to be made available for expenditure out of the employment security administration account for the fiscal year ending June 30, 1961, and for each fiscal year thereafter—

"(A) such amounts (not in excess of $350,000,000 for any fiscal year) as the Congress may deem appropriate for the purpose of—

"(i) assisting the States in the administration of their unemployment compensation laws as provided in title III (including administration pur-

suant to agreements under any Federal unemployment compensation law, except the Temporary Unemployment Compensation Act of 1958, as amended),

"(ii) the establishment and maintenance of systems of public employment offices in accordance with the Act of June 6, 1933, as amended (29 U.S.C., secs. 49-49n), and

"(iii) carrying into effect section 2012 of title 38 of the United States Code;

"(B) such amounts as the Congress may deem appropriate for the necessary expenses of the Department of Labor for the performance of its functions under—

"(i) this title and titles III and XII of this Act,

"(ii) the Federal Unemployment Tax Act,

"(iii) the provisions of the Act of June 6, 1933, as amended,

"(iv) subchapter II of chapter 41 (except section 2012) of title 38 of the United States Code, and

"(v) any Federal unemployment compensation law, except the Temporary Unemployment Compensation Act of 1958, as amended.

"(2) The Secretary of the Treasury is directed to pay from the employment security administration account into the Treasury as miscellaneous receipts the amount estimated by him which will be expended during a three-month period by the Treasury Department for the performance of its functions under—

"(A) this title and titles III and XII of this Act, including the expenses of banks for servicing unemployment benefit payment and clearing accounts which are offset by the maintenance of balances of Treasury funds with such banks,

"(B) the Federal Unemployment Tax Act, and

"(C) any Federal unemployment compensation law with respect to which responsibility for administration is vested in the Secretary of Labor.

In determining the expenses taken into account under subparagraphs (B) and (C), there shall be excluded any amount attributable to the Temporary Unemployment Compensation Act of 1958, as amended. If it subsequently appears that the estimates under this paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Secretary of the Treasury in future payments.

"Additional Tax Attributable to Reduced Credits

"(d) (1) The Secretary of the Treasury is directed to transfer from the employment security administration account—

"(A) To the Federal unemployment account, an amount equal to the amount by which—

"(i) 100 per centum of the additional tax received under the Federal Unemployment Tax Act with respect to any State by reason of the reduced credits provisions of section 3302 (c) (2) or (3) of such Act and covered into the Treasury for the repayment of advances made to the State under section 1201, exceeds

"(ii) the amount transferred to the account of such State pursuant to subparagraph (B) of this paragraph.

Any amount transferred pursuant to this subparagraph shall be credited against, and shall operate to reduce, that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax.

"(B) To the account (in the Unemployment Trust Fund) of the State with respect to which employers

paid such additional tax, an amount equal to the amount by which such additional tax received and covered into the Treasury exceeds that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax.

If, for any taxable year, there is with respect to any State both a balance described in section 3302(c)(2) of the Federal Unemployment Tax Act and a balance described in section 3302(c)(3) of such Act, this paragraph shall be applied separately with respect to section 3302(c)(2) (and the balance described therein) and separately with respect to section 3302(c)(3) (and the balance described therein).

"(2) The Secretary of the Treasury is directed to transfer from the employment security administration account—

"(A) To the general fund of the Treasury, and amount equal to the amount by which—

"(i) 100 per centum of the additional tax received under the Federal Unemployment Tax Act with respect to any State by reason of the reduced credit provision of section 104 of the Temporary Unemployment Compensation Act of 1958, as amended, and covered into the Treasury, exceeds

"(ii) the amount transferred to the account

of such State pursuant to subparagraph (B) of this paragraph.

"(B) To the account (in the Unemployment Trust Fund) of the State with respect to which employers paid such additional tax, an amount equal to the amount by which—

"(i) such additional tax received and covered into the Treasury, exceeds

"(ii) the total amount restorable to the Treasury under section 104 of the Temporary Unemployment Compensation Act of 1958, as amended, as limited by Public Law 85-457.

(3) Transfers under this subsection shall be as of the beginning of the month succeeding the month in which the moneys were credited to the employment security administration account pursuant to subsection (b)(2).

"Revolving Fund

"(c)(1) There is hereby established in the Treasury a revolving fund which shall be available to make the advances authorized by this subsection. There are hereby authorized to be appropriated, without fiscal year limitation, to such revolving fund such amounts as may be necessary for the purposes of this section.

"(2) The Secretary of the Treasury is directed to advance from time to time from the revolving fund to

the employment security administration account such amounts as may be necessary for the purposes of this section. If the net balance in the employment security administration account as of the beginning of any fiscal year is $250,000,000, no advance may be made under this subsection during such fiscal year.

"(3) Advances to the employment security administration account made under this subsection shall bear interest until repaid at a rate equal to the average rate of interest (computed as of the end of the calendar month next preceding the date of such advance) borne by all interest-bearing obligations of the United States then forming a part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest shall be the multiple of one-eighth of 1 per centum next lower than such average rate.

"(4) Advances to the employment security administration account made under this subsection, plus interest accrued thereon, shall be repaid by the transfer from time to time, from the employment security administration account to the revolving fund, of such amounts as the Secretary of the Treasury, in consultation with the Secretary of Labor, determines to be available in the employment security administration account for such repayment. Any amount

transferred as a repayment under this paragraph shall be credited against, and shall operate to reduce, any balance of advances (plus accrued interest) repayable under this subsection.

"Determination of Excess and Amount To Be Retained in Employment Security Administration Account

"(f)(1) The Secretary of the Treasury shall determine as of the close of each fiscal year (beginning with the fiscal year ending June 30, 1961) the excess in the employment security administration account.

"(2) The excess in the employment security administration account as of the close of any fiscal year is the amount by which the net balance in such account as of such time (after the application of section 902(b) exceeds the net balance in the employment security administration account as of the beginning of that fiscal year (including the fiscal year for which the excess is being computed) for which the net balance was higher than as of the beginning of any other such fiscal year.

"(3) If the entire amount of the excess determined under paragraph (1) as of the close of any fiscal year is not transferred to the Federal unemployment account, there shall be retained (as of the beginning of the succeeding fiscal year) in the employment security administration account so

much of the remainder as does not increase the net balance in such account (as of the beginning of such succeeding fiscal year) above $250,000,000.

"(4) For the purposes of this section, the net balance in the employment security administration account as of any time is the amount in such account as of such time reduced by the sum of—

"(A) the amounts then subject to transfer pursuant to subsection (d), and

"(B) the balance of advances (plus interest accrued thereon) then repayable to the revolving fund established by subsection (c).

The net balance in the employment security administration account as of the beginning of any fiscal year shall be determined after the disposition of the excess in such account as of the close of the preceding fiscal year.

"TRANSFERS BETWEEN FEDERAL UNEMPLOYMENT ACCOUNT AND EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT

"Transfers to Federal Unemployment Account

"SEC. 902. (a) Whenever the Secretary of the Treasury determines pursuant to section 901(f) that there is an excess in the employment security administration account as of the close of any fiscal year, there shall be transferred (as of the beginning of the succeeding fiscal year) to the Federal unemployment account the total amount of such

excess or so much thereof as is required to increase the amount in the Federal unemployment account to whichever of the following is the greater:

"(1) $550,000,000, or

"(2) The amount (determined by the Secretary of Labor and certified by him to the Secretary of the Treasury) equal to four-tenths of 1 per centum of the total wages subject to contributions under all State unemployment compensation laws for the calendar year ending during the fiscal year for which the excess is determined.

"Transfers to Employment Security Administration Account

"(b) The amount, if any, by which the amount in the Federal unemployment account as of the close of any fiscal year exceeds the greater of the amounts specified in paragraphs (1) and (2) of subsection (a) shall be transferred to the employment security administration account as of the close of such fiscal year.

"AMOUNTS TRANSFERRED TO STATE ACCOUNTS

"In General

"SEC. 903. (a) (1) Except as provided in subsection (b), whenever, after the application of section 1203 with respect to the excess in the employment security administration account as of the close of any fiscal year, there remains any

portion of such excess, the remainder of such excess shall be transferred (as of the beginning of the succeeding fiscal year) to the accounts of the States in the Unemployment Trust Fund.

"(2) Each State's share of the funds to be transferred under this subsection as of any July 1—

"(A) shall be determined by the Secretary of Labor and certified by him to the Secretary of the Treasury before that date on the basis of reports furnished by the States to the Secretary of Labor before June 1, and

"(B) shall bear the same ratio to the total amount to be so transferred as the amount of wages subject to contributions under such State's unemployment compensation law during the preceding calendar year which have been reported to the State before May 1 bears to the total of wages subject to contributions under all State unemployment compensation laws during such calendar year which have been reported to the States before May 1.

"Limitations on Transfers

"(b) (1) If the Secretary of Labor finds that on July 1 of any fiscal year—

"(A) a State is not eligible for certification under section 303, or

"(B) the law of a State is not approvable under

section 3304 of the Federal Unemployment Tax Act, then the amount available for transfer to such State's account shall, in lieu of being so transferred, be transferred to the Federal unemployment account as of the beginning of such July 1. If, during the fiscal year beginning on such July 1, the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, that the law of such State is approvable under such section 3304, or both, the Secretary of the Treasury shall transfer such amount from the Federal unemployment account to the account of such State. If the Secretary of Labor does not so find and certify to the Secretary of the Treasury before the close of such fiscal year then the amount which was available for transfer to such State's account as of July 1 of such fiscal year shall (as of the close of such fiscal year) become unrestricted as to use as part of the Federal unemployment account.

"(2) The amount which, but for this paragraph, would be transferred to the account of a State under subsection (a) or paragraph (1) of this subsection shall be reduced (but not below zero) by the balance of advances made to the State under section 1201. The sum by which such amount is reduced shall—

"(A) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(B) be credited against, and operate to reduce—

"(i) first, any balance of advances made before the date of the enactment of the Employment Security Act of 1960 to the State under section 1201, and

"(ii) second, any balance of advances made on or after such date to the State under section 1201.

"Use of Transferred Amounts

"(c)(1) Except as provided in paragraph (2), amounts transferred to the account of a State pursuant to subsections (a) and (b) shall be used only in the payment of cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration.

"(2) A State may, pursuant to a specific appropriation made by the legislative body of the State, use money withdrawn from its account in the payment of expenses incurred by it for the administration of its unemployment compensation law and public employment offices if and only if—

"(A) the purposes and amounts were specified in the law making the appropriation,

"(B) the appropriation law did not authorize the obligation of such money after the close of the two-year period which began on the date of enactment of the appropriation law,

"(C) the money is withdrawn and the expenses are incurred after such date of enactment, and

"(D) the appropriation law limits the total amount which may be obligated during a fiscal year to an amount which does not exceed the amount by which (i) the aggregate of the amounts transferred to the account of such State pursuant to subsections (a) and (b) during such fiscal year and the four preceding fiscal years, exceeds (ii) the aggregate of the amounts used by the State pursuant to this subsection and charged against the amounts transferred to the account of such State during such five fiscal years.

For the purposes of subparagraph (D), amounts used by a State during any fiscal year shall be charged against equivalent amounts which were first transferred and which have not previously been so charged; except that no amount obligated for administration during any fiscal year many be charged against any amount transferred during a fiscal year earlier than the fourth preceding fiscal year.

"UNEMPLOYMENT TRUST FUND

"Establishment, etc.

"SEC. 904. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the 'Unemployment Trust Fund', hereinafter in this title

called the 'Fund'. The Secretary of the Treasury is authorized and directed to receive and hold in the Fund all moneys deposited therein by a State agency from a State unemployment fund, or by the Railroad Retirement Board to the credit of the railroad unemployment insurance account or the railroad unemployment insurance administration fund, or otherwise deposited in or credited to the Fund or any account therein. Such deposit may be made directly with the Secretary of the Treasury, with any depositary designated by him for such purpose, or with any Federal Reserve Bank.

"Investments

"(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in his judgment, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as of the

end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Obligations other than such special obligations may be acquired for the Fund only on such terms as to provide an investment yield not less than the yield which would be required in the case of special obligations if issued to the Fund upon the date of such acquisition. Advances made to the Federal unemployment account pursuant to section 1203 shall not be invested.

"Sale or Redemption of Obligations

"(c) Any obligations acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold at the market price, and such special obligations may be redeemed at par plus accrued interest.

"Treatment of Interest and Proceeds

"(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

"Separate Book Accounts

"(e) The Fund shall be invested as a single fund, but the Secretary of the Treasury shall maintain a separate book

account for each State agency, the employment security administration account, the Federal unemployment account, the railroad unemployment insurance account, and the railroad unemployment insurance administration fund and shall credit quarterly (on March 31, June 30, September 30, and December 31, of each year) to each account, on the basis of the average daily balance of such account, a proportionate part of the earnings of the Fund for the quarter ending on such date. For the purpose of this subsection, the average daily balance shall be computed—

"(1) in the case of any State account, by reducing (but not below zero) the amount in the account by the balance of advances made to the State under section 1201, and

"(2) in the case of the Federal unemployment account—

"(A) by adding to the amount in the account the aggregate of the reductions under paragraph (1), and

"(B) by subtracting from the sum so obtained the balance of advances made under section 1203 to the account.

"Payments to State Agencies and Railroad Retirement Board

"(f) The Secretary of the Treasury is authorized and directed to pay out of the Fund to any State agency such amount as it may duly requisition, not exceeding the amount standing to the account of such State agency at the time of such payment. The Secretary of the Treasury is authorized and directed to make such payments out of the railroad unemployment insurance account for the payment of benefits, and out of the railroad unemployment insurance administration fund for the payment of administrative expenses, as the Railroad Retirement Board may duly certify, not exceeding the amount standing to the credit of such account or such fund, as the case may be, at the time of such payment.

"Federal Unemployment Account

"(g) There is hereby established in the Unemployment Trust Fund a Federal unemployment account. There is hereby authorized to be appropriated to such Federal unemployment account a sum equal to (1) the excess of taxes collected prior to July 1, 1946, under title IX of this Act or under the Federal Unemployment Tax Act, over the total unemployment administrative expenditures made prior

to July 1, 1946, plus (2) the excess of taxes collected under the Federal Unemployment Tax Act after June 30, 1946, and prior to July 1, 1953, over the unemployment administrative expenditures made after June 30, 1946, and prior to July 1, 1953. As used in this subsection, the term 'unemployment administrative expenditures' means expenditures for grants under title III of this Act, expenditures for the administration of that title by the Social Security Board, the Federal Security Administrator, or the Secretary of Labor, and expenditures for the administration of title IX of this Act, or of the Federal Unemployment Tax Act, by the Department of the Treasury, the Social Security Board, the Federal Security Administrator, or the Secretary of Labor. For the purposes of this subsection, there shall be deducted from the total amount of taxes collected prior to July 1, 1943, under title IX of this Act, the sum of $40,561,886.43 which was authorized to be appropriated by the Act of August 24, 1937 (50 Stat. 754), and the sum of $18,451,846 which was authorized to be appropriated by section 11(b) of the Railroad Unemployment Insurance Act."

AMENDMENTS TO TITLE IX OF THE SOCIAL SECURITY ACT

SEC. 501. (a)(1) Section 902(2) of the Social Security Act is amended by striking out "$200,000,000" and inserting in lieu thereof "$500,000,000".

(2) The last sentence of such section 902 is amended by striking out "1202(c)" and inserting in lieu thereof "1203".

(b) Section 903(b) is amended to read as follows:

"(b)(1) If the Secretary of Labor finds that on July 1 of any fiscal year—

"(A) a State is not eligible for certification under section 303, or

"(B) the law of a State is not approvable under section 3304 of the Federal Unemployment Tax Act,

then the amount available for crediting to such State's account shall, in lieu of being so credited, be credited to the Federal unemployment account as of the beginning of such July 1. If, during the fiscal year beginning on such July 1, the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, that the law of such State is approvable under

such section 3304, or both, the Secretary of the Treasury shall transfer such amount from the Federal unemployment account to the account of such State. If the Secretary of Labor does not so find and certify to the Secretary of the Treasury before the close of such fiscal year then the amount which was available for credit to such State's account as of July 1 of such fiscal year shall (as of the close of such fiscal year) become unrestricted as to use as part of the Federal unemployment account.

"(2) The amount which, but for this paragraph, would be transferred to the account of a State under subsection (a) or paragraph (1) of this subsection shall be reduced (but not below zero) by the balance of advances made to the State under section 1201. The sum by which such amount is reduced shall—

"(A) be credited to the Federal unemployment account, and

"(B) be credited against, and operate to reduce—

"(i) first, any balance of advances made before the date of the enactment of the Social Security Amendments of 1960 to the State under section 1201, and

"(ii) second, any balance of advances made on or after such date to the State under section 1201."

(c) The last sentence of section 904(b) of such Act is amended by striking out "1202(c)" and inserting in lieu thereof "1203".

(d) Section 904(e)(2) of such Act is amended by striking out "1202(c)" and inserting in lieu thereof "1203".

AMENDMENT OF TITLE XII OF THE SOCIAL SECURITY ACT

SEC. (58)~~522~~ *502.* (a) Title XII of the Social Security Act (42 U.S.C., sec. 1321 and following) is amended to read as follows:

"TITLE XII—ADVANCES TO STATE UNEMPLOYMENT FUNDS

"ADVANCES TO STATE UNEMPLOYMENT FUNDS

"SEC. 1201. (a) (1) Advances shall be made to the States from the Federal unemployment account in the Unemployment Trust Fund as provided in this section, and shall be repayable, without interest, in the manner provided in sections (59)~~901 (d) (1), 903 (b) (2),~~ *903(b)(2)* and 1202. An advance to a State for the payment of compensation in any month may be made if—

"(A) the Governor of the State applies therefor no earlier than the first day of the preceding month, and

"(B) he furnishes to the Secretary of Labor his estimate of the amount of an advance which will be required by the State for the payment of compensation in such month.

"(2) In the case of any application for an advance under this section to any State for any month, the Secretary of Labor shall—

"(A) determine the amount (if any) which he finds will be required by such State for the payment of compensation in such month, and

"(B) certify to the Secretary of the Treasury the amount (not greater than the amount estimated by the Governor of the State) determined under subparagraph (A).

The aggregate of the amounts certified by the Secretary of Labor with respect to any month shall not exceed the amount which the Secretary of the Treasury reports to the Secretary of Labor is available in the Federal unemployment account for advances with respect to such month.

"(3) For purposes of this subsection—

"(A) an application for an advance shall be made on such forms, and shall contain such information and data (fiscal and otherwise) concerning the operation and administration of the State unemployment compensation law, as the Secretary of Labor deems necessary or relevant to the performance of his duties under this title,

"(B) the amount required by any State for the

payment of compensation in any month shall be determined with due allowance for contingencies and taking into account all other amounts that will be available in the State's unemployment fund for the payment of compensation in such month, and

"(C) the term 'compensation' means cash benefits payable to individuals with respect to their unemployment, exclusive of expenses of administration.

"(b) The Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, transfer from the Federal unemployment account to the account of the State in the Unemployment Trust Fund the amount certified under subsection (a) by the Secretary of Labor (but not exceeding that portion of the balance in the Federal unemployment account at the time of the transfer which is not restricted as to use pursuant to section 903 (b) (1)).

"REPAYMENT BY STATES OF ADVANCES TO STATE UNEMPLOYMENT FUNDS

"SEC. 1202. (60)*(a)* The Governor of any State may at any time request that funds be transferred from the account of such State to the Federal unemployment account in repayment of part or all of that balance of advances, made to such State under section 1201, specified in the request. The Secretary of Labor shall certify to the Secretary of the

Treasury the amount and balance specified in the request; and the Secretary of the Treasury shall promptly transfer such amount in reduction of such balance.

(61) "*(b)(1) There are hereby appropriated to the Unemployment Trust Fund for credit to the Federal unemployment account, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts by which—*

"(A) 100 per centum of the additional tax received under the Federal Unemployment Tax Act by reason of the reduced credits provisions of section 3302(c) (2) or (3) of such Act and covered into the Treasury, exceeds

"(B) the amounts appropriated by paragraph (2). Any amount appropriated by this paragraph shall be credited against, and shall operate to reduce, that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax.

"(2) Whenever the amount of such additional tax received and covered into the Treasury exceeds that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax, there is hereby appropriated to the Unemployment Trust Fund for credit to the account of such State, out of any moneys in

the Treasury not otherwise appropriated, an amount equal to such excess.

"(3) If, for any taxable year, there is with respect to any State both a balance described in section 3302(c)(2) of the Federal Unemployment Tax Act and a balance described in section 3302(c)(3) of such Act, paragraphs (1) and (2) shall be applied separately with respect to section 3302 (c)(2) (and the balance described therein) and separately with respect to section 3302(c)(3) (and the balance described therein).

"(4) The amounts appropriated by paragraphs (1) and (2) shall be transferred at the close of the month in which the moneys were covered into the Treasury to the Unemployment Trust Fund for credit to the Federal unemployment account or to the account of the State, as the case may be, as of the first day of the succeeding month."

"ADVANCES TO FEDERAL UNEMPLOYMENT ACCOUNT

"SEC. 1203. There are hereby authorized to be appropriated to the Federal unemployment account, as repayable advances (without interest), such sums as may be necessary to carry out the purposes of this title. (62) ~~Whenever, after the application of section 901(f)(3) with respect to the excess in the employment security administration account as~~

~~of the close of any fiscal year, there remains any portion of such excess, so much of such remainder as does not exceed the balance of advances made pursuant to this section shall be transferred to the general fund of the Treasury and shall be credited against, and shall operate to reduce, such balance of advances.~~

"DEFINITION OF GOVERNOR

"SEC. 1204. When used in this title, the term 'Governor' includes the Commissioners of the District of Columbia."

(b) (1) No amount shall be transferred on or after the date of the enactment of this Act from the Federal unemployment account to the account of any State in the Unemployment Trust Fund pursuant to any application made under section 1201 (a) of the Social Security Act as in effect before such date; except that, if—

(A) some but not all of an amount certified by the Secretary of Labor to the Secretary of the Treasury for transfer to the account of any State was transferred to such account before such date, and

(B) the Governor of such State, after the date of the enactment of this Act, requests the Secretary of the Treasury to transfer all or any part of the remainder to such account,

the Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, transfer from the

Federal unemployment account to the account of such State in the Unemployment Trust Fund the amount so requested or (if smaller) the amount available in the Federal unemployment account at the time of the transfer. No such amount shall be transferred under this paragraph after the one-year period beginning on the date of the enactment of this Act.

(2) For purposes of section 3302(c) of the Federal Unemployment Tax Act and titles IX and XII of the Social Security Act, if any amount is transferred pursuant to paragraph (1) to the unemployment account of any State, such amount shall be treated as an advance made before the date of the enactment of this Act.

AMENDMENTS TO THE FEDERAL UNEMPLOYMENT TAX ACT

(63) ~~Increase in Tax Rate~~

~~SEC. 523. (a) Section 3301 of the Internal Revenue Code of 1954 (relating to rate of tax under Federal Unemployment Tax Act) is amended—~~

~~(1) by striking out "1955" and inserting in lieu thereof "1961", and~~

~~(2) by striking out "3 percent" and inserting in lieu thereof "3.1 percent".~~

~~Computation of Credits Against Tax~~

(64) ~~(b)~~ *SEC. 503.* Section 3302 of (65) ~~such Code~~ *the Internal Revenue Code of 1954* (relating to credits against

tax) is amended by striking out subsection (c) and inserting in lieu thereof the following new subsections:

"(c) LIMIT ON TOTAL CREDITS.—

"(1) The total credits allowed to a taxpayer under this section shall not exceed 90 percent of the tax against which such credits are allowable.

"(2) If an advance or advances have been made to the unemployment account of a State under title XII of the Social Security Act before the date of the enactment of the (66)~~Employment Security Act of 1960,~~ *Social Security Amendments of 1960,* then the total credits (after applying subsections (a) and (b) and paragraph (1) of this subsection) otherwise allowable under this section for the taxable year in the case of a taxpayer subject to the unemployment compensation law of such State shall be reduced—

"(A) in the case of a taxable year beginning with the fourth consecutive January 1 as of the beginning of which there is a balance of such advances, by 5 percent of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State; and

"(B) in the case of any succeeding taxable year beginning with a consecutive January 1 as of the be-

ginning of which there is a balance of such advances, by an additional 5 percent, for each such succeeding taxable year, of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State.

"(3) If an advance or advances have been made to the unemployment account of a State under title XII of the Social Security Act on or after the date of the enactment of the (67)~~Employment Security Act of 1960,~~ *Social Security Amendments of 1960,* then the total credits (after applying subsections (a) and (b) and paragraphs (1) and (2) of this subsection) otherwise allowable under this section for the taxable year in the case of a taxpayer subject to the unemployment compensation law of such State shall be reduced—

"(A) (i) in the case of a taxable year beginning with the second consecutive January 1 as of the beginning of which there is a balance of such advances, by 10 percent of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State; and

"(ii) in the case of any succeeding taxable

year beginning with a consecutive January 1 as of the beginning of which there is a balance of such advances, by an additional 10 percent, for each such succeeding taxable year, of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State;

"(B) in the case of a taxable year beginning with the third or fourth consecutive January 1 as of the beginning of which there is a balance of such advances, by the amount determined by multiplying the wages paid by such taxpayer during such taxable year which are attributable to such State by the percentage (if any) by which—

"(i) 2.7 percent, exceeds

"(ii) the average employer contribution rate for such State for the calendar year preceding such taxable year; and

"(C) in the case of a taxable year beginning with the fifth or any succeeding consecutive January 1 as of the beginning of which there is a balance of such advances, by the amount determined by multiplying the wages paid by such taxpayer during such taxable year which are attributable to such State by the percentage (if any) by which—

"(i) the 5-year benefit cost rate applicable to such State for such taxable year or (if higher) 2.7 percent, exceeds

"(ii) the average employer contribution rate for such State for the calendar year preceding such taxable year.

"(d) DEFINITIONS AND SPECIAL RULES RELATING TO SUBSECTION (c).—

~~(68) "(1) RATE OF TAX DEEMED TO BE 3 PERCENT.—In applying subsection (c), the tax imposed by section 3301 shall be computed at the rate of 3 percent in lieu of 3.1 percent.~~

"~~(69)~~ ~~(2)~~ *(1)* WAGES ATTRIBUTABLE TO A PARTICULAR STATE.—For purposes of subsection (c), wages shall be attributable to a particular State if they are subject to the unemployment compensation law of the State, or (if not subject to the unemployment compensation law of any State) if they are determined (under rules or regulations prescribed by the Secretary or his delegate) to be attributable to such State.

"~~(70)~~ ~~(3)~~ *(2)* ADDITIONAL TAXES INAPPLICABLE WHERE ADVANCES ARE REPAID BEFORE NOVEMBER 10 OF TAXABLE YEAR.—Paragraph (2) or (3) of subsection (c) shall not apply with respect to any State for the taxable year if (as of the beginning of November 10

of such year) there is no balance of advances referred to in such paragraph.

"~~(71)~~ ~~(4)~~ *(3)* AVERAGE EMPLOYER CONTRIBUTION RATE.—For purposes of subparagraphs (B) and (C) of subsection (c) (3), the average employer contribution rate for any State for any calendar year is that percentage obtained by dividing—

"(A) the total of the contributions paid into the State unemployment fund with respect to such calendar year, by

"(B) the total of the remuneration subject to contributions under the State unemployment compensation law with respect to such calendar year.

For purposes of subparagraph (C) of subsection (c) (3), if the average employer contribution rate for any State for any calendar year (determined without regard to this sentence) equals or exceeds 2.7 percent, such rate shall be determined by increasing the amount taken into account under subparagraph (A) of the preceding sentence by the aggregate amount of employee payments (if any) into the unemployment fund of such State with respect to such calendar year which are to be used solely in the payment of unemployment compensation.

"~~(72)~~ ~~(5)~~ *(4)* 5-YEAR BENEFIT COST RATE.—For pur-

poses of subparagraph (C) of subsection (c) (3), the 5-year benefit cost rate applicable to any State for any taxable year is that percentage obtained by dividing—

"(A) one-fifth of the total of the compensation paid under the State unemployment compensation law during the 5-year period ending at the close of the second calendar year preceding such taxable year, by

"(B) the total of the remuneration subject to contributions under the State unemployment compensation law with respect to the first calendar year preceding such taxable year.

"~~(73)~~ ~~(6)~~ *(5)* ROUNDING.—If any percentage referred to in either subparagraph (B) or (C) of subsection (c) (3) is not a multiple of .1 percent, it shall be rounded to the nearest multiple of .1 percent.

"~~(74)~~ ~~(7)~~ *(6)* DETERMINATION AND CERTIFICATION OF PERCENTAGES.—The percentage referred to in subsection (c) (3) (B) or (C) for any taxable year for any State having a balance referred to therein shall be determined by the Secretary of Labor, and shall be certified by him to the Secretary of the Treasury before June 1 of such year, on the basis of a report furnished by such State to the Secretary of Labor before May 1 of such year. Any such State report shall be made as

of the close of March 31 of the taxable year, and shall be made on such forms, and shall contain such information, as the Secretary of Labor deems necessary to the performance of his duties under this section.

"(75) ~~(8)~~ *(7)* CROSS REFERENCE.—

"For reduction of total credits allowable under subsection (c), see section 104 of the Temporary Unemployment Compensation Act of 1958."

(76) ~~Effective Date~~

~~(c) The amendments made by subsection (a) shall apply only with respect to the calendar year 1961 and calendar years thereafter.~~

CONFORMING (77) ~~AMENDMENTS~~ *AMENDMENT*

(78) ~~SEC. 521. (a) Section 301 of the Social Security Act is amended to read as follows:~~

~~"APPROPRIATIONS~~

~~"SEC. 301. The amounts made available pursuant to section 901 (c) (1) (A) for the purpose of assisting the States in the administration of their unemployment compensation laws shall be used as hereinafter provided."~~

(79) ~~(b)~~ *SEC. 504.* Section 104 of the Temporary Unemployment Compensation Act of 1958, as amended, is (80) ~~amended—~~ *amended*

(81) ~~(1) by striking out subsection (b); and~~

~~(2) by amending subsection (a) by striking out the heading and "(a)",~~ and by striking out "by De-

cember 1" and inserting in lieu thereof "before November 10".

(82) PART 3—EXTENSION OF COVERAGE UNDER UNEMPLOYMENT COMPENSATION PROGRAM

FEDERAL INSTRUMENTALITIES

SEC. 531. (a) Section 3305(b) of the Internal Revenue Code of 1954 is amended to read as follows:

"(b) FEDERAL INSTRUMENTALITIES IN GENERAL.—The legislature of any State may require any instrumentality of the United States (other than an instrumentality to which section 3306(c)(6) applies), and the individuals in its employ, to make contributions to an unemployment fund under a State unemployment compensation law approved by the Secretary of Labor under section 3304 and (except as provided in section 5240 of the Revised Statutes, as amended (12 U.S.C., sec. 484), and as modified by subsection (c)), to comply otherwise with such law. The permission granted in this subsection shall apply (A) only to the extent that no discrimination is made against such instrumentality, so that if the rate of contribution is unifrom upon all other persons subject to such law on account of having individuals in their employ, and upon all employees of such persons, respectively, the contributions required of such instrumentality or the individuals in its employ shall not be at a greater rate than is required of such other persons and such em-

ployees, and if the rates are determined separately for different persons or classes of persons having individuals in their employ or for different classes of employees, the determination shall be based solely upon unemployment experience and other factors bearing a direct relation to unemployment risk; (B) only if such State law makes provision for the refund of any contributions required under such law from an instrumentality of the United States or its employees for any year in the event such State is not certified by the Secretary of Labor under section 3304 with respect to such year; and (C) only if such State law makes provision for the payment of unemployment compensation to any employee of any such instrumentality of the United States in the same amount, on the same terms, and subject to the same conditions as unemployment compensation is payable to employees of other employers under the State unemployment compensation law."

(b) The third sentence of section 3305(g) of such Code is amended by striking out "not wholly" and inserting in lieu thereof "neither wholly nor partially".

(c) Section 3306(c)(6) of such Code is amended to read as follows:

"(6) service performed in the employ of the United States Government or of an instrumentality of the United States which is—

"(A) wholly or partially owned by the United States, or

"(B) exempt from the tax imposed by section 3301 by virtue of any provision of law which specifically refers to such section (or the corresponding section of prior law) in granting such exemption;".

(d)(1) Chapter 23 of such Code is amended by renumbering section 3308 as section 3309 and by inserting after section 3307 the following new section:

"SEC. 3308. INSTRUMENTALITIES OF THE UNITED STATES.

"Notwithstanding any other provision of law (whether enacted before or after the enactment of this section) which grants to any instrumentality of the United States an exemption from taxation, such instrumentality shall not be exempt from the tax imposed by section 3301 unless such other provision of law grants a specific exemption, by reference to section 3301 (or the corresponding section of prior law), from the tax imposed by such section."

(2) The table of sections for such chapter is amended by striking out the last line and inserting in lieu thereof the following:

"Sec. 3308. Instrumentalities of the United States.
"Sec. 3309. Short title."

(e) So much of the first sentence of section 1501(a) of the Social Security Act as precedes paragraph (1) is

amended by striking out "wholly" and inserting in lieu thereof "wholly or partially".

(f) The first sentence of section 1507(a) of the Social Security Act is amended by striking out "wholly" and inserting in lieu thereof "wholly or partially".

(83) AMERICAN AIRCRAFT

SEC. 532. (a) So much of section 3306(c) of the Internal Revenue Code of 1954 as precedes paragraph (1) thereof is amended by striking out "or (B) on or in connection with an American vessel" and all that follows down through the phrase "outside the United States," and by inserting in lieu thereof the following: "or (B) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States,".

(b) Section 3306(c)(4) of such Code is amended to read as follows:

"(4) service performed on or in connection with a vessel or aircraft not an American vessel or American aircraft, if the employee is employed on and in connec-

tion with such vessel or aircraft when outside the United States;".

(c) Section 3306(m) of such Code is amended—

(1) by striking out the heading and inserting in lieu thereof the following:

"(m) AMERICAN VESSEL AND AIRCRAFT."; and

(2) by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: "and the term 'American aircraft' means an aircraft registered under the laws of the United States."

(84) FEEDER ORGANIZATIONS, ETC.

SEC. 533. Section 3306(c)(8) of the Internal Revenue Code of 1954 is amended to read as follows:

"(8) service performed in the employ of a religious, charitable, educational, or other organization described in section 501(c)(3) which is exempt from income tax under section 501(a);".

(85) FRATERNAL BENEFICIARY SOCIETIES, AGRICULTURAL ORGANIZATIONS, VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATIONS, ETC.

SEC. 534. Section 3306(c)(10) of the Internal Revenue Code of 1954 is amended to read as follows:

"(10)(A) service performed in any calendar quarter in the employ of any organization exempt from income tax under section 501(a) (other than an or-

ganization described in section 401(a)) or under section 521, if the remuneration for such service is less than $50, or

"(B) 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;".

(86) EFFECTIVE DATE

SEC 535. The amendments made by this part (other than the amendments made by subsections (c) and (f) of section 531) shall apply with respect to remuneration paid after 1961 for services performed after 1961. The amendments made by subsections (c) and (f) of section 531 shall apply with respect to any week of unemployment which begins after December 31, 1960.

(87) PART 4—EXTENSION OF FEDERAL-STATE UNEMPLOYMENT COMPENSATION PROGRAM TO PUERTO RICO

EXTENSION OF FEDERAL-STATE UNEMPLOYMENT COMPENSATION PROGRAM TO PUERTO RICO

(88) EXTENSION OF TITLES III, IX, AND XII OF THE SOCIAL SECURITY ACT

SEC. 541. Effective on and after January 1, 1961, paragraphs (1) and (2) of section 1101(a) of the Social Security Act are amended to read as follows:

"(1) The term 'State', except where otherwise

~~provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles I, IV, V, VII, X, and XIV includes the Virgin Islands and Guam.~~

~~"(2) The term 'United States' when used in a geographical sense means, except where otherwise provided, the States, the District of Columbia, and the Commonwealth of Puerto Rico."~~

EXTENSION OF TITLES III, IX, AND XII OF THE SOCIAL SECURITY ACT

SEC. 505. Effective on and after January 1, 1961, paragraphs (1) and (2) of section 1101(a) of the Social Security Act are amended to read as follows:

"(1) The term 'State', except where otherwise provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles I, IV, V, VII, X, and XIV includes the Virgin Islands and Guam.

"(2) The term 'United States' when used in a geographical sense means, except where otherwise provided, the States, the District of Columbia, and the Commonwealth of Puerto Rico."

(89) FEDERAL EMPLOYEES AND EX-SERVICEMEN

SEC. 542. (a) (1) Effective with respect to weeks of unemployment beginning after December 31, 1965, section 1503 (b) of such Act is amended by striking out "Puerto Rico or".

(2) Effective with respect to first claims filed after December 31, 1965, paragraph (3) of section 1504 of such Act is amended by striking out "Puerto Rico or" wherever appearing therein.

(b) (1) Effective on and after January 1, 1961 (but only in the case of weeks of unemployment beginning before January 1, 1966)—

(A) Section 1502 (b) of such Act is amended by striking out "(b) Any" and inserting in lieu thereof "(b) (1) Except as provided in paragraph (2), any", and by adding at the end thereof the following new paragraph:

"(2) In the case of the Commonwealth of Puerto Rico, the agreement shall provide that compensation will be paid by the Commonwealth of Puerto Rico to any Federal employee whose Federal service and Federal wages are assigned under section 1504 to such Commonwealth, with respect to unemployment after December 31, 1960 (but only in the case of weeks of unemployment beginning before January 1, 1966), in the same amount, on the same terms, and subject

to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages. In applying this paragraph or subsection (b) of section 1503, as the case may be, employment and wages under the unemployment compensation law of the Commonwealth of Puerto Rico shall not be combined with Federal service or Federal wages."

(B) Section 1503(a) of such Act is amended by adding at the end thereof the following: "For the purposes of this subsection, the term 'State' does not include the Commonwealth of Puerto Rico."

(C) Section 1503(b) of such Act is amended by adding at the end thereof the following: "This subsection shall apply in respect of the Commonwealth of Puerto Rico only if such Commonwealth does not have an agreement under this title with the Secretary."

(2) Effective on and after January 1, 1961 (but only

~~in the case of first claims filed before January 1, 1966), section 1504 of such Act is amended by adding after and below paragraph (3) the following:~~

~~"For the purposes of paragraph (2), the term 'United States' does not include the Commonwealth of Puerto Rico."~~

~~(c) Effective on and after January 1, 1961—~~

~~(1) section 1503(d) of such Act is amended by striking out "Puerto Rico and", and by striking out "agencies" each place it appears and inserting in lieu thereof "agency"; and~~

~~(2) section 1511(c) of such Act is amended by striking out "Puerto Rico or".~~

~~(d) The last sentence of section 1501(a) of such Act is amended to read as follows:~~

~~"For the purpose of paragraph (5) of this subsection, the term 'United States' when used in the geographical sense means the States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands."~~

FEDERAL EMPLOYEES AND EX-SERVICEMEN

SEC. 506. (a)(1) Effective with respect to weeks of unemployment beginning after December 31, 1965, section 1503(b) of such Act is amended by striking out "Puerto Rico or".

(2) Effective with respect to first claims filed after December 31, 1965, paragraph (3) of section 1504 of

such Act is amended by striking out "Puerto Rico or" wherever appearing therein.

(b)(1) Effective on and after January 1, 1961 (but only in the case of weeks of unemployment beginning before January 1, 1966)—

(A) Section 1502(b) of such Act is amended by striking out "(b) Any" and inserting in lieu thereof "(b)(1) Except as provided in paragraph (2), any", and by adding at the end thereof the following new paragraph:

"(2) In the case of the Commonwealth of Puerto Rico, the agreement shall provide that compensation will be paid by the Commonwealth of Puerto Rico to any Federal employee whose Federal service and Federal wages are assigned under section 1504 to such Commonwealth, with respect to unemployment after December 31, 1960 (but only in the case of weeks of unemployment beginning before January 1, 1966), in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any

compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages. In applying this paragraph or subsection (b) of section 1503, as the case may be, employment and wages under the unemployment compensation law of the Commonwealth of Puerto Rico shall not be combined with Federal service or Federal wages."

(B) Section 1503(a) of such Act is amended by adding at the end thereof the following: "For the purposes of this subsection, the term 'State' does not include the Commonwealth of Puerto Rico."

(C) Section 1503(b) of such Act is amended by adding at the end thereof the following: "This subsection shall apply in respect of the Commonwealth of Puerto Rico only if such Commonwealth does not have an agreement under this title with the Secretary."

(2) Effective on and after January 1, 1961 (but only in the case of first claims filed before January 1, 1966), section 1504 of such Act is amended by adding after and below paragraph (3) the following:

"For the purposes of paragraph (2), the term 'United States' does not include the Commonwealth of Puerto Rico."

(c) Effective on and after January 1, 1961—

(1) section 1503(d) of such Act is amended by

striking out "Puerto Rico and", and by striking out "agencies" each place it appears and inserting in lieu thereof "agency"; and

(2) section 1511(e) of such Act is amended by striking out "Puerto Rico or".

(d) The last sentence of section 1501(a) of such Act is amended to read as follows:

"For the purpose of paragraph (5) of this subsection, the term 'United States' when used in the geographical sense means the States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands."

~~(90) EXTENSION OF FEDERAL UNEMPLOYMENT TAX ACT~~

~~SEC. 543. (a) Effective with respect to remuneration paid after December 31, 1960, for services performed after such date, section 3306(j) of the Internal Revenue Code of 1954 is amended to read as follows:~~

~~"(j) STATE, UNITED STATES, AND CITIZEN. For purposes of this chapter—~~

~~"(1) STATE. The term 'State' includes the District of Columbia and the Commonwealth of Puerto Rico.~~

~~"(2) UNITED STATES. The term 'United States' when used in a geographical sense includes the States' the District of Columbia, and the Commonwealth of Puerto Rico.~~

~~An individual who is a citizen of the Commonwealth of~~

Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States."

(b) The unemployment compensation law of the Commonwealth of Puerto Rico shall be considered as meeting the requirements of—

(1) Section 3304(a)(2) of the Federal Unemployment Tax Act, if such law provides that no compensation is payable with respect to any day of unemployment occurring before January 1, 1959.

(2) Section 3304(a)(3) of the Federal Unemployment Tax Act and section 303(a)(4) of the Social Security Act, if such law contains the provisions required by those sections and if it requires that, on or before February 1, 1961, there be paid over to the Secretary of the Treasury, for credit to the Puerto Rico account in the Unemployment Trust Fund, an amount equal to the excess of—

(A) the aggregate of the moneys received in the Puerto Rico unemployment fund before January 1, 1961, over

(B) the aggregate of the moneys paid from such fund before January 1, 1961, as unemployment compensation or as refunds of contributions erroneously paid.

(90) *EXTENSION OF FEDERAL UNEMPLOYMENT TAX ACT*

SEC. 507. (a) Effective with respect to remuneration paid after December 31, 1960, for services performed after such date, section 3306(j) of the Internal Revenue Code of 1954 is amended to read as follows:

"(j) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

"(1) STATE.—The term 'State' includes the District of Columbia and the Commonwealth of Puerto Rico.

"(2) UNITED STATES.—The term 'United States' when used in a geographical sense includes the States, the District of Columbia, and the Commonwealth of Puerto Rico.

An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States."

(b) The unemployment compensation law of the Commonwealth of Puerto Rico shall be considered as meeting the requirements of—

(1) Section 3304(a)(2) of the Federal Unemployment Tax Act, if such law provides that no compensation is payable with respect to any day of unemployment occurring before January 1, 1959.

(2) Section 3304(a)(3) of the Federal Unem-

ployment Tax Act and section 303(a)(4) of the Social Security Act, if such law contains the provisions required by those sections and if it requires that, on or before February 1, 1961, there be paid over to the Secretary of the Treasury, for credit to the Puerto Rico account in the Unemployment Trust Fund, an amount equal to the excess of—

(A) the aggregate of the moneys received in the Puerto Rico unemployment fund before January 1, 1961, over

(B) the aggregate of the moneys paid from such fund before January 1, 1961, as unemployment compensation or as refunds of contributions erroneously paid.

(91) ~~TITLE VI—MEDICAL SERVICES FOR THE AGED~~

~~ESTABLISHMENT OF PROGRAM~~

~~SEC. 601. The Social Security Act is amended by adding at the end thereof the following new title:~~

~~"TITLE XVI—MEDICAL SERVICES FOR THE AGED~~

~~"APPROPRIATION~~

~~"SEC. 1601. For the purpose of enabling each State, as far as practicable under the conditions in such State, to assist aged individuals of low income in meeting their medical expenses, there is hereby authorized to be appropriated~~

for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for medical services for the aged.

"STATE PLANS

"SEC. 1602. (a) A State plan for medical services for the aged must—

"(1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(2) provide for financial participation by the State;

"(3) provide for the establishment or designation of a single State agency to administer or supervise the administration of the plan;

"(4) provide that medical services with respect to which payments are made under the plan shall include both institutional and noninstitutional medical services;

"(5) include reasonable standards, consistent with the objectives of this title, for determining the eligibility of individuals for medical benefits under the plan and the amounts thereof, and provide that no benefits under the plan will be furnished any individual who is not an eligible individual (as defined in section 1605);

"(6) provide that all individuals wishing to apply for medical benefits under the plan shall have opportunity to do so, and that such benefits shall be furnished with reasonable promptness to all individuals making application therefor who are eligible for medical benefits under the plan;

"(7) provide that no benefits will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2, aid to dependent children under the State plan approved under section 402, aid to the blind under the State plan approved under section 1002, or aid to the permanently and totally disabled under the State plan approved under section 1402 (and for purposes of this paragraph an individual shall not be deemed to have received such assistance or aid with respect to any month unless he received such assistance or aid in the form of money payments for such month, or in the form of medical or any other type of remedial care in such month (without regard to when the expenditures in the form of such care were made));

"(8) provide that no lien may be imposed against the property of any individual prior to his death on account of benefits paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court

on account of benefits incorrectly paid on behalf of such individual), and that there shall be no adjustment or recovery (except, after the death of such individual and his surviving spouse, if any, from such individual's estate) of any benefits correctly paid on behalf of any individual under the plan;

"(9) provide that no enrollment fee, premium, or similar charge will be imposed as a condition of any individual's eligibility for medical benefits under the plan;

"(10) provide that benefits under the plan shall not be greater in amount, duration, or scope than the assistance furnished under a plan of such State approved under section 2—

"(A) in the form of medical or any other type of remedial care, and

"(B) in the form of money payments to the extent that amounts are included in such payments because of the medical needs of the recipients;

"(11) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for medical benefits under the plan is denied or is not acted upon with reasonable promptness;

"(12) provide such methods of administration (including methods relating to the establishment and main-

tenance 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;

"(13) provide safeguards which restrict the use or disclosure of information concerning applicants for and recipients of benefits under the plan to purposes directly connected with the administration of the plan;

"(14) provide for establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for—

"(A) hospitals providing hospital services,

"(B) nursing homes providing skilled nursing home services, and

"(C) agencies providing organized home care services,

for which expenditures are made under the plan;

"(15) include methods for determining—

"(A) rates of payment for institutional services, and

"(B) schedules of fees or rates of payment for other medical services,

for which expenditures are made under the plan;

"(16) to the extent required by regulations prescribed by the Secretary, include provisions (conforming to such regulations) with respect to the furnishing of medical benefits to eligible individuals who are residents of the State but absent therefrom; and

"(17) 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.

"(b) The Secretary shall approve any State plan which complies with the requirements of subsection (a), except that he shall not approve any plan which imposes as a condition of eligibility for medical benefits under the plan—

"(1) an age requirement of more than sixty-five years;

"(2) any citizenship requirement which excludes any citizen of the United States; or

"(3) any residence requirement which excludes any individual who resides in the State.

"(c) Notwithstanding subsection (b), the Secretary shall not approve any State plan for medical services for the aged unless the State has established to his satisfaction that the approval and operation of the plan will not result in

a reduction in old-age assistance under the plan of such State approved under section 2, aid to dependent children under the plan of such State approved under section 402, aid to the blind under the plan of such State approved under section 1002, or aid to the permanently and totally disabled under the plan of such State approved under section 1402.

"PAYMENTS

"SEC. 1603. (a) From the sums appropriated therefor, there shall be paid to each State which has a plan approved under section 1602, for each calendar quarter, beginning with the quarter commencing July 1, 1961—

"(1) in the case of any State other than the Commonwealth of Puerto Rico, the Virgin Islands, and Guam, an amount equal to the Federal percentage (as defined in section 1101(a)(8)) of the total amounts expended during such quarter for medical benefits under the State plan;

"(2) in the case of the Commonwealth of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total amounts expended during such quarter for medical benefits under the State plan; and

"(3) in the case of any State, 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;

except that there shall not be counted as an expenditure for purposes of paragraph (1) or (2) any amount expended for an individual during a benefit year of such individual—

"(A) for inpatient hospital services after expenditures have been made for the cost of 120 days of such services for such individual during such year, or

"(B) for laboratory and X-ray services (which do not constitute inpatient hospital services) after expenditures of $200 have been made for such individual during such year, or

"(C) for prescribed drugs (which do not constitute inpatient hospital services) after expenditures of $200 have been made for such individual during such year.

"(b) Prior to the beginning of each quarter, the Secretary shall estimate the amounts to be paid to each State under subsection (a) for such quarter, such estimates to be based on (1) 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 (2) such other investigation as the Secretary may find necessary. 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 thus subsection, shall then be paid to the State, through the disbursing facilities of the Treasury Department, in such installments as the Secretary may determine. The reductions under the preceding sentence shall include the pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered by the State or any political subdivision thereof with respect to medical benefits furnished under the State plan.

"OPERATION OF STATE PLANS

"SEC. 1604. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of any State plan which has been approved by him under section 1602, finds—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 1602, 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 under section 1603

(or, in his discretion, that payments will be limited to parts of the plan not affected by such noncompliance) until the Secretary is satisfied that there is no longer any such noncompliance. Until he is so satisfied, no further payments shall be made to such State under section 1603 (or payments shall be limited to parts of the plan not affected by such noncompliance). For purposes of this section, a plan shall be treated as having been so changed that it no longer complies with the provisions of section 1602 if at any time the Secretary determines that, were such plan to be submitted at such time for approval, he would be barred from approving such plan by reason of section 1602(c).

"ELIGIBLE INDIVIDUALS

"SEC. 1605. For the purposes of this title, the term 'eligible individual' means any individual—

"(1) who is sixty-five years of age or over, and

"(2) whose income and resources, taking into account his other living requirements as determined by the State, are insufficient to meet the cost of his medical services.

"BENEFITS

"SEC. 1606. For the purposes of this title—

"(a) The term 'medical benefits' means payment of part or all of the cost of medical services on behalf of eligible individuals.

"(b) (1) Except as provided in paragraph (2), the term 'medical services' means the following to the extent determined by the physician to be medically necessary:

"(A) inpatient hospital services;

"(B) skilled nursing home services;

"(C) physicians' services;

"(D) outpatient hospital services;

"(E) organized home care services;

"(F) private duty nursing services;

"(G) therapeutic services;

"(H) major dental treatment;

"(I) laboratory and X-ray services; and

"(J) prescribed drugs.

"(2) The term 'medical services' does not include—

"(A) services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases; or

"(B) services for any individual who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.

"(c) The term 'inpatient hospital services' means the following items furnished to an inpatient by a hospital:

"(1) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

"(2) Physicians' services; and

"(3) Nursing services, interns' services, laboratory and X-ray services, ambulance service, and other services, drugs, and appliances related to his care and treatment (whether furnished directly by the hospital or, by arrangement, through other persons).

"(d) The term 'skilled nursing home services' means the following items furnished to an inpatient in a nursing home:

"(1) Skilled nursing care provided by a registered professional nurse or a licensed practical nurse which is prescribed by, or performed under the general direction of, a physician;

"(2) Medical care and other services related to such skilled nursing care; and

"(3) Bed and board in connection with the furnishing of such skilled nursing care.

"(e) The term 'physicians' services' means services provided in the exercise of his profession in any State by a physician licensed in such State; and the term 'physician' includes a physician within the meaning of section 1101 (a) (7).

"(f) The term 'outpatient hospital services' means

medical and surgical care furnished by a hospital to an individual as an outpatient.

"(g) The term 'organized home care services' means visiting nurse services and physicians' services, and services related thereto, which are prescribed by a physician and are provided in the home through a public or private nonprofit agency operated in accordance with medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern such services.

"(h) The term 'private duty nursing services' means nursing care provided in the home by a registered professional nurse or licensed practical nurse, under the general direction of a physician, to a patient requiring nursing care on a full-time basis.

"(i) The term 'therapeutic services' means services prescribed by a physician for the treatment of disease or injury by physical nonmedical means, including retraining for the loss of speech.

"(j) The term 'major dental treatment' means services provided by a dentist, in the exercise of his profession, with respect to a condition of an individual's teeth, oral cavity, or associated parts which has seriously affected, or may seriously affect, his general health. As used in the preceding sentence, the term 'dentist' means a person licensed to prac-

tice dentistry or dental surgery in the State where the services are provided.

"(k) The term 'laboratory and X-ray services' includes only such services prescribed by a physician.

"(l) The term 'prescribed drugs' means medicines which are prescribed by a physician.

"(m) The term 'hospital' means a hospital (other than a mental or tuberculosis hospital) licensed as such by the State in which it is located or, in the case of a State hospital, approved by the licensing agency of the State.

"(n) The term 'nursing home' means a nursing home which is licensed as such by the State in which it is located, and which (1) is operated in connection with a hospital or (2) has medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern the skilled nursing care and related medical care and other services which it provides.

"BENEFIT YEAR

"SEC. 1607. For the purposes of this title, the term 'benefit year' means, with respect to any individual, a period of 12 consecutive calendar months as designated by the State agency for the purposes of this title in accordance with regulations prescribed by the Secretary. Subject to regulations prescribed by the Secretary, the State plan may permit the extension of a benefit year in order to avoid hardship."

(92) IMPROVEMENT OF MEDICAL CARE FOR OLD-AGE ASSISTANCE RECIPIENTS

SEC. 602. (a) Section 3 (a) of the Social Security Act is amended by striking out "and (3) in the case of any State," and inserting in lieu thereof the following: "and (3) in the case of any State which is qualified for such quarter (as determined under subsection (c) (1)), an amount equal to 5 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds whichever of the following is the smaller—

"(A) $5 multiplied by the total number of recipients of old-age assistance for such month, or

"(B) the additional expenditure per recipient of old-age assistance for such month (as determined under subsection (c) (2)), multiplied by the total number of recipients of old-age assistance for such month;

and (4) in the case of any State,".

(b) Section 3 of such Act is further amended by adding at the end thereof the following new subsection:

"(c) (1) For the purposes of clause (3) of subsection (a), a State shall be qualified for a quarter if the State agency

of such State has submitted, in or prior to such quarter (but in no event prior to the quarter in which this subsection is enacted), a modification of the plan of such State approved under this title which the Secretary is satisfied would result in a significant improvement in old-age assistance in the form of medical or any other type of remedial care under the plan, except that in no event may a State be qualified for a quarter prior to the first quarter for which such modification is effective. Any determination under the preceding sentence with respect to any modification of a State plan shall be based on a comparison with old-age assistance in the form of medical or any other type of remedial care, if any, under the plan during the quarter prior to the quarter in which this subsection was enacted, and in making such determination the Secretary shall take into account the extent to which there would be any reduction in amounts previously included because of medical needs in old-age assistance under the plan in the form of money payments. Such State shall cease to be qualified for any quarter occurring (1) after the quarter in which the Secretary determines, after notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan of such State, that the improvement referred to in the first sentence of this subsection has (through a change in the plan or in its

administration) ceased to be a significant improvement, and (2) prior to the quarter in which such State again qualifies as provided in the preceding sentences.

"(2) For the purposes of clause (3)(B) of subsection (a), the additional expenditure per recipient of old-age assistance in any State for any month means the excess of—

"(A) the quotient obtained by dividing the total of the sums expended in such month as old-age assistance under the State plan in the form of medical or any other type of remedial care by the total number or recipients of old-age assistance under such plan for such month, over

"(B) the quotient obtained by dividing the total of the sums expended in the last month which ended prior to the enactment of this paragraph as old-age assistance under the State plan in the form of medical or any other type of remedial care by the total number of recipients of old-age assistance under such plan for such month."

(c) Section 6 of such Act is amended by striking out "but does not include" and all that follows and inserting in lieu thereof "but does not include—

"(1) any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any in-

dividual who is a patient in an institution for tuberculosis or mental diseases, or

"(2) any such payments to any individual who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof, or

"(3) any such care in behalf of any individual, who is a patient in a medical institution as a result of a diagnosis that he has tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days."

(d) The amendments made by subsections (a) and (b) shall be effective only with respect to calendar quarters commencing on or after October 1, 1960. The amendment made by subsection (c) shall be effective only with respect to calendar quarters commencing on or after July 1, 1961.

(93) PLANNING GRANTS TO STATES

SEC. 603. (a) For the purpose of assisting the States to make plans and initiate administrative arrangements preparatory to participation in the Federal-State program of medical services for the aged authorized by title XVI of the Social Security Act, there are hereby authorized to be

~~appropriated for making grants to the States such sums as the Congress may determine.~~

~~(b) A grant under this section to any State shall be made only upon application therefor which is submitted by a State agency designated by the State to carry out the purpose of this section and is approved by the Secretary. No such grant for any State may exceed 50 per centum of the cost of carrying out such purpose in accordance with such application.~~

~~(c) Payment of any grant under this section may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine. The aggregate amount paid to any State under this section shall not exceed $50,000.~~

~~(d) Appropriations pursuant to this section shall remain available for grants under this section only until the close of June 30, 1962; and any part of such a grant which has been paid to a State prior to the close of June 30, 1962, but has not been used or obligated by such State for carrying out the purpose of this section prior to the close of such date, shall be returned to the United States.~~

~~(e) As used in this section, the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.~~

(94) ~~TECHNICAL AMENDMENT~~

~~SEC. 604. Effective July 1, 1961, section 1101(a)(1) of the Social Security Act (as amended by section 541 of this Act) is amended by striking out "and XIV" and inserting in lieu thereof "XIV, and XVI".~~

(95) *TITLE VI—MEDICAL SERVICES FOR THE AGED*

Amendments to Title I of the Social Security Act

(96) *SEC. 601. (a) The heading of title I of the Social Security Act is amended to read as follows:*

"TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE AND MEDICAL ASSISTANCE FOR THE AGED"

(b) Sections 1 and 2 of such Act are amended to read as follows:

"APPROPRIATION

"SECTION 1. For the purpose (a) of enabling each State as far as practicable under the conditions in such State, to furnish financial assistance to aged needy individuals and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-care, and (b) of enabling each State, as far as practicable under the conditions in such State, to furnish medical assistance on behalf of aged individuals who are not recipients of old-age assistance but whose

income and resources are insufficient to meet the costs of necessary medical services, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare (hereinafter referred to as the 'Secretary'), State plans for old-age assistance, or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged.

"STATE OLD-AGE AND MEDICAL ASSISTANCE PLANS

"SEC. 2. (a) A State plan for old-age assistance, or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged must—

"(1) provide that it shall be in effect in all political subdivisions of the State and, if administered by them, be mandatory upon them;

"(2) provide for financial participation by the State which shall, effective January 1, 1962, extend to all aspects of the State plan;

"(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 for granting an opportunity for a fair hearing before the State agency to any individual whose claim for assistance under the plan is denied or is not acted upon with reasonable promptness;

"(5) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan;

"(6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

"(7) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the State plan;

"(8) provide that all individuals wishing to make application for assistance under the plan shall have op-

portunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals;

"(9) if the State plan includes old-age assistance—

"(A) provide that the State agency shall, in determining need for such assistance, take into consideration any other income and resources of an individual claiming old-age assistance;

"(B) provide reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of such assistance;

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

"(10) provide, if the plan includes payments of old-age assistance 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;

"(11) if the State plan includes medical assistance for the aged—

"(A) provide for inclusion of some institutional and some noninstitutional care and services;

"(B) provide that no enrollment fee, premium, or similar charge will be imposed as a condition of any individual's eligibility for medical assistance for the aged under the plan;

"(C) provide for inclusion, to the extent required by regulations prescribed by the Secretary, of provisions (conforming to such regulations) with respect to the furnishing of such assistance to individuals who are residents of the State but are absent therefrom;

"(D) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of such assistance;

"(E) provide that no lien may be imposed against the property of any individual prior to his death on account of medical assistance for the aged paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such

individual), and that there shall be no adjustment or recovery (except, after the death of such individual and his surviving spouse, if any, from such individual's estate) of any medical assistance for the aged correctly paid on behalf of such individual under the plan.

"(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 assistance under the plan—

"(1) an age requirement of more than sixty-five years; or

"(2) any residence requirement which (A) in the case of applicants for old-age assistance, excludes any resident of the State who has resided therein five years during the nine years immediately preceding the application for old-age assistance and has resided therein continuously for one year immediately preceding the application, and (B) in the case of applicants for medical assistance for the aged, excludes any individual who resides in the State; or

"(3) any citizenship requirement which excludes any citizen of the United States."

(c) Section 3(a) of such Act is amended to read as follows:

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1960—

"(1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of recipients of old-age assistance for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received old-age assistance in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as old-age assistance in the form of medical or any other type of remedial care); plus

"(B) the Federal percentage (as defined in section 1101(a)(8)) of the amount by which such

expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of $65 multiplied by the total number of such recipients of old-age assistance for such month; plus

"(C) the larger of the following: (i) the Federal medical percentage (as defined in section 6(c)) of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds (I) the product of $77 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of $65 multiplied by such total number of such recipients, or (ii) 15 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of $12 multiplied by the total number of

such recipients of old-age assistance for such month; and

"(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to—

"(A) one-half of the total of the sums expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds $35 multiplied by the total number of recipients of old-age assistance for such month; plus

"(B) the larger of the following amounts: (i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds (I) the product of $41 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of $35 multiplied by the total number of such recipients, or (ii) 15 per centum of the total of

the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of $6 multiplied by the total number of such recipients of old-age assistance for such month; and

"(3) in the case of any State, an amount equal to the Federal medical percentage (as defined in section 6(c)) of the total amounts expended during such quarter as medical assistance for the aged under the State plan; and

"(4) in the case of any State, an amount equal to one-half of the total of the sums 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, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care."

(d) Section 3(b)(2)(B) of such Act is amended by striking out "old-age assistance" and inserting in lieu thereof "assistance".

(e) Section 4 of such Act is amended by striking out

"State plan for old-age assistance which has been approved" and inserting in lieu thereof "State plan which has been approved under this title".

(f)(1) Section 6 of such Act is amended by striking out "or any individual (a) who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof".

(2) Section 6 is further amended by inserting "(a)" immediately after "SEC. 6." and by adding after such section 6 the following new subsections:

"(b) For purposes of this title, the term 'medical assistance for the aged' means payment of part or all of the cost of the following care and services for individuals sixty-five years of age or older who are not recipients of old-age assistance but whose income and resources are insufficient to meet all of such cost—

"(1) inpatient hospital services;

"(2) skilled nursing-home services;

"(3) physicians' services;

"(4) outpatient hospital or clinic services;

"(5) home health care services;

"(6) private duty nursing services;

"(7) physical therapy and related services;

"(8) dental services;

"(9) laboratory and X-ray services;

"(10) prescribed drugs, eyeglasses, dentures, and prosthetic devices;

"(11) diagnostic, screening, and preventive services; and

"(12) any other medical care or remedial care recognized under State law;

except that such term shall not include any payments with respect to care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution).

"(c) For purposes of this title, the term 'Federal medical percentage' for any State shall be 100 per centum less the State percentage; and the State percentage shall be that prcentage which bears the same ratio to 50 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (i) the Federal medical percentage shall in no case be less than 50 per centum or more than 80 per centum, and (ii) the Federal medical percentage for Puerto Rico, the Virgin Islands, and Guam shall be 50 per centum. The Federal medical percentage for any State shall be determined and pro-

mulgated in accordance with the provisions of subparagraph (B) of section 1101(a)(8) (other than the proviso at the end thereof); except that the Secretary shall, as soon as possible after enactment of the Social Security Amendments of 1960, determine and promulgate the Federal medical percentage for each State—

"(1) for the period beginning October 1, 1960, and ending with the close of June 30, 1961, which promulgation shall be based on the same data with respect to per capita income as the data used by the Secretary in promulgating the Federal percentage (under section 1101(a)(8)) for such State for the fiscal year ending June 30, 1961 (which promulgation of the Federal medical percentage shall be conclusive for such period), and

"(2) for the period beginning July 1, 1961, and ending with the close of June 30, 1963, which promulgation shall be based on the same data with respect to per capita income as the data used by the Secretary in promulgating the Federal percentage (under section 1101(a)(8)) for such State for such period (which promulgation of the Federal medical percentage shall be conclusive for such period)."

(97) *INCREASE IN LIMITATIONS ON ASSISTANCE PAYMENT TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM*

SEC. 602. Section 1108 of the Social Security Act is amended by—

(1) striking out "$8,500,000" and inserting in lieu thereof "$9,000,000, of which $500,000 may be used only for payments certified with respect to section 3(a)(2)(B)";

(2) striking out "$300,000" and inserting in lieu thereof "$315,000, of which $15,000 may be used only for payments certified in respect to section 3(a)(2)(B)";

(3) striking out "$400,000" and inserting in lieu thereof "$420,000, of which $20,000 may be used only for payments certified in respect to section 3(a)(2)(B)"; and

(4) striking out "titles I, IV, X, and XIV", and inserting in lieu thereof "titles I (other than section 3(a)(3) thereof), IV, X, and XIV".

(98) *TECHNICAL AMENDMENT*

SEC. 603. (a) Section 618 of the Revenue Act of 1951 (65 Stat. 569) is amended by striking out "title I" and inserting in lieu thereof "title I (other than section 3(a)(3) thereof)".

(b) The amendment made by subsection (a) shall take effect October 1, 1960.

(99) *EFFECTIVE DATES*

SEC. 604. The amendments made by section 601 of this Act shall take effect October 1, 1960, and the amendments made by section 602 shall be effective with respect to fiscal years ending after 1960.

TITLE VII—MISCELLANEOUS

INVESTMENT OF TRUST FUNDS

SEC. 701. (a) Section 201 (c) of the Social Security Act is amended by inserting after the third sentence the following new sentence: "The Board of Trustees shall meet not less frequently than once each six months."

(b) Section 201 (c) (3) of such Act is amended to read as follows:

"(3) Report immediately to the Congress whenever the Board of Trustees is of the opinion that the amount of either of the Trust Funds is unduly small;".

(c) Section 201 (c) of such Act is further amended by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and by inserting after paragraph (4) the following new paragraph:

"(5) Review the general policies followed in managing the Trust Funds, and recommend changes in such policies, including necessary changes in the provisions of the law which govern the way in which the Trust Funds are to be managed."

(d) Section 201 (d) of such Act is amended to read as follows:

"(d) It shall be the duty of the Managing Trustee to invest such portion of the Trust Funds as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligation for purchase by the Trust Funds. Such obligations issued for purchase by the Trust Funds shall have maturities fixed with due regard for the needs of the Trust Funds and shall bear interest at a rate equal to the average market yield (computed by the Managing Trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple

of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield. The Managing Trustee may purchase other interest-bearing obligations of the United States or obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, only where he determines that the purchase of such other obligations is in the public interest."

(e) Section 201 (e) of such Act is amended by striking out "special obligations" each place it appears and inserting in lieu thereof "public-debt obligations".

(f) The amendments made by this section shall take effect on the first day of the first month beginning after the date of the enactment of this Act.

SURVIVAL OF ACTIONS

SEC. 702. (a) Section 205 (g) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Any action instituted in accordance with this subsection shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in such office."

(b) The amendment made by subsection (a) shall apply to actions which are pending in court on the date of the enactment of this Act or are commenced after such date.

PERIODS OF LIMITATION ENDING ON NONWORK DAYS

SEC. 703. Section 216 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Periods of Limitation Ending on Nonwork Days

"(j) Where this title, any provision of another law of the United States (other than the Internal Revenue Code of 1954) relating to or changing the effect of this title, or any regulation issued by the Secretary pursuant thereto provides for a period within which an act is required to be done which affects eligibility for or the amount of any benefit or payment under this title or is necessary to establish or protect any rights under this title, and such period ends on a Saturday, Sunday, or legal holiday, or on any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order, then such act shall be considered as done within such period if it is done on the first day thereafter which is not a Saturday, Sunday, or legal holiday or any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order. For purposes of this subsection, the day on which a period ends shall include the day on which an extension of such period, as authorized by law or by the Secretary pursuant to law, ends. The provisions of this subsection shall not extend the period during which bene-

fits under this title may (pursuant to section 202 (j) (1) or 223 (b)) be paid for months prior to the day application for such benefits is filed, or during which an application for benefits under this title may (pursuant to section 202 (j) (2) or 223 (b)) be accepted as such."

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

SEC. 704. (100) ~~(a)~~ Section 116 (e) of the Social Security Amendments of 1956 is amended to read as follows:

"(e) During 1963, 1966, and every fifth year thereafter, the Secretary shall appoint an Advisory Council on Social Security Financing, with the same functions, and constituted in the same manner, as prescribed in the preceding subsections of this section. Each such Council shall report its findings and recommendations, as prescribed in subsection (d), not later than January 1 of the second year after the year in which it is appointed, after which date such Council shall cease to exist, and such report and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1."

(101) ~~(b) Section 116 of the Social Security Amendments of 1956 is further amended by adding at the end thereof the following new subsection:~~

~~"(f) The Advisory Council appointed under subsection (e) during 1963 shall, in addition to the other findings and~~

~~recommendations it is required to make, include in its report its findings and recommendations with respect to extensions of the coverage of the old-age, survivors, and disability insurance program, the adequacy of benefits under the program, and all other aspects of the programs."~~

MEDICAL CARE GUIDES AND REPORTS FOR PUBLIC ASSISTANCE AND MEDICAL (102)~~SERVICES~~ *ASSISTANCE* FOR THE AGED

SEC. 705. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"MEDICAL CARE GUIDES AND REPORTS FOR PUBLIC ASSISTANCE AND MEDICAL (103)~~SERVICES~~ *ASSISTANCE* FOR THE AGED

"SEC. 1112. In order to assist the States to extend the scope and content, and improve the quality, of medical care and medical services for which payments are made to or on behalf of needy and low-income individuals under this Act and in order to promote better public understanding about medical care and medical (104)~~services~~ *assistance* for needy and low-income individuals, the Secretary shall develop and revise from time to time guides or recommended standards as to the level, content, and quality of medical care and medical services for the use of the States in evaluating and improving their public assistance medical care programs and their programs of medical (105)~~services~~ *assistance* for the aged;

shall secure periodic reports from the States on items included in, and the quantity of, medical care and medical services for which expenditures under such programs are made; and shall from time to time publish data secured from these reports and other information necessary to carry out the purposes of this section."

TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 706. Section 344(b) of the Social Security Act Amendments of 1950 is amended by striking out "June 30, 1961" and inserting in lieu thereof "June 30, 1964".

MATERNAL AND CHILD WELFARE

SEC. 707. (a) (1) (A) Section 501 of the Social Security Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the sum of $21,500,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the sum of $25,000,000".

(B) Section 502(a) (2) of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the Secretary shall allot $10,750,000 as follows: He shall allot to each State $60,000 (even though the amount appropriated for such year is less than $21,500,000), and shall allot each State such part of the remainder of the $10,750,000" and inserting in lieu thereof "for each fiscal

year beginning after June 30, 1960, the Secretary shall allot $12,500,000 as follows: He shall allot to each State $70,000 (even though the amount appropriated for such year is less than $25,000,000), and shall allot each State such part of the remainder of the $12,500,000".

(C) The first sentence of section 502 (b) of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the sum of $10,750,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the sum of $12,500,000".

(2) (A) Section 511 of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the sum of $20,000,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the sum of $25,000,000".

(B) Section 512 (a) (2) of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the Secretary shall allot $10,000,000 as follows: He shall allot to each State $60,000 (even though the amount appropriated for such year is less than $20,000,000) and shall allot the remainder of the $10,000,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the Secretary shall allot $12,500,000 as follows: He shall allot to each State $70,000 (even though the amount

appropriated for such year is less than $25,000,000) and shall allot the remainder of the $12,500,000".

(C) The first sentence of section 512 (b) of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the sum of $10,000,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the sum of $12,500,000".

(3) (A) Section 521 of such Act is amended by striking out "for each fiscal year, beginning with the fiscal year ending June 30, 1959, the sum of $17,000,000" and inserting in lieu thereof "for each fiscal year, beginning with the fiscal year ending June 30, 1961, the sum of (106)~~$20,000,000~~ *$25,000,000.*"

(B) Section 522 (a) of such Act is amended by striking out "$60,000" and inserting in lieu thereof "$70,000".

(b) (1) (A) The second sentence of section 502 (b) of such Act is amended by inserting "from time to time" after "shall be allotted", and by inserting before the period at the end thereof the following: "; except that not more than 25 per centum of such sums shall be available for grants to State health agencies (administering or supervising the administration of a State plan approved under section 503), and to public or other nonprofit institutions of higher learning

(situated in any State), for special projects of regional or national significance which may contribute to the advancement of maternal and child health".

(B) Section 504 (c) of such Act is amended by adding at the end thereof the following new sentence: "Payments of grants for special projects under section 502 (b) may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the grants."

(2) (A) The second sentence of section 512 (b) of such Act is amended by inserting "from time to time" after "shall be allotted", and by inserting before the period at the end thereof the following: "; except that not more than 25 per centum of such sums shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 513), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of services for crippled children".

(B) Section 514 (c) of such Act is amended by adding at the end thereof the following new sentence: "Payments of grants for special projects under section 512 (b) may

be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the grants."

(3) Part 3 of title V of such Act is amended by inserting at the end thereof the following new section:

"RESEARCH OR DEMONSTRATION PROJECTS

"SEC. 526. (a) There are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine for grants by the Secretary to public or other nonprofit institutions of higher learning, and to public or other nonprofit agencies and organizations engaged in research or child welfare activities, for special research or demonstration projects in the field of child welfare which are of regional or national significance and for special projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare.

"(b) Payments of grants for special projects under this section may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the grants."

(c) The amendments made by this section shall be effective only with respect to fiscal years beginning after June 30, 1960.

AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

SEC. 708. Section 1 (q) of the Railroad Retirement Act of 1937 is amended by striking out "1958" and inserting in lieu thereof "1960".

MEANING OF TERM "SECRETARY"

SEC. 709. As used in this Act and the provisions of the Social Security Act amended by this Act the term "Secretary", unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

(107) *AID TO THE BLIND*

SEC. 710. (a) Effective for the period beginning with the first day of the calendar quarter which begins after the date of enactment of this Act, ending June 30, 1961, clause (8) of section 1002(a) of the Social Security Act is amended to read as follows "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard either (i) the first $50 per month of earned income, or (ii) the first $1,000 per annum of earned

income plus one-half of earned income in excess of $1,000 per annum:".

(b) Effective July 1, 1961, clause (8) of such section 1002(a) is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard the first $1,000 per annum of earned income plus one-half of earned income in excess of $1,000 per annum;".

Passed the House of Representatives June 23, 1960.

Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with amendments August 23 (legislative day, August 22), 1960.

Attest: FELTON M. JOHNSTON,
Secretary.

86TH CONGRESS
2D SESSION

H. R. 12580

AN ACT

To extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such Act; and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 23 (legislative day, AUGUST 22), 1960

Ordered to be printed with the amendments of the Senate numbered

86TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 2165

SOCIAL SECURITY AMENDMENTS OF 1960

AUGUST 25, 1960.—Ordered to be printed

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

CONFERENCE REPORT

[To accompany H.R. 12580]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580) to extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such 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 Senate recede from its amendments numbered 21, 23, 24, 25, 26, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 41, 45, 46, 48, 49, 51, 52, 53, 54, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 83, 84, 85, 86, 87, 88, 89, 100, and 101.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 6, 8, 9, 11, 13, 16, 17, 18, 19, 20, 38, 39, 40, 91, 92, 93, 94, 95, 97, 98, 99, 102, 103, 104, and 105, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, 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

And the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with amendments as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and on page 15 of the House engrossed bill strike out lines 11 through 15 and insert the following: *wages paid before (i) January 1, 1957, in the case of an agreement or modification which is mailed or delivered by other means to the Secretary before January 1, 1962, or (ii) the first day of the year in which the agreement or modification is mailed or delivered by other means to the Secretary, in the case of an agreement or modification which is so mailed or delivered on or after January 1, 1962.*"; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, 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:

Certain Employees in the State of California

(k) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of California heretofore entered into pursuant to such section may at the option of such State be modified, at any time prior to 1962, pursuant to subsection (c) (4) of such section 218, so as to apply to services performed by any individual who, on or after January 1, 1957, and on or before December 31, 1959, was employed by such State (or any political subdivision thereof) in any hospital employee's position which, on September 1, 1954, was covered by a retirement system, but which, prior to 1960, was removed from coverage by such retirement system if, prior to July 1, 1960, there have been paid in good faith to the Secretary of the Treasury, with respect to any of the services performed by such individual in any such position, amounts equivalent to the sum of the taxes which would have been imposed by sections 3101 and 3111 of the Internal Revenue Code of 1954 if such services had constituted employment for purposes of chapter 21 of such Code at the time they were performed. Notwithstanding the provisions of subsection (f) of such section 218 such modification shall be effective with respect to (1) all services performed by such individual in any such position on or after January 1, 1960, and (2) all such services, performed before such date, with respect to which amounts equivalent to such taxes have, prior to the date of enactment of this subsection, been paid.

And the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and—

On page 28, line 4, of the House engrossed bill, strike out the comma after "Puerto Rico".

On page 30, line 4, of the House engrossed bill, strike out "a semicolon" and insert: *; or*

On page 30, line 12, of the House engrossed bill, strike out "; or" and insert a period.

On page 35, line 25, of the House engrossed bill, strike out "a semicolon" and insert: *; or*

On page 36, line 8, of the House engrossed bill, strike out "; or" and insert a period.

And the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and on page 48, line 5, of the House engrossed bill, strike out "105" and insert the following: *104*

And the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, 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: *105*

And the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, 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: *106*

And the Senate agree to the same.

Amendment numbered 27:

That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and in the House engrossed bill, beginning with page 59, line 22, strike out all through line 23 on page 60.

And the Senate agree to the same.

Amendment numbered 42:

That the House recede from its disagreement to the amendment of the Senate numbered 42, 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: *three*

And the Senate agree to the same.

Amendment numbered 43:

That the House recede from its disagreement to the amendment of the Senate numbered 43, 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: *three*

And the Senate agree to the same.

Amendment numbered 44:

That the House recede from its disagreement to the amendment of the Senate numbered 44, 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: *three*

And the Senate agree to the same.

Amendment numbered 47:

That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with amendments as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and—

On page 78 of the House engrossed bill, strike out lines 19 through 21 and insert the following:

SEC. 209. (a) The subsection of section 203 of the Social Security Act redesignated as subsection (g) by section 211(c) of this Act is amended by striking out "(b) or (c)" wherever it appears and inserting in lieu thereof "(c)"; and by striking out "(other than an event specified in subsection (b)(1) or (c)(1))".

On page 79, line 1, of the House engrossed bill, after "Act", insert the following: *, as in effect prior to such date*

And the Senate agree to the same.

Amendment numbered 50:

That the House recede from its disagreement to the amendment of the Senate numbered 50, 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:

INCREASE IN THE EARNED INCOME LIMITATION

SEC. 211. (a) Subsection (b) of section 203 of the Social Security Act is amended to read as follows:

"Deductions On Account of Work

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, and from any payment or payments to which any other persons are entitled on the basis of such individual's wages and self-employment income, until the total of such deductions equals—

"(1) such individual's benefit or benefits under section 202 for any month, and

"(2) if such individual was entitled to old-age insurance benefits under section 202(a) for such month, the benefit or benefits of all other persons for such month under section 202 based on such individual's wages and self-employment income,

if for such month he is charged with excess earnings, under the provisions of subsection (f) of this section, equal to the total of benefits referred to in clauses (1) and (2). If the excess earnings so charged are less than such total of benefits, such deductions with respect to such month shall be equal only to the amount of such excess earnings. If a child who has attained the age of 18 and is entitled to child's insurance benefits, or a person who is entitled to mother's insurance benefits, is married to an individual entitled to old-age insurance benefits under section 202(a), such child or such person, as the case may be, shall, for the purposes of this subsection and subsection (f), be deemed to be entitled to such benefits on the basis of the wages and self-employment income of such individual entitled to old-age insurance benefits. If a deduction has already been made under this subsection with respect to a person's benefit or benefits under section 202 for a month, he shall be deemed entitled to payments under such section for such month for purposes of further deductions under this subsection, and for purposes of charging of each person's excess earnings under subsection (f), only to the extent of the total of his benefits remaining after such earlier deductions have been made. For purposes of this subsection and subsection (f)—

"(A) an individual shall be deemed to be entitled to payments under section 202 equal to the amount of the benefit or benefits to which he is entitled under such section after the application of subsection (a) of this section, but without the application of the penultimate sentence thereof; and

"(B) if a deduction is made with respect to an individual's benefit or benefits under section 202 because of the occurrence in any month of an event specified in subsection (c) or (d) of this section or in section 222(b), such individual shall not be considered to be entitled to any benefits under such section 202 for such month."

(b) Subsection (c) of section 203 of such Act is amended to read as follows:

"Deductions on Account of Noncovered Work Outside the United States or Failure to Have Child in Care

"(c) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month—

"(1) in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or

"(2) in which such individual, if a wife under age sixty-five entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit and such wife's insurance benefit for such month was not reduced under the provisions of section 202(q); or

"(3) in which such individual, if a widow entitled to a mother's insurance benefit, did not have in her care a child of her deceased husband entitled to a child's insurance benefit; or

"(4) in which such individual, if a former wife divorced entitled to a mother's insurance benefit, did not have in her care a child of her deceased former husband who (A) is her son, daughter, or legally adopted child and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of her deceased former husband.

For purposes of paragraphs (2), (3), and (4) of this subsection, a child shall not be considered to be entitled to a child's insurance benefit for any month in which an event specified in section 222(b) occurs with respect to such child. No deduction shall be made under this subsection from any child's insurance benefit for the month in which the child entitled to such benefit attained the age of eighteen or any subsequent month."

(c) Section 203 of such Act is amended by redesignating subsections (d), (e), (f), (g), and (h) as subsections (e), (f), (g), (h), and (i), respectively, and by inserting after subsection (c) the following new subsection:

"Deductions From Dependents' Benefits on Account of Noncovered Work Outside the United States by Old-Age Insurance Beneficiary

"(d)(1) Deductions shall be made from any wife's, husband's, or child's insurance benefit, based on the wages and self-employment income of an individual entitled to old-age insurance benefits, to which a wife, husband, or child is entitled, until the total of such deductions equals such wife's, husband's, or child's insurance benefit or benefits under section 202 for any month in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States.

"(2) Deductions shall be made from any child's insurance benefit to which a child who has attained the age of eighteen is entitled, or from any mother's insurance benefit to which a person is entitled, until the total of such deductions equals such child's insurance benefit or benefits or mother's insurance benefit or benefits under section 202 for any month in which such child or person entitled to mother's insurance benefits is married to an individual who is entitled to old-age insurance benefits and on seven or more different calendar days of which such individual engaged in noncovered remunerative activity outside the United States."

(d) The subsection of section 203 of such Act redesignated as subsection (e) by subsection (c) of this section is amended to read as follows:

"Occurrence of More Than One Event

"(e) If more than one of the events specified in subsections (c) and (d) and section 222(b) occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted."

(e) The subsection of section 203 of such Act redesignated as subsection (f) by subsection (c) of this section is amended to read as follows:

"Months to Which Earnings Are Charged

"(f) For purposes of subsection (b)—

"(1) The amount of an individual's excess earnings (as defined in paragraph (3)) shall be charged to months as follows: There shall be charged to the first month of such taxable year an amount of his excess earnings equal to the sum of the payments to which he and all other persons are entitled for such month under section 202 on the

basis of his wages and self-employment income (or the total of his excess earnings if such excess earnings are less than such sum), and the balance, if any, of such excess earnings shall be charged to each succeeding month in such year to the extent, in the case of each such month, of the sum of the payments to which such individual and all other persons are entitled for such month under section 202 on the basis of his wages and self-employment income, until the total of such excess has been so charged. Where an individual is entitled to benefits under section 202(a) and other persons are entitled to benefits under section 202 (b), (c), or (d) on the basis of the wages and self-employment income of such individual, the excess earnings of such individual for any taxable year shall be charged in accordance with the provisions of this subsection before the excess earnings of such persons for a taxable year are charged to months in such individual's taxable year. Notwithstanding the preceding provisions of this paragraph, no part of the excess earnings of an individual shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which such individual was age seventy-two or over, (C) in which such individual, if a child entitled to child's insurance benefits, has attained the age of 18, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (5) of this subsection) of more than $100.

"(2) As used in paragraph (1), the term 'first month of such taxable year' means the earliest month in such year to which the charging of excess earnings described in such paragraph is not prohibited by the application of clauses (A), (B), (C), and (D) thereof.

"(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be his earnings for such year in excess of the product of $100 multiplied by the number of months in such year, except that of the first $300 of such excess (or all of such excess if it is less than $300), an amount equal to one-half thereof shall not be included. 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.

"(4) For purposes of clause (D) of paragraph (1)—

"(A) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (5) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(B) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (5) of this subsection) of more than $100 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

"(5)(A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes of subparagraph (A) of this paragraph and paragraph (4), the provisions of section 211, other than paragraphs (1), (4), and (5) of subsection (c), shall be applicable; and any excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g)(2), (g)(3), (h)(2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee or performed outside the United States in the active military or naval service of the United States, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

"(6) For purposes of this subsection, wages (determined as provided in paragraph (5)(C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year.

"(7) Where an individual's excess earnings are charged to a month and the excess earnings so charged are less than the total of the payments (without regard to such charging) to which all persons are entitled under section 202 for such month on the basis of his wages and self-employment income, the difference between such total and the excess so charged to such month shall be paid (if it is otherwise payable under this title) to such individual and other persons in the proportion that the benefit to which each of them is entitled (without regard to such charging, without the application of section 202(k)(3), and prior to the application of section 203(a)) bears to the total of the benefits to which all of them are entitled."

(f) The subsection of section 203 of such Act redesignated as subsection (h) by subsection (c) of this section is amended (1) by striking out "paragraph (4) of subsection (e)" wherever it appears and inserting in lieu thereof "paragraph (5) of subsection (f)", (2) by striking out in subparagraph (B) of paragraph (1) "paragraph (3) of subsection (g)" and inserting in lieu thereof "paragraph (3) of this subsection", (3) by striking out "(b)(1)" wherever it appears and inserting in lieu thereof "(b)", and (4) by striking out in paragraph (3) "suspend the payment" and insert in lieu thereof "suspend the total or less than the total payment".

(g) The subsection of section 203 of such Act redesignated as subsection (i) by subsection (c) of this section is amended by striking out "subsection

(b), (f), or (g) of this section" and inserting in lieu thereof "subsection (b), (c), (g), or (h) of this section".

(h) Subsection (l) of section 203 of such Act is amended by striking out "subsection (f) or (g)(1)(A)" and inserting in lieu thereof "subsection (g) or (h)(1)(A)".

(i) The last sentence of section 202(n)(1) of such Act is amended by striking out "Section 203 (b) and (c)" and inserting in lieu thereof "Section 203 (b), (c), and (d)".

(j)(1) Clause (A) of section 202(q)(5) of such Act is amended by striking out "paragraph (1) or (2) of" and by inserting before the comma at the end thereof "or paragraph (1) of section 203(c)".

(2) Clause (B) of such section 202(q)(5) is amended by striking out "paragraph (1) or (2) of section 203(b), under section 203(c)" and inserting in lieu thereof "section 203(b), under section 203(c)(1), under section 203(d)(1)".

(k)(1) Clause (A) of section 202(q)(6) of such Act is amended by striking out "section 203(b) (1) or (2), under section 203(c)" and inserting in lieu thereof "section 203(b), under section 203(c)(1), under section 203(d)(1)".

(2) Clause (D) of such section 202(q)(6) is amended by striking out "paragraph (1) or (2) of" and by inserting immediately before the period "or paragraph (1) of section 203(c)".

(l) Section 202(t)(7) of such Act is amended by striking out "Subsections (b) and (c) of section 203" and inserting in lieu thereof "Subsections (b), (c), and (d) of section 203".

(m) Section 208(a)(3) of such Act is amended by striking out "section 203(e)" and inserting in lieu thereof "section 203(f)".

(n) Section 215(g) of such Act is amended by striking out "203(a)" and inserting in lieu thereof "203(a) and deductions under section 203(b)".

(o)(1) Section 3(e) of the Railroad Retirement Act of 1937 is amended by striking out "subsections (f) and (g)(2) of section 203 of the Social Security Act" and inserting in lieu thereof "subsections (g) and (h)(2) of section 203 of the Social Security Act".

(2) Section 5(i)(1)(ii) of the Railroad Retirement Act of 1937 is amended—

(A) by striking out "section 203(e)" each place it appears and inserting in lieu thereof "section 203(f)";

(B) by striking out "section 203(g)(3)" and inserting in lieu thereof "section 203(h)(3)"; and

(C) by striking out "earnings" each place it appears and inserting in lieu thereof "excess earnings".

(p) Section 203 (c), (d), (e), (g), and (i) of the Social Security Act as amended by this Act shall be effective with respect to monthly benefits for months after December 1960.

(q) Section 203 (b), (f), and (h) of the Social Security Act as amended by this Act shall be effective with respect to taxable years beginning after December 1960.

(r) Section 203(l) of the Social Security Act as amended by this Act, to the extent that it applies to section 203(g) of the Social Security Act as amended by this Act, shall be effective with respect to monthly benefits for months after December 1960 and, to the extent that it applies to section 203(h)(1)(A) of the Social Security Act as amended by this Act, shall be effective with respect to taxable years beginning after December 1960.

(s) The amendments made by subsections (i), (j), (k), (l), (m), (n), and (o) of this section, to the extent that they make changes in references to provisions of section 203 of the Social Security Act, shall take effect in the manner provided in subsections (p) and (q) of this section for the provisions of such section 203 to which the respective references so changed relate.

(t) In any case where—

(1) an individual has earnings (as defined in section 203(e)(4) of the Social Security Act as in effect prior to the enactment of this Act) in a taxable year which begins before 1961 and ends in 1961 (but not on December 31, 1961), and

(2) such individual's spouse or child entitled to monthly benefits on the basis of such individual's self-employment income has excess earnings (as defined in section 203(f)(3) of the Social Security Act as amended by this Act) in a taxable year which begins after 1960, and

(3) one or more months in the taxable year specified in paragraph (2) are included in the taxable year specified in paragraph (1),

then, if a deduction is imposed against the benefits payable to such individual with respect to a month described in paragraph (3), such spouse or child, as the case may be, shall not, for purposes of subsections (b) and (f) of section 203 of the Social Security Act as amended by this Act, be entitled to a payment for such month.

And the Senate agree to the same.

Amendment numbered 55:

That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with amendments as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and on page 93, line 14, of the House engrossed bill, insert quotation marks after the period; and the Senate agree to the same.

Amendment numbered 82:

That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and on page 146 of the House engrossed bill, after line 10, insert the following:

(g) Notwithstanding section 203(b) of the Farm Credit Act of 1959, sections 3305(b), 3306(c)(6), and 3308 of the Internal Revenue Code of 1954 and sections 1501(a) and 1507(a) of the Social Security Act shall be applicable, according to their terms, to the Federal land banks, Federal intermediate credit banks, and banks for cooperatives.

And the Senate agree to the same.

Amendment numbered 90:

That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with amendments as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and on page 153 of the House engrossed bill, after line 25, insert the following:

(c) *Effective on and after January 1, 1961, section 5(b) of the Act of June 6, 1933, as amended (29 U.S.C., sec. 49d(b)), is amended by striking out "Puerto Rico, Guam," and inserting in lieu thereof "Guam".*

And the Senate agree to the same.

Amendment numbered 96:

That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with amendments as follows:

On page 43 of the Senate engrossed amendments, strike out lines 10, 11, and 12, and insert:

"(2) provide for financial participation by the State;

On page 44 of the Senate engrossed amendments, after line 18, insert:

"(9) provide, if the plan includes assistance for or on behalf of 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;

On page 44, line 19, of the Senate engrossed amendments, strike out "(9)" and insert *(10)*

On page 44, line 24, of the Senate engrossed amendments, strike out "provide" and insert *include*

On page 45, line 2, of the Senate engrossed amendments, after "assistance;", insert *and*

On page 45, line 9, of the Senate engrossed amendments, after "services;", insert *and*

On page 45 of the Senate engrossed amendments, strike out line 10 and all that follows through line 15.

On page 46, line 7, of the Senate engrossed amendments, after "assistance;", insert *and*

On page 47 of the Senate engrossed amendments, line 11, strike out the quotation marks and, after line 11, insert:

"(c) Nothing in this title shall be construed to permit a State to have in effect with respect to any period more than one State plan approved under this title."

On page 50 of the Senate engrossed amendments, line 23, insert before the semicolon: *(including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)*

On page 51 of the Senate engrossed amendments, strike out lines 15 through 19 and insert:

(f)(1) Section 6 of such Act is amended by striking out "but does not include" and all that follows and inserting in lieu thereof "but does not include—

"(1) any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases, or

"(2) any such payments to any individual who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof, or

"(3) any such care in behalf of any individual, who is a patient in a medical institution as a result of a diagnosis that he has tuberculosis or psychosis, with respect to any period after the individual

has been a patient in such an institution, as a result of such diagnosis, for forty-two days."

On page 52 of the Senate engrossed amendments, strike out lines 19 through 22 and insert: *except that such term does not include any such payments with respect to—*

"(A) care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases; or

"(B) care or services for any individual, who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.

And the Senate agree to the same.

Amendment numbered 106:

That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with amendments as follows:

Omit 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 181 of the House engrossed bill strike out lines 8 through 10 and insert the following:

(B) Section 522(a) of such Act is amended by striking out "such portion of $60,000" and inserting in lieu thereof "$50,000 or, if greater, such portion of $70,000".

And the Senate agree to the same.

Amendment numbered 107:

That the House recede from its disagreement to the amendment of the Senate numbered 107, 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:

AID TO THE BLIND

SEC. 710. (a) Effective for the period beginning with the first day of the calendar quarter which begins after the date of enactment of this Act, and ending with the close of June 30, 1962, clause (8) of section 1002(a) of the Social Security Act is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard either (i) the first $50 per month of earned income, or (ii) the first $85 per month of earned income plus one-half of earned income in excess of $85 per month;".

(b) Effective July 1, 1962, clause (8) of such section 1002(a) is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determina-

tion, the State agency shall disregard the first $85 per month of earned income, plus one-half of earned income in excess of $85 per month;".

And the Senate agree to the same.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
THOMAS J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,
HOWARD H. BAKER,
Managers on the Part of the House.

HARRY F. BYRD,
ROBT. S. KERR,
J. ALLEN FREAR,
JOHN J. WILLIAMS,
FRANK CARLSON,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580) to extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such Act; and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following Senate amendments made technical, clerical, clarifying, or conforming changes: 1, 2, 4, 5, 6, 15, 17, 18, 19, 20, 21, 22, 23, 25, 28, 29, 30, 32, 33, 34, 35, 36, 37, 38, 39, 41, 43, 44, 46, 47, 48, 52, 53, 54, 55, 56, 92, 94, 95, 98, 100, 102, 103, 104, and 105. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

EXTENSION OF TIME FOR MINISTERS TO ELECT COVERAGE

Amendment No. 3: The Senate amendment added to section 101(b) of the House bill a new provision amending section 1402(e)(3) of the Internal Revenue Code of 1954. It would under certain conditions permit a minister who, before the enactment of the amendment, had filed a certificate electing to be covered under the old-age, survivors, and disability insurance program effective beginning with his first taxable year ending after 1956, to file a supplemental certificate making the original certificate effective beginning with his first taxable year ending after 1955. The House recedes.

LIMITATION ON STATES' LIABILITY UNDER COVERAGE AGREEMENT IN CERTAIN CASES

Amendment No. 7: Section 102(e) of the House bill amended section 218(e) of the Social Security Act so as to permit a coverage agreement between the Secretary and a State to treat the wages of an individual who during the course of a year is an employee both of the State and a political subdivision or subdivisions, or of more than one subdivision, as though such wages had been paid to him by a single employer, in order to limit the State's liability for employer contributions on such individual's wages to the maximum amount (presently $4,800 a year) creditable for old-age, survivors, and dis-

ability insurance purposes, provided the State has borne the entire cost of such contributions and is not reimbursed; but these new provisions could not be made applicable with respect to wages paid before the year in which the Secretary receives the agreement or modification which makes them effective (and in no case with respect to wages paid before 1961). The Senate amendment permitted these new provisions to be made applicable with respect to wages paid on or after January 1, 1957, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary, whichever is later. The House recedes with an amendment under which the new provisions can be made applicable with respect to wages paid on or after January 1, 1957, if the agreement or modification is delivered to the Secretary before 1962, but only with respect to wages paid on or after the first day of the year in which the agreement or modification is delivered to the Secretary (as provided in the House bill) if the agreement or modification is delivered to the Secretary after 1961.

JUSTICES OF THE PEACE AND CONSTABLES IN NEBRASKA

Amendment No. 8: This amendment added to section 102 of the House bill a new subsection (i), which would permit the State of Nebraska to modify its coverage agreement with the Secretary of Health, Education, and Welfare under section 218 of the Social Security Act to remove from coverage justices of the peace and constables paid on a fee basis. The House recedes.

TEACHERS IN MAINE

Amendment No. 9: This amendment added to section 102 of the House bill a new subsection (j), which would extend from July 1, 1960, to July 1, 1961, the period during which the State of Maine is permitted (under sec. 316 of the Social Security Amendments of 1958) to treat teaching and nonteaching employees as being covered by separate retirement systems for purposes of extending old-age, survivors, and disability insurance coverage to such employees. The House recedes.

CERTAIN EMPLOYEES IN CALIFORNIA

Amendment No. 10: This amendment added to section 102 of the House bill a new subsection (k), which would permit the State of California, at any time prior to 1962, to modify its coverage agreement with the Secretary of Health, Education, and Welfare under section 218 of the Social Security Act to extend old-age, survivors, and disability insurance coverage to certain employees of State and local hospitals in California who have been removed from coverage under a State or local retirement system. The House recedes with a technical amendment.

ADDITION OF TEXAS TO LIST OF STATES ELIGIBLE TO SPLIT RETIREMENT SYSTEMS

Amendment No. 11: This amendment added to section 102 of the House bill a new subsection (l), which would add the State of Texas to the list of States which are permitted (under sec. 218(d)(6)(C) of the Social Security Act) to divide a retirement system into two parts for purposes of obtaining old-age, survivors, and disability insurance coverage for only those employees in the system who desire it. The House recedes.

EXTENSION OF COVERAGE TO GUAM AND AMERICAN SAMOA

Amendment No. 12: Section 103 of the House bill extensively amended title II of the Social Security Act, the Internal Revenue Code of 1954, and related laws so as to extend coverage under the old-age, survivors, and disability insurance program to employees and self-employed individuals in Guam and American Samoa and to provide for the effective administration of the program as so extended. The Senate amendment deleted this section of the House bill. The conference agreement provides (with technical amendments) for the extension of coverage under the program to Guam and American Samoa as contained in the House bill.

DOCTORS OF MEDICINE

Amendment No. 13: Section 104 of the House bill amended section 211(c) of the Social Security Act and section 1402(c) of the Internal Revenue Code of 1954 so as to extend coverage under the old-age, survivors, and disability insurance system to earnings derived by self-employed doctors from the practice of medicine. It also amended section 210(a) of the Social Security Act and section 3121(b) of the Internal Revenue Code of 1954 to extend coverage to services performed by medical and dental interns in the same manner as for other employees of training schools and hospitals for which they are employed. The Senate amendment deleted this provision of the House bill, thereby continuing in effect the present exclusions from coverage of self-employed physicians and interns. The House recedes.

SERVICE OF PARENT FOR SON OR DAUGHTER

Amendment No. 14: Section 105 of the House bill amended section 210(a)(3) of the Social Security Act and section 3121(b)(3) of the Internal Revenue Code of 1954 so as to provide coverage under the old-age, survivors, and disability insurance program for service (other than domestic service or casual labor) performed by an individual in the employ of his son or daughter. The Senate amendment deleted this section of the House bill. The conference agreement (with a technical amendment) follows the House bill and extends coverage to individuals performing service of this type.

EMPLOYEES OF CERTAIN LABOR ORGANIZATIONS IN THE CANAL ZONE

Amendment No. 16: Section 106(d) of the House bill amended section 210(e) of the Social Security Act and section 3121(h) of the Internal Revenue Code of 1954 so as to include in the definition of "American employer" certain tax-exempt labor organizations created or organized in the Canal Zone, if they are chartered by labor organizations created or organized in the United States. This provision of the House bill would have extended coverage to service performed outside the United States by U.S. citizens in the employ of such organizations. The provision would also have permitted the validation of certain remuneration erroneously reported by an organization which qualifies as an "American employer" under the provision. The Senate amendment deleted this provision of the House bill. The House recedes.

AMERICAN CITIZEN EMPLOYEES OF FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

Amendments Nos. 24 and 26: Section 107 of the House bill amended section 211(c)(2) of the Social Security Act and section 1402(c)(2) of the Internal Revenue Code of 1954 in order to provide coverage as self-employed individuals for American citizen employees of foreign governments, wholly owned foreign government instrumentalities, and international organizations. The Senate amendment deleted the provisions of this section which extended such coverage to employees of international organizations. The Senate recedes.

DOMESTIC SERVICE AND CASUAL LABOR

Amendments Nos. 27 and 31: Section 108 of the House bill reduced from $50 to $25 the amount of cash wages which an individual must receive in a calendar quarter for domestic service in a private home or for service not in the course of the employer's trade or business in order to be covered under the old-age, survivors, and disability insurance program, and excluded from coverage all earnings in such domestic service and casual labor performed by persons who are under age 16. The Senate amendment deleted the provision reducing the cash wage requirement. The House recedes with an amendment deleting the provision excluding earnings in such domestic service and casual labor performed by persons who are under age 16.

ADOPTED CHILDREN OF DISABILITY INSURANCE BENEFICIARIES

Amendment No. 40: Section 201(b) of the House bill amended section 202(d)(1) of the Social Security Act so as to permit a child who was born to, was adopted by, or became a stepchild of a worker, after the worker became entitled to disability insurance benefits, to qualify for benefits; except that in the case of an adopted child the adoption must have been completed within 2 years of the time as of which the worker became entitled to disability insurance benefits. The Senate amendment added an additional requirement with respect to adopted children so that in order for such a child to get benefits the worker must have instituted adoption proceedings in or before the

month in which his period of disability began or the child must have been living with him in such month. The House recedes.

INSURED STATUS

Amendment No. 42: Section 204(a) of the House bill amended section 214(a) of the Social Security Act to provide that a person would be a fully insured individual under the old-age, survivors, and disability insurance program if he has one quarter of coverage (no matter when acquired) for every four elapsed quarters (i.e., for every four quarters elapsing after December 31, 1950 (or, if later, after the year in which the person reaches age 21) and before the year in which the person died (or, if earlier, the year in which he reached retirement age)) rather than only if he has one quarter of coverage for each two elapsed quarters as under present law. Under the Senate amendment the requirement for fully insured status would have remained as in present law; that is, one quarter of coverage for each two elapsed quarters. The House recedes with an amendment providing that a person will be fully insured under the program if he has one quarter of coverage for each three elapsed quarters.

TIME NEEDED TO ACQUIRE STATUS OF WIFE, CHILD, OR HUSBAND IN CERTAIN CASES

Amendment No. 45: Section 207 of the House bill amended section 216 of the Social Security Act so as to reduce the duration-of-relationship requirements for entitlement to wife's, child's, and husband's benefits in cases where the worker is alive from 3 years to 1 year, the same as the requirement that is presently applicable for purposes of entitlement to survivors' benefits where the worker is deceased. The Senate amendment deleted this section of the bill. The Senate recedes.

ACTUARIALLY REDUCED BENEFITS FOR MEN AT AGE 62

Amendment No. 49: The Senate amendment added to the House bill a new section (sec. 210) amending section 216(a) of the Social Security Act to reduce retirement age for men to 62 (the age already applicable in the case of women), and amending section 202(q) and other provisions of such act to provide that where a man elects to receive his benefits before attaining age 65 such benefits will be actuarially reduced in substantially the same way as is done under present law in the case of a woman who elects to receive her old-age benefits before attaining age 65. The Senate recedes.

EARNED INCOME LIMITATION

Amendment No. 50: The Senate amendment added to the House bill a new section 211, under which the amount of yearly earnings which a beneficiary can have and still get all of his benefits for the year would be increased from $1,200 to $1,800; under the Senate amendment (as under existing law) the beneficiary would lose 1 month's benefit, regardless of its amount, for each $80 or fraction

thereof by which his earnings exceed the specified dollar limit. The House recedes with an amendment which provides as follows:

(1) if the beneficiary earns $1,200 or less in a year, no benefits will be withheld (just as under present law),

(2) if the beneficiary earns between $1,200 and $1,500, 50 cents in benefits will be withheld for each $1 of earnings above $1,200, and

(3) if the beneficiary earns more than $1,500, 50 cents in benefits will be withheld for each $1 of earnings between $1,200 and $1,500 ($150 withheld on account of the $300 of earnings), and $1 in benefits will be withheld for each $1 of earnings above $1,500.

Under the conference agreement, as under existing law, no benefit would be withheld in any case for any month in which the beneficiary earns $100 or less in wages and does not engage in self-employment.

CHILDREN OF INDIVIDUALS IN LOCO PARENTIS

Amendment No. 51: The Senate amendment added to the House bill a new section (sec. 212) amending sections 216(e)(3) and 202(d) of the Social Security Act so as to permit a child with respect to whom an insured individual has stood in loco parentis for at least 5 years to qualify for child's insurance benefits on such individual's wage record even though such child is neither the natural, adopted, or stepchild of such individual. The Senate recedes.

THE UNEMPLOYMENT COMPENSATION PROGRAM

Amendments Nos. 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, and 90:

The bill as passed the House contained a number of amendments affecting the Federal-State program of employment security. These included: (1) a raise in the Federal unemployment tax rate from 3.0 percent to 3.1 percent; (2) provisions governing financing of the administrative expenses of the Federal-State employment security program; (3) improvements in the operation of the Federal unemployment account (the loan fund) by tightening the conditions pertaining to eligibility for and repayment of advances to States with depleted reserve accounts; (4) extension of coverage of the unemployment compensation program to several groups of workers; and (5) treating Puerto Rico as a State for the purposes of the unemployment compensation program.

The Senate amendments adopted only one of these changes—the one relating to eligibility for and repayment of advances. In addition, the Senate amendments provided for a larger loan fund by increasing the amount authorized to be built up in the Federal unemployment account from $200 million to $500 million (under the bill as passed the House the Federal unemployment account would be permitted to increase to $550 million or, if greater, four-tenths of 1 percent of the total wages subject to contributions under all State unemployment compensation laws for the applicable calendar year).

The conference agreement contains the provisions of the bill as passed the House with two technical amendments.

MEDICAL SERVICES FOR THE AGED

Amendments Nos. 91, 96, and 99:

The House bill.—The bill as passed the House added a new title XVI to the Social Security Act for the purpose of establishing a new Federal-State grants-in-aid program to help the States assist low-income aged individuals who need assistance in meeting their medical expenses. Participation in the program would begin after June 1961, upon approval of a plan meeting the general requirements specified in the bill. Participation in the Federal-State program would be completely optional with the States, with each State determining the extent and character of its own program, including (within broad limits) standards of eligibility and scope of benefits.

Persons 65 years of age and over, whose income and resources (taking into account their other living requirements as determined by a State) are insufficient to meet the cost of their medical services, would be eligible under the program. Persons eligible to participate under this program would not include those persons participating under the other Federal-State public assistance programs.

The scope of medical benefits and services provided would be determined by the States. The Federal Government, however, would participate under the matching formula in any program providing any or all of the following services (where limits are applicable they are specified), provided both institutional and noninstitutional services are available:

(A) Inpatient hospital services up to 120 days per year;
(B) Skilled nursing-home services;
(C) Physicians services;
(D) Outpatient hospital services;
(E) Organized home care services;
(F) Private duty nursing services;
(G) Therapeutic services;
(H) Major dental treatment;
(I) Laboratory and X-ray services up to $200 per year;
(J) Prescribed drugs up to $200 per year.

The Federal Government would provide funds for payments for medical benefits under an approved State plan in accordance with an equalization formula under which the Federal share would be between 50 percent and 65 percent of the costs depending upon the per capita income of the State. This is the same matching formula which applies now on that part of the average old-age assistance payments between $30 and $65 a month.

The payments under this program would be made directly to providers of the medical services.

Under the House bill, contingent upon a showing of a significant improvement in their medical payment programs for old-age assistance recipients, States would get somewhat more favorable Federal matching, effective October 1960, for additional expenditures up to an average of $5 per recipient in medical payments.

Senate amendments.—Senate amendment No. 91 strikes out the new title XVI added to the Social Security Act by the House bill. Senate amendment No. 96 makes amendments to title I of the Social Security Act (1) to provide for increased Federal financial participation in expenditures by the States for payments to persons providing

medical services to recipients of old-age assistance, and (2) to assist the States in furnishing medical assistance on behalf of aged individuals who are not recipients of old-age assistance but whose income and resources are insufficient to meet the costs of necessary medical services. Senate amendment No. 99 makes these changes in title I of the Social Security Act effective October 1, 1960.

The provisions of the Senate amendments in this area are in substance the same as the provisions contained in the accompanying conference report which are explained below, with the exceptions noted in the explanation which follows.

Conference agreement.—Under the conference agreement, section 601 of the bill amends title I of the Social Security Act so as to provide for Federal financial participation in approved State plans for old-age assistance or for medical assistance for the aged or for both old-age assistance and medical assistance for the aged. Title I of the Social Security Act now authorizes such participation only in State plans for old-age assistance.

Subsection (a) of section 601 changes the heading of title I of the Social Security Act to reflect the expansion of that title to include medical assistance for the aged.

Subsection (b) of section 601 revises sections 1 and 2 of the Social Security Act. Section 1 now states the purpose of title I of the act and authorizes appropriations therefor. Under the conference agreement this section is amended to state the additional purpose of enabling the States, as far as practicable under the conditions existing therein, to furnish medical assistance for the aged who are not recipients of old-age assistance but whose income and resources are insufficient to meet the cost of necessary medical services.

Section 2 of the Social Security Act now sets forth the conditions which a State plan for old-age assistance must meet in order to be approved by the Secretary and thereby qualify for Federal financial participation in expenditures under the plan.

Under the conference agreement section 2 contains the requirements which State plans must meet in order to qualify for Federal participation. These requirements may be divided into three categories: (*a*) Those which apply to both old-age assistance and medical assistance for the aged; (*b*) those which apply only to old-age assistance; and (*c*) those which apply only to medical assistance for the aged.

(*a*) Requirements applying to both old-age assistance and medical assistance for the aged.

A State plan must—

(1) Provide that it will be in effect in all political subdivisions and be mandatory upon those subdivisions if administered by them;

(2) Provide for financial participation by the State;

(3) Provide for establishment or designation of a single State agency to administer or supervise administration of the plan;

(4) Provide for giving claimants a fair hearing if their claims are denied or not acted upon with reasonable promptness;

(5) Provide methods of administration found necessary for the proper and efficient operation of the plan—these must include a merit system for personnel;

(6) Provide for making of necessary reports to the Secretary;

(7) Provide safeguards against use and disclosure of information concerning applicants for and recipients of assistance, except for purposes directly connected with the administration of the plan;

(8) Provide all individuals wishing to do so an opportunity to apply for assistance, and provide that assistance will be furnished with reasonable promptness to those who are eligible; and

(9) Provide, if the plan includes assistance for or on behalf of individuals in private or public institutions, for the establishment or designation of a State authority or authorities to be responsible for establishing and maintaining standards for such institutions.

These conditions appear in virtually identical form and substance in the existing law, but apply only with respect to old-age assistance. In addition, these conditions appear in virtually identical form and substance in the Senate amendments, with two exceptions. The first exception is that section 2(a)(2) of the Social Security Act, as amended by the Senate amendments, reads as follows:

> (2) provide for financial participation by the State which shall, effective January 1, 1962, extend to all aspects of the State plan;

The second exception is that the condition set forth in paragraph (9) above was, under the Senate amendments, applicable only in the case of old-age assistance; whereas, under the conference agreement it is applicable also with respect to medical assistance for the aged.

(*b*) Requirements applying only to old-age assistance.

A State plan must—

(1) Provide for taking into consideration any other income and resources of an individual claiming old-age assistance in determining his need therefor;

(2) Include reasonable standards, consistent with the objectives of title I of the Social Security Act, for determining the eligibility of individuals for old-age assistance and the extent of such assistance; and

(3) Provide a description of the services made available to help applicants and recipients attain self-care.

Items 1 and 3 are the same as provisions now included in section 2 of the Social Security Act. The language of item 2 is not included in existing law.

(*c*) Requirements applying only to medical assistance for the aged. (These requirements do not appear in existing law.)

A State plan must—

(1) Provide for inclusion of some institutional and some noninstitutional care;

(2) Prohibit enrollment fees, premiums, and similar charges as a condition of eligibility;

(3) Include provisions, to the extent required by the Secretary's regulations, provision for the furnishing of assistance to residents of the State who are temporarily absent therefrom;

(4) Include reasonable standards for determining eligibility for assistance and the extent of assistance which are consistent with the objectives of the amended title I; and

(5) Provide that property liens will not be imposed on account of benefits received under the plan during a recipient's lifetime

(except pursuant to a court judgment on account of benefits incorrectly paid), and limit recovery of benefits correctly paid to recovery from the recipient's estate after the death of his surviving spouse, if any.

Subsection (b) of section 2 of the Social Security Act, as amended under the conference agreement, requires the Secretary of Health, Education, and Welfare to approve any State plan which fulfills the conditions specified above, except that he may not approve a plan which imposes as a condition of eligibility for assistance under the plan an age requirement of more than 65 years or a citizenship requirement which excludes any citizen of the United States. These limitations are contained in existing law. Also carried over from existing law is the prohibition of approval of a plan which, as to old-age assistance applicants, includes any residence requirement which excludes any resident of the State who has resided therein for 5 years during the 9 years immediately preceding his application and who has resided therein continuously for 1 year immediately preceding his application. A different limitation is to be applied to the residence requirements which a State, whose plan includes medical assistance for the aged, could impose as a condition of eligibility for such assistance. In the case of such a plan, approval would be prohibited if it includes any residence requirement which excludes any individual (applying for medical assistance for the aged) who resides in the State.

Subsection (c) of the new section 2 of the Social Security Act provides that nothing in the amended title I is to be construed to permit a State to have in effect with respect to any period more than one State plan approved under such title. This subsection is not contained in the Senate amendments.

Section 601(c) of the bill as agreed to in conference amends section 3(a) of the Social Security Act. This section sets forth the formula by which Federal payments to States with approved plans under title I are determined. Under the new section 3(a) a State would continue, as under existing law, to receive Federal payments equal to four-fifths of the first $30 of its average monthly payment for each recipient (including old-age assistance in the form of cash payments to the individual and old-age assistance in the form of medical or other remedial care on his behalf) plus an amount equal to the Federal percentage (described below) of the remainder of the average monthly payment, but excluding that part in excess of $65.

In addition, the State would receive the Federal medical percentage (described below) of the excess over the above-mentioned $65 average monthly payment for each recipient, excluding that part of the average payment in excess of $77; except that if a State's vendor medical care expenditures under old-age assistance for a month average less than $12 per recipient, this $77 would be reduced by the amount by which such expenditures are less than $12. Thus, if a State is spending an average of $75 per month per recipient for old-age assistance, of which $8 is for vendor medical care, the State would receive, in addition to four-fifths of the first $30 of its average payment plus the Federal percentage of the next $35 thereof, the Federal medical percentage of the next $8.

States with average monthly payments per recipient under old-age assistance of more than $65 would, in lieu of the additional amount described in the preceding paragraph, receive 15 percent of the first

$12 of their average vendor medical care payments for each recipient if this is larger. An example of where this alternative would apply is a State with a Federal percentage (and, therefore, a Federal medical percentage) of 60 percent that is spending an average of $66 per month per recipient for old-age assistance, of which $12 is for vendor medical care. Such a State would receive, in addition to four-fifths of the first $30 of its average payment plus 60 percent of the next $35 thereof, 15 percent of $12 for each recipient or an additional payment of $1.80 (as against an additional payment of 60 percent of $1 or $0.60 under the formula described in the preceding paragraph).

States with average monthly payments per recipient under old-age assistance of $65 or less would also receive additional Federal funds in connection with their vendor medical care programs. These States would receive the same proportions of their average payments as are provided under existing law, plus an additional 15 percent of the first $12 of their average vendor medical care payments for each recipient. Thus, a State with an average monthly payment per recipient of $55, of which $10 is for vendor medical care, would receive four-fifths of the first $30 of the average payment for each recipient, plus the Federal percentage of the next $25 for each recipient, plus an additional 15 percent of $10 for each recipient.

(The above provisions would not be applicable to Puerto Rico, the Virgin Islands, and Guam. However, a comparable liberalization of the formula applicable to them is also included in the bill.)

It is expected that these additional old-age assistance vendor medical care funds will result in the improvement of programs for such care, or for initiating programs of medical assistance for the aged, or both.

Under existing law the Federal percentages for the several States vary inversely with the square of their respective per capita incomes, but with a minimum of 50 percent and a maximum of 65 percent. The Federal medical percentage would be determined in the same way except that the maximum would be 80 percent instead of 65 percent.

For all States which have approved programs for medical assistance for aged persons who are not recipients of old-age assistance, the Federal payments would be equal to the Federal medical percentage of the total amounts expended under these programs.

Also (as under existing law), all States would continue to receive Federal payments equal to one-half of their expenditures for necessary and proper administration of their State plans.

Section 601(d) is a conforming amendment to section 3(b)(2)(B) of the act, striking out "old-age assistance" and inserting in lieu thereof "assistance".

Section 601(e) is a conforming amendment to section 4 of the act under which the Secretary could suspend or deny Federal payments to States whose plans do not conform to the requirements of the act or whose programs are operated in contravention of the provisions of the State plan.

Section 601(f) amends section 6 of the act. Existing section 6 becomes subsection (a) of section 6 and two new subsections (b) and (c) are added. The new subsection (a) continues the present definition of "old-age assistance," except that it (in effect) permits Federal financial participation in State expenditures for medical care on

behalf of an individual who is a patient in a medical institution, as the result of a diagnosis of tuberculosis or psychosis, for 42 days (whether or not consecutive) after such diagnosis. (Under the Senate amendments, the definition of "old-age assistance" included money payments to, or medical care on behalf of or any type of remedial care recognized under State law on behalf of, individuals who are patients in institutions for tuberculosis or mental diseases and individuals who have been diagnosed as having tuberculosis or psychosis and are patients in medical institutions as a result thereof.)

The new subsection (b) of section 6 defines "medical assistance for the aged". This term is defined to mean payments for medical services to persons 65 years of age or over who are not recipients of old-age assistance. but whose income and resources are insufficient to meet the cost of the following care and services:

(1) Inpatient hospital services;
(2) Skilled nursing-home services;
(3) Physicians' services;
(4) Outpatient hospital or clinic services;
(5) Home health care services;
(6) Private duty nursing services;
(7) Physical therapy and related services;
(8) Dental services;
(9) Laboratory and X-ray services;
(10) Prescribed drugs, eyeglasses, dentures, and prosthetic devices;
(11) Diagnostic, screening, and preventive services; and
(12) Any other medical care or remedial care recognized under State law.

The term "medical assistance for the aged" does not include services for any individual who is an inmate of a public institution except as a patient in a medical institution; nor does it include services for any individual who is a patient in a tuberculosis or mental institution. In the case of an individual who is a patient in a medical institution (other than a tuberculosis or mental institution) as a result of a diagnosis of tuberculosis or psychosis, services provided him after he has been such a patient in the institution for 42 days (whether or not consecutive) as a result of this diagnosis are also not included. (Under the Senate amendments, the term "medical assistance for the aged" did not exclude payments with respect to care or services for individuals who are patients in institutions for tuberculosis or mental diseases, and did not exclude individuals who have been diagnosed as having tuberculosis or psychosis and are patients in medical institutions as a result thereof.)

The new section 6(c) defines the term "Federal medical percentage". The Federal medical percentage for any State would be 100 percent minus the percentage which bears the same relationship to 50 percent as the square of the per capita income of the State bears to the square of the per capita income of the 50 States. The Federal medical percentage could not, however, be less than 50 percent or more than 80 percent. Also, this percentage for Puerto Rico, the Virgin Islands, and Guam would be set at 50 percent.

As under the Senate amendments, these changes in title I of the Social Security Act will take effect on October 1, 1960.

PLANNING GRANTS TO STATES

Amendment No. 93: Section 603 of the House bill authorized a 2-year program of grants to the States to cover one-half of their costs, up to a maximum Federal payment of $50,000, of making plans and initiating administrative arrangements for operations under the new title XVI of the Social Security Act (relating to medical services for the aged). The Senate amendment deleted this provision of the House bill. The House recedes.

INCREASE IN LIMITATIONS ON ASSISTANCE PAYMENT TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

Amendment No. 97: Senate amendment numbered 97 added to the bill amendments to section 1108 of the Social Security Act. This section of the act places dollar limitations on the amounts which may be paid to Puerto Rico, the Virgin Islands, and Guam under titles I, IV, X, and XIV of the act. The Senate amendment increased these dollar amounts. No comparable provision was included in the House bill. The House recedes.

Under the conference agreement, section 1108 of the Social Security Act is amended to increase the dollar limitations described above as follows:

Puerto Rico—from $8,500,000 to $9 million per fiscal year;
Virgin Islands—from $300,000 to $315,000 per fiscal year; and
Guam—from $400,000 to $420,000 per fiscal year.

These increases may be used only for payments certified under section 3(a)(2)(B) of the act (relating to Federal matching for old-age assistance expenditures in excess of the present maximum of $35 per month per beneficiary). However, the dollar limits would not apply to payments under the new section 3(a)(3) of the act (relating to Federal payments for medical assistance for the aged).

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

Amendment No. 101: Section 704(b) of the House bill amended section 116 of the Social Security Amendments of 1956 so as to direct the Advisory Council on Social Security Financing which will be appointed during 1963 (under sec. 116(e) of the 1956 amendments as amended by sec. 704(a) of the bill) to make findings and recommendations with respect to extensions of coverage, adequacy of benefits, and all aspects of the old-age, survivors, and disability insurance program in addition to the other findings and recommendations (relative to financing) which it is required to make under such section 116. The Senate amendment deleted this provision of the House bill. The Senate recedes.

CHILD-WELFARE SERVICES

Amendment No. 106: Section 707(a)(3)(A) of the House bill amended section 521 of the Social Security Act so as to increase from $17 million to $20 million the amount authorized to be appropriated each year to enable the Secretary of Health, Education, and Welfare to make grants to State agencies for child-welfare services. The Senate amendment increased this amount to $25 million. The House recedes, with an amendment providing that the uniform amount in

the allotments to each State as prescribed by the present child-welfare services law (which is based on the ratio between the amount authorized and the amount appropriated for child-welfare purposes, applied to a dollar amount which is increased from $60,000 to $70,000 by the bill) shall in no case be less than $50,000.

AID TO THE BLIND

Amendment No. 107: This amendment added to the House bill a new section 710, amending section 1002(a)(8) of the Social Security Act to provide that the State agency administering aid to the blind, in taking an individual's income and resources into consideration for purposes of determining his need for such aid, may either disregard the first $1,000 of his earned income per year plus one-half of the excess over $1,000 or continue to disregard the first $50 per month of earned income as it is directed to do under existing law, with the further provision that effective July 1, 1961, the State agency *must* disregard the first $1,000 of the individual's earned income each year plus one-half of his earned income in excess of that figure. The House recedes with an amendment which places the new earned income exemption on a monthly basis as in existing law rather than on an annual basis as in the Senate amendment, and provides that the new exemption will become mandatory on the States on July 1, 1962; under the conference agreement the State agency, in determining need, is permitted either to disregard the first $85 of the individual's earned income per month plus one-half of his earned income in excess of that figure or to continue to apply the existing $50 per month exemption until the 1962 date, after which it *must* disregard the first $85 of earned income per month plus one-half of earned income in excess of that figure.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
THOMAS J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,
HOWARD H. BAKER,
Managers on the Part of the House.

○

SOCIAL SECURITY AMENDMENTS OF 1960

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 12580) to extend and improve coverage under the Federal old-age, survivors, and disability insurance system and to remove hardships and inequities; improve the financing of the trust funds; and provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House 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.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2165)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580) to extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such 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 Senate recede from its amendments numbered 21, 23, 24, 25, 26, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 41, 45, 46, 48, 49, 51, 52, 53, 54, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 83, 84, 85, 86, 87, 88, 89, 100, and 101.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 6, 8, 9, 11, 13, 16, 17, 18, 19, 20, 38, 39, 40, 91, 92, 93, 94, 95, 97, 98, 99, 102, 103, 104, and 105, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, 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—Coverage

And the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with amendments as follows: Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and on page 15 of the House engrossed bill strike out lines 11 through 15

and insert the following: "wages paid before (i) January 1, 1957, in the case of an agreement or modification which is mailed or delivered by other means to the Secretary before January 1, 1962, or (ii) the first day of the year in which the agreement or modification is mailed or delivered by other means to the Secretary, in the case of an agreement or modification which is so mailed or delivered on or after January 1, 1962.' "; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, 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:

"Certain Employees in the State of California

"(k) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of California heretofore entered into pursuant to such section may at the option of such State be modified, at any time prior to 1962, pursuant to subsection (c)(4) of such section 218, so as to apply to services performed by any individual who, on or after January 1, 1957, and on or before December 31, 1959, was employed by such State (or any political subdivision thereof) in any hospital employee's position which, on September 1, 1954, was covered by a retirement system, but which, prior to 1960, was removed from coverage by such retirement system if, prior to July 1, 1960, there have been paid in good faith to the Secretary of the Treasury, with respect to any of the services performed by such individual in any such position, amounts equivalent to the sum of the taxes which would have been imposed by sections 3101 and 3111 of the Internal Revenue Code of 1954 if such services had constituted employment for purposes of chapter 21 of such Code at the time they were performed. Notwithstanding the provisions of subsection (f) of such section 218, such modification shall be effective with respect to (1) all services performed by such individual in any such position on or after January 1, 1960, and (2) all such services, performed before such date, with respect to which amounts equivalent to such taxes have, prior to the date of enactment of this subsection, been paid."

And the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment, and—

On page 28, line 4, of the House engrossed bill, strike out the comma after "Puerto Rico".

On page 30, line 4, of the House engrossed bill, strike out "a semicolon" and insert "; or".

On page 30, line 12, of the House engrossed bill, strike out "; or" and insert a period.

On page 35, line 25, of the House engrossed bill, strike out "a semicolon" and insert "; or".

On page 36, line 8, of the House engrossed bill, strike out "; or" and insert a period.

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 48, line 5, of the House engrossed bill, strike out "105" and insert the following: "104"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, 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: "105"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, 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: "106"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment, and in the House engrossed bill, beginning with page 59, line 22, strike out all through line 23 on page 60; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, 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: "three"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, 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: "three"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, 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: "three"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with amendments as follows: Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and—

On page 78 of the House engrossed bill, strike out lines 19 through 21 and insert the following:

"SEC. 209. (a) The subsection of section 203 of the Social Security Act redesignated as subsection (g) by section 211(c) of this Act is amended by striking out '(b) or (c)' wherever it appears and inserting in lieu thereof '(c)'; and by striking out '(other than an event specified in subsection (b)(1) or (c)(1)'."

On page 79, line 1, of the House engrossed bill, after "Act", insert the following: ", as in effect prior to such date"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, 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:

"INCREASE IN THE EARNED INCOME LIMITATION

"SEC. 211. (a) Subsection (b) of section 203 of the Social Security Act is amended to read as follows:

"'*Deductions on account of work*

"'(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, and from any payment or payments to which any other persons are entitled on the basis of such individual's wages and self-employment income, until the total of such deductions equals—

"'(1) such individual's benefit or benefits under section 202 for any month, and

"'(2) if such individual was entitled to old-age insurance benefits under section 202(a) for such month, the benefit or benefits of all other persons for such month under section 202 based on such individual's wages and self-employment income,

if for such month he is charged with excess earnings, under the provisions of subsection (f) of this section, equal to the total of benefits referred to in clauses (1) and (2). If the excess earnings so charged are less than such total of benefits, such deductions with respect to such month shall be equal only to the amount of such excess earnings. If a child who has attained the age of 18 and is entitled to child's insurance benefits, or a person who is entitled to mother's insurance benefits, is married to an individual entitled to old-age insurance benefits under section 202(a), such child or such person, as the case may be, shall, for the purposes of this subsection and subsection (f), be deemed to be entitled to such benefits on the basis of the wages and self-employment income of such individual entitled to old-age insurance benefits. If a deduction has already been made under this subsection with respect to a person's benefit or benefits under section 202 for a month, he shall be deemed entitled to payments under such section for such month for purposes of further deductions under this subsection, and for purposes of charging of each person's excess earnings under subsection (f), only to the extent of the total of his benefits remaining after such earlier deductions have been made. For purposes of this subsection and subsection (f)—

"'(A) an individual shall be deemed to be entitled to payments under section 202 equal to the amount of the benefit or benefits to which he is entitled under such section after the application of subsection (a) of this section, but without the application of the penultimate sentence thereof; and

"'(B) if a deduction is made with respect to an individual's benefit or benefits under section 202 because of the occurrence in any month of an event specified in subsection (c), or (d) of this section or in section 222(b), such individual shall not be considered to be entitled to any benefits under such section 202 for such month.'

"(b) Subsection (c) of section 203 of such Act is amended to read as follows:

"'*Deductions on account of noncovered work outside the United States or failure to have child in care*

"'(c) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month—

"'(1) in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or

"'(2) in which such individual, if a wife under age sixty-five entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit and such wife's insurance benefit for such month was not reduced under the provisions of section 202(q); or

"'(3) in which such individual, if a widow entitled to a mother's insurance benefit, did not have in her care a child of her deceased husband entitled to a child's insurance benefit; or

"'(4) in which such individual, if a former wife divorced entitled to a mother's insurance benefit, did not have in her care a child of her deceased former husband who (A) is her son, daughter, or legally adopted child and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of her deceased former husband.

For purposes of paragraphs (2), (3), and (4) of this subsection, a child shall not be considered to be entitled to a child's insurance benefit for any month in which an event specified in section 222(b) occurs with respect to such child. No deduction shall be made under this subsection from any child's insurance benefit for the month in which the child entitled to such benefit attained the age of eighteen or any subsequent month.'"

(c) Section 203 of such Act is amended by redesignating subsections (d), (e), (f), (g), and (h) as subsections (e), (f), (g), (h), and (i), respectively, and by inserting after subsection (c) the following new subsection:

"'*Deductions from dependents' benefits on account of noncovered work outside the United States by old-age insurance beneficiary*

"'(d)(1) Deductions shall be made from any wife's, husband's, or child's insurance benefit, based on the wages and self-employment income of an individual entitled to old-age insurance benefits, to which a wife, husband, or child is entitled, until the total of such deductions equals such wife's, husband's, or child's insurance benefit or benefits under section 202 for any month in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States.

"'(2) Deductions shall be made from any child's insurance benefit to which a child who has attained the age of eighteen is entitled, or from any mother's insurance benefit to which a person is entitled, until the total of such deductions equals such child's insurance benefit or benefits or mother's insurance benefit or benefits under section 202 for any month in which such child or person entitled to mother's insurance benefits is married to an individual who is entitled to old-age insurance benefits and on seven or more different calendar days of which such individual engaged in noncovered remunerative activity outside the United States.'

"(d) The subsection of section 203 of such Act redesignated as subsection (e) by subsection (c) of this section is amended to read as follows:

"'*Occurrence of more than one event*

"'(e) If more than one of the events specified in subsections (c) and (d) and section 222(b) occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted.'

"(e) The subsection of section 203 of such Act redesignated as subsection (f) by subsection (c) of this section is amended to read as follows:

"'*Months to which earnings are charged*

"'(f) For purposes of subsection (b)—

"'(1) The amount of an individual's excess earnings (as defined in paragraph (3)) shall be charged to months as follows: There shall be charged to the first month of such taxable year an amount of his excess earnings equal to the sum of the payments to which he and all other persons are entitled for such month under section 202 on the basis of his wages and self-employment income (or the total of his excess earnings if such excess earnings are less than such sum), and the balance, if any, of such excess earnings shall be charged to each succeeding month in such year to the extent, in the case of each such month, of the sum of the payments to which such individual and all other persons are entitled for such month under section 202 on the basis of his wages and self-employment income, until the total of such excess has been so charged. Where an individual is entitled to benefits under section 202(a) and other persons are entitled to benefits under section 202 (b), (c), or (d) on the basis of the wages and self-employment income of such individual, the excess earnings of such individual for any taxable year shall be charged in accordance with the provisions of this subsection before the excess earnings of such persons for a taxable year are charged to months in such individual's taxable year. Notwithstanding the preceding provisions of this paragraph, no part of the excess earnings of an individual shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which such individual was age seventy-two or over, (C) in which such individual, if a child entitled to child's insurance benefits, has attained the age of 18, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (5) of this subsection) of more than $100.

"'(2) As used in paragraph (1), the term 'first month of such taxable year' means the earliest month in such year to which the charging of excess earnings described in such paragraph is not prohibited by the application of clauses (a), (B), (C), and (D) thereof.

"'(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be his earnings for such year in excess of the product of $100 multiplied by the number of months in such year, except that of the first $300 of such excess (or all of such excess if it is less than $300), an amount equal to one-half thereof shall not be included. 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.

"'(4) For purposes of clause (D) of paragraph (1)—

"'(A) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (5) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"'(B) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (5) of this subsection) of more than $100 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

"'(5)(A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"'(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes of subparagraph (A) of this paragraph and paragraph (4), the provisions of section 211, other than paragraphs (1), (4), and (5) of subsection (c), shall be applicable; and any excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

"'(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g)(2), (g)(3), (h)(2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee or performed outside the United States in the active military or naval service of the United States, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

"'(6) For purposes of this subsection, wages (determined as provided in paragraph (5)(C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year.

"'(7) Where an individual's excess earnings are charged to a month and the excess earnings so charged are less than the total of the payments (without regard to such charging) to which all persons are entitled under section 202 for such month on the basis of his wages and self-employment income, the difference between such total and the excess so charged to such month shall be paid (if it is otherwise payable under this title) to such individual and other persons in the proportion that the benefit to which each of them is entitled (without regard to such charging, without the application of section 202(k)(3), and prior to the application of section 203(a)) bears to the total of the benefits to which all of them are entitled.'

"(f) The subsection of section 203 of such Act redesignated as subsection (h) by subsection (c) of this section is amended (1) by striking out 'paragraph (4) of subsection (e)' wherever it appears and inserting in lieu thereof 'paragraph (5) of subsection (f)', (2) by striking out in subparagraph (B) of paragraph (1) 'paragraph (3) of subsection (g)' and inserting in lieu thereof 'paragraph (3) of this subsection', (3) by striking out '(b)(1)' wherever it appears and inserting in lieu thereof '(b)', and (4) by striking out in paragraph (3) 'suspend the payment' and insert in lieu thereof 'suspend the total or less than the total payment'.

"(g) The subsection of section 203 of such Act redesignated as subsection (i) by subsection (c) of this section is amended by striking out 'subsection (b), (f), or (g) of this section' and inserting in lieu thereof 'subsection (b), (c), (g), or (h) of this section'.

"(h) Subsection (l) of section 203 of such Act is amended by striking out 'subsection (f) or (g)(1)(A)' and inserting in lieu thereof 'subsection (g) or (h)(1)(A)'.

"(i) The last sentence of section 202(n)(1) of such Act is amended by striking out 'section 203 (b) and (c)' and inserting in lieu thereof 'section 203 (b), (c), and (d)'.

"(j)(1) Clause (A) of section 202(q)(5) of such Act is amended by striking out 'paragraph (1) or (2) of' and by inserting before the comma at the end thereof 'or paragraph (1) of section 203(c)'.

"(2) Clause (B) of such section 202(q)(5) is amended by striking out 'paragraph (1) or (2) of section 203(b), under section 203(c)' and inserting in lieu thereof 'section 203(b), under section 203(c)(1), under section 203(d)(1)'.

"(k)(1) Clause (A) of section 202(q)(6) of such Act is amended by striking out 'section 203(b) (1) or (2), under section 203(c)'

and inserting in lieu thereof 'section 203(b), under section 203(c)(1), under section 203(d)(1)'.

"(2) Clause (D) of such section 202(q)(6) is amended by striking out 'paragraph (1) or (2) of' and by inserting immediately before the period 'or paragraph (1) of section 203(c)'.

"(l) Section 202(t)(7) of such Act is amended by striking out 'subsections (b) and (c) of section 203' and inserting in lieu thereof 'subsections (b), (c), and (d) of section 203'.

"(m) Section 208(a)(3) of such Act is amended by striking out 'section 203(e)' and inserting in lieu thereof 'section 203(f)'.

"(n) Section 215(g) of such Act is amended by striking out '203(a)' and inserting in lieu thereof '203(a) and deductions under section 203(b)'.

"(o)(1) Section 3(e) of the Railroad Retirement Act of 1937 is amended by striking out 'subsections (f) and (g)(2) of section 203 of the Social Security Act' and inserting in lieu thereof 'subsections (g) and (h)(2) of section 203 of the Social Security Act'.

"(2) Section 5(i)(1)(ii) of the Railroad Retirement Act of 1937 is amended—

"(A) by striking out 'section 203(e)' each place it appears and inserting in lieu thereof 'section 203(f)';

"(B) by striking out 'section 203(g)(3)' and inserting in lieu thereof 'section 203(h)(3)'; and

"(C) by striking out 'earnings' each place it appears and inserting in lieu thereof 'excess earnings'.

"(p) Section 203 (c), (d), (e), (g), and (i) of the Social Security Act as amended by this Act shall be effective with respect to monthly benefits for months after December 1960.

"(q) Section 203 (b), (f), and (h) of the Social Security Act as amended by this Act shall be effective with respect to taxable years beginning after December 1960.

"(r) Section 203(l) of the Social Security Act as amended by this Act, to the extent that it applies to section 203(g) of the Social Security Act as amended by this Act, shall be effective with respect to monthly benefits for months after December 1960 and, to the extent that it applies to section 203(h)(1)(A) of the Social Security Act as amended by this Act, shall be effective with respect to taxable years beginning after December 1960.

"(s) The amendments made by subsections (i), (j), (k), (l), (m), (n), and (o) of this section, to the extent that they make changes in references to provisions of section 203 of the Social Security Act, shall take effect in the manner provided in subsections (p) and (q) of this section for the provisions of such section 203 to which the respective references so changed relate.

"(t) In any case where—

"(1) an individual has earnings (as defined in section 203(e)(4) of the Social Security Act as in effect prior to the enactment of this Act) in a taxable year which begins before 1961 and ends in 1961 (but not on December 31, 1961), and

"(2) such individual's spouse or child entitled to monthly benefits on the basis of such individual's self-employment income has excess earnings (as defined in section 203(f)(3) of the Social Security Act as amended by this Act) in a taxable year which begins after 1960, and

"(3) one or more months in the taxable years specified in paragraph (2) are included in the taxable year specified in paragraph (1), then, if a deduction is imposed against the benefits payable to such individual with respect to a month described in paragraph (3), such spouse or child, as the case may be, shall not, for purposes of subsections (b) and (f) of section 203 of the Social Security Act as amended by this Act, be entitled to a payment for such month."

And the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with amendments as follows: Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and on page 93, line 14, of the House engrossed bill, insert quotation marks after the period; and the Senate agree to the same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 146 of the House engrossed bill, after line 10, insert the following:

"(g) Notwithstanding section 203(b) of the Farm Credit Act of 1959, sections 3305(b), 3306(c)(6), and 3308 of the Internal Revenue Code of 1954 and sections 1501(a) and 1507(a) of the Social Security Act shall be applicable, according to their terms, to the Federal land banks, Federal intermediate credit banks, and banks for cooperatives."

And the Senate agree to the same.

Amendment numbered 90: That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with amendments as follows: Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and on page 153 of the House engrossed bill, after line 25, insert the following:

"(c) Effective on and after January 1, 1961, section 5(b) of the Act of June 6, 1933, as amended (29 U.S.C., sec. 49d(b)), is amended by striking out 'Puerto Rico, Guam,' and inserting in lieu thereof 'Guam'."

And the Senate agree to the same.

Amendment numbered 96: That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with amendments, as follows: On page 43 of the Senate engrossed amendments, strike out lines 10, 11, and 12, and insert:

"(2) provide for financial participation by the State;".

On page 44 of the Senate engrossed amendments, after line 18, insert:

"(9) provide, if the plan includes assistance for or on behalf of 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;".

On page 44, line 19, of the Senate engrossed amendments, strike out "(9)" and insert "(10)".

On page 44, line 24, of the Senate engrossed amendments, strike out "provide" and insert "include".

On page 45, line 2, of the Senate engrossed amendments, after "assistance;", insert "and".

On page 45, line 9, of the Senate engrossed amendments, after "services;", insert "and".

On page 45 of the Senate engrossed amendments, strike out line 10 and all that follows through line 15.

On page 46, line 7, of the Senate engrossed amendments, after "assistance;", insert "and".

On page 47 of the Senate engrossed amendments, line 11, strike out the quotation marks and after line 11 insert:

"(c) Nothing in this title shall be construed to permit a State to have in effect with respect to any period more than one State plan approved under this title."

On page 50 of the Senate engrossed amendments, line 23, insert before the semicolon "(including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)".

On page 51 of the Senate engrossed amendments, strike out lines 15 through 19 and insert:

"(f)(1) Section 6 of such Act is amended by striking out 'but does not include' and all that follows and inserting in lieu thereof 'but does not include—

"'(1) any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases, or

"'(2) any such payments to any individual who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof, or

"'(3) any such care in behalf of any individual, who is a patient in a medical institution as a result of a diagnosis that he has tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.'"

On page 52 of the Senate engrossed amendments, strike out lines 19 through 22 and insert "except that such term does not include any such payments with respect to—

"'(A) care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases; or

"'(B) care or services for any individual, who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.'"

And the Senate agree to the same.

Amendment numbered 106: That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with amendments as follows: Omit 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 181 of the House engrossed bill strike out lines 8 through 10 and insert the following:

"(B) Section 522(a) of such Act is amended by striking out 'such portion of $60,000' and inserting in lieu thereof '$50,000 or, if greater, such portion of $70,000'."

And the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, 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:

"AID TO THE BLIND

"SEC. 710. (a) Effective for the period beginning with the first day of the calendar quarter which begins after the date of enactment of this Act, and ending with the close of June 30, 1962, clause (8) of section 1002(a) of the Social Security Act is amended to read as follows: '(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard either (i) the first $50 per month of earned income, or (ii) the first $85 per month of earned income plus one-half of earned income in excess of $85 per month;'.

"(b) Effective July 1, 1962, clause (8) of such section 1002(a) is amended to read as follows: '(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind;

except that, in making such determination, the State agency shall disregard the first $85 per month of earned income, plus one-half of earned income in excess of $85 per month;'."

And the Senate agree to the same.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
THOMAS J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,
HOWARD H. BAKER,
Managers on the Part of the House.

HARRY F. BYRD,
ROBERT S. KERR,
J. ALLEN FREAR,
JOHN J. WILLIAMS,
FRANK CARLSON,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580) to extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such Act; and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following Senate amendments made technical, clerical, clarifying, or conforming changes: 1, 2, 4, 5, 6, 15, 17, 18, 19, 20, 21, 22, 23, 25, 28, 29, 30, 32, 33, 34, 35, 36, 37, 38, 39, 41, 43, 44, 46, 47, 48, 52, 53, 54, 55, 56, 92, 94, 95, 98, 100, 102, 103, 104, and 105. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

EXTENSION OF TIME FOR MINISTERS TO ELECT COVERAGE

Amendment No. 3: The Senate amendment added to section 101(b) of the House bill a new provision amending section 1402(e)(3) of the Internal Revenue Code of 1954. It would under certain conditions permit a minister who, before the enactment of the amendment, had filed a certificate electing to be covered under the old-age, survivors, and disability insurance program effective beginning with his first taxable year ending after 1956, to file a supplemental certificate making the original certificate effective beginning with his first taxable year ending after 1955. The House recedes.

LIMITATION ON STATES' LIABILITY UNDER COVERAGE AGREEMENT IN CERTAIN CASES

Amendment No. 7: Section 102(e) of the House bill amended section 218(e) of the Social Security Act so as to permit a coverage agreement between the Secretary and a State to treat the wages of an individual who during the course of a year is an employee both of the State and a political subdivision or subdivisions, or of more than one subdivision, as though such wages had been paid to him by a single employer, in order to limit the State's liability for employer contributions on such individual's wages to the maximum amount (presently $4,800 a year) creditable for old-age, survivors, and disability insurance purposes, provided the State has borne the entire cost of such contributions and is not reimbursed; but these new provisions could not be made applicable with respect to wages paid before the year in which the Secretary receives the agreement or modification which makes them effective (and in no case with respect to wages paid before 1961). The Senate amendment permitted these new provisions to be made applicable with respect to wages paid on or after January 1, 1957, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary, whichever is later. The House recedes with an amendment under which the new provisions can be made applicable with respect to wages paid on or after January 1, 1957, if the agreement or modification is delivered to the Secretary before 1962, but only with respect to wages paid on or after the first day of the year in which the agreement or modification is delivered to the Secretary (as provided in the House bill) if the agreement or modification is delivered to the Secretary after 1961.

JUSTICES OF THE PEACE AND CONSTABLES IN NEBRASKA

Amendment No. 8: This amendment added to section 102 of the House bill a new subsection (i), which would permit the State of Nebraska to modify its coverage agreement with the Secretary of Health, Education, and Welfare under section 218 of the Social Security Act to remove from coverage justices of the peace and constables paid on a fee basis. The House recedes.

TEACHERS IN MAINE

Amendment No. 9: This amendment added to section 102 of the House bill a new subsection (j), which would extend from July 1, 1960, to July 1, 1961, the period during which the State of Maine is permitted (under section 316 of the Social Security Amendments of 1958) to treat teaching and nonteaching employees as being covered by separate retirement systems for purposes of extending old-age, survivors, and disability insurance coverage to such employees. The House recedes.

CERTAIN EMPLOYEES IN CALIFORNIA

Amendment No. 10: This amendment added to section 102 of the House bill a new subsection (k), which would permit the State of California, at any time prior to 1962, to modify its coverage agreement with the Secretary of Health, Education, and Welfare under section 218 of the Social Security Act to extend old-age, survivors, and disability insurance coverage to certain employees of State and local hospitals in California who have been removed from coverage under a State or local retirement system. The House recedes with a technical amendment.

ADDITION OF TEXAS TO LIST OF STATES ELIGIBLE TO SPLIT RETIREMENT SYSTEMS

Amendment No. 11: This amendment added to section 102 of the House bill a new subsection (l), which would add the State of Texas to the list of States which are permitted (under section 218(d)(6)(C) of the Social Security Act) to divide a retirement system into two parts for purposes of obtaining old-age, survivors, and disability insurance coverage for only those employees in the system who desire it. The House recedes.

EXTENSION OF COVERAGE TO GUAM AND AMERICAN SAMOA

Amendment No. 12: Section 103 of the House bill extensively amended title II of the Social Security Act, the Internal Revenue Code of 1954, and related laws so as to extend coverage under the old-age, survivors, and disability insurance program to employees and self-employed individuals in Guam and American Samoa and to provide for the effective administration of the program as so extended. The Senate amendment deleted this section of the House bill. The conference agreement provides (with technical amendments) for the extension of coverage under the program to Guam and American Samoa as contained in the House bill.

DOCTORS OF MEDICINE

Amendment No. 13: Section 104 of the House bill amended section 211(c) of the Social Security Act and section 1402(c) of the Internal Revenue Code of 1954 so as to extend coverage under the old-age, survivors, and disability insurance system to earnings derived by self-employed doctors from the practice of medicine. It also amended section 210(a) of the Social Security Act and section 3121(b) of the Internal Revenue Code of 1954 to extend coverage to services performed by medical and dental interns in the same manner as for other employees of training schools and hospitals for which they are employed. The Senate amendment deleted this provision of the House bill, thereby continuing in effect the present exclusions from coverage of self-employed physicians and interns. The House recedes.

SERVICE OF PARENT FOR SON OR DAUGHTER

Amendment No. 14: Section 105 of the House bill amended section 210(a)(3) of the Social Security Act and section 3121(b)(3) of the Internal Revenue Code of 1954 so as to provide coverage under the old-age, survivors, and disability insurance program for service (other than domestic service or casual labor) performed by an individual in the employ of his son or daughter. The Senate amendment deleted this section of the House bill. The conference agreement (with a technical amendment) follows the House bill and extends coverage to individuals performing service of this type.

EMPLOYEES OF CERTAIN LABOR ORGANIZATIONS IN THE CANAL ZONE

Amendment No. 16: Section 106 (d) of the House bill amended section 210(e) of the Social Security Act and section 3121(h) of the Internal Revenue Code of 1954 so as to include in the definition of "American employer" certain tax-exempt labor organizations created or organized in the Canal Zone, if they are chartered by labor organizations created or organized in the United States. This provision of the House bill would have extended coverage to service performed outside the United States by United States citizens in the employ of such organizations. The provision would also have permitted the validation of certain remuneration erroneously reported by an organization which qualifies as an "American employer" under the provision. The Senate amendment deleted this provision of the House bill. The House recedes.

AMERICAN CITIZEN EMPLOYEES OF FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

Amendments Nos. 24 and 26: Section 107 of the House bill amended section 211(c)(2) of the Social Security Act and section 1402(c)(2) of the Internal Revenue Code of 1954 in order to provide coverage as self-employed individuals for American citizen employees of foreign governments, wholly owned foreign government instrumentalities, and international organizations. The Senate amendment deleted the provisions of this section which extended such coverage to employees of international organizations. The Senate recedes.

DOMESTIC SERVICE AND CASUAL LABOR

Amendments Nos. 27 and 31: Section 108 of the House bill reduced from $50 to $25 the amount of cash wages which an individual must receive in a calendar quarter for domestic service in a private home or for service not in the course of the employer's trade or business in order to be covered under the old-age, survivors, and disability insurance program, and excluded from coverage all

earnings in such domestic service and casual labor performed by persons who are under age 16. The Senate amendment deleted the provision reducing the cash wage requirement. The House recedes with an amendment deleting the provision excluding earnings in such domestic service and casual labor performed by persons who are under age 16.

ADOPTED CHILDREN OF DISABILITY INSURANCE BENEFICIARIES

Amendment No. 40: Section 201(b) of the House bill amended section 202(d)(1) of the Social Security Act so as to permit a child who was born to, was adopted by, or became a stepchild of a worker, after the worker became entitled to disability insurance benefits, to qualify for benefits; except that in the case of an adopted child the adoption must have been completed within two years of the time as of which the worker became entitled to disability insurance benefits. The Senate amendment added an additional requirement with respect to adopted children so that in order for such a child to get benefits the worker must have instituted adoption proceedings in or before the month in which his period of disability began or the child must have been living with him in such month. The House recedes.

INSURED STATUS

Amendment No. 42: Section 204(a) of the House bill amended section 214(a) of the Social Security Act to provide that a person would be a fully insured individual under the old-age, survivors, and disability insurance program if he has 1 quarter of coverage (no matter when acquired) for every 4 elapsed quarters (i.e., for every 4 quarters elapsed after December 31, 1950 (or, if later, after the year in which the person reaches age 21) and before the year in which the person died (or, if earlier, the year in which he reached retirement age)) rather than only if he has 1 quarter of coverage for each 2 elapsed quarters as under present law. Under the Senate amendment the requirement for fully insured status would have remained as in present law; that is, 1 quarter of coverage for each 2 elapsed quarters. The House recedes with an amendment providing that a person will be fully insured under the program if he has 1 quarter of coverage for each 3 elapsed quarters.

TIME NEEDED TO ACQUIRE STATUS OF WIFE, CHILD, OR HUSBAND IN CERTAIN CASES

Amendment No. 45: Section 207 of the House bill amended section 216 of the Social Security Act so as to reduce the duration-of-relationship requirements for entitlement to wife's, child's, and husband's benefits in cases where the worker is alive from 3 years to 1 year, the same as the requirement that is presently applicable for purposes of entitlement to survivors' benefits where the worker is deceased. The Senate amendment deleted this section of the bill. The Senate recedes.

ACTUARIALLY REDUCED BENEFITS FOR MEN AT AGE 62

Amendment No. 49: The Senate amendment added to the House bill a new section (sec. 210) amending section 216(a) of the Social Security Act to reduce retirement age for men to 62 (the age already applicable in the case of women), and amending section 202(q) and other provisions of such Act to provide that where a man elects to receive his benefits before attaining age 65 such benefits will be actuarially reduced in substantially the same way as is done under present law in the case of a woman who elects to receive her old-age benefits before attaining age 65. The Senate recedes.

EARNED INCOME LIMITATION

Amendment No. 50: The Senate amendment added to the House bill a new section 211, under which the amount of yearly earnings which a beneficiary can have and still get all of his benefits for the year would be increased from $1,200 to $1,800; under the Senate amendment (as under existing law) the beneficiary would lose one month's benefit, regardless of its amount, for each $80 or fraction thereof by which his earnings exceed the specified dollar limit. The House recedes with an amendment which provides as follows:

(1) if the beneficiary earns $1,200 or less in a year, no benefits will be withheld (just as under present law),

(2) if the beneficiary earns between $1,200 and $1,500, 50 cents in benefits will be withheld for each $1 of earnings above $1,200, and

(3) if the beneficiary earns more than $1,500, 50 cents in benefits will be withheld for each $1 of earnings between $1,200 and $1,500 ($150 withheld on account of the $300 of earnings), and $1 in benefits will be withheld for each $1 of earnings above $1,500.

Under the conference agreement, as under existing law, no benefit would be withheld in any case for any month in which the beneficiary earns $100 or less in wages and does not engage in self-employment.

CHILDREN OF INDIVIDUALS IN LOCO PARENTIS

Amendment No. 51: The Senate amendment added to the House bill a new section (sec. 212) amending sections 216(e)(3) and 202(d) of the Social Security Act so as to permit a child with respect to whom an insured individual has stood in loco parentis for at least 5 years to qualify for child's insurance benefits on such individual's wage record even though such child is neither the natural, adopted, or stepchild of such individual. The Senate recedes.

THE UNEMPLOYMENT COMPENSATION PROGRAM

Amendments Nos. 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, and 90:

The bill as passed the House contained a number of amendments affecting the Federal-State program of employment security. These included: (1) a raise in the Federal unemployment tax rate from 3.0 percent to 3.1 percent; (2) provisions governing financing of the administrative expenses of the Federal-State employment security program; (3) improvements in the operation of the Federal unemployment account (the loan fund) by tightening the conditions pertaining to eligibility for and repayment of advances to States with depleted reserve accounts; (4) extension of coverage of the unemployment compensation program to several groups of workers; and (5) treating Puerto Rico as a State for the purposes of the unemployment compensation program.

The Senate amendments adopted only one of these changes—the one relating to eligibility for and repayment of advances. In addition, the Senate amendments provided for a larger loan fund by increasing the amount authorized to be built up in the Federal unemployment account from $200 million to $500 million (under the bill as passed the House the Federal unemployment account would be permitted to increase to $550 million or, if greater, four-tenths of 1 percent of the total wages subject to contributions under all State unemployment compensation laws for the applicable calendar year).

The conference agreement contains the provisions of the bill as passed the House with two technical amendments.

MEDICAL SERVICES FOR THE AGED

Amendments Nos. 91, 96, and 99:

The House bill.—The bill as passed the House added a new title XVI to the Social Security Act for the purpose of establishing a new Federal-State grants-in-aid program to help the States assist low-income aged individuals who need assistance in meeting their medical expenses. Participation in the program would begin after June 1961, upon approval of a plan meeting the general requirements specified in the bill. Participation in the Federal-State program would be completely optional with the States, with each State determining the extent and character of its own program, including (within broad limits) standards of eligibility and scope of benefits.

Persons 65 years of age and over, whose income and resources (taking into account their other living requirements as determined by a State) are insufficient to meet the cost of their medical services, would be eligible under the program. Persons eligible to participate under this program would not include those persons participating under the other Federal-State public assistance programs.

The scope of medical benefits and services provided would be determined by the States. The Federal Government, however, would participate under the matching formula in any program providing any or all of the following services (where limits are applicable they are specified), provided both institutional and noninstitutional services are available:

(A) Inpatient hospital services up to 120 days per year;
(B) Skilled nursing-home services;
(C) Physicians services;
(D) Outpatient hospital services;
(E) Organized home care services;
(F) Private duty nursing services;
(G) Therapeutic services;
(H) Major dental treatment;
(I) Laboratory and X-ray services up to $200 per year;
(J) Prescribed drugs up to $200 per year.

The Federal Government would provide funds for payments for medical benefits under an approved State plan in accordance with an equalization formula under which the Federal share would be between 50 percent and 65 percent of the costs depending upon the per capita income of the State. This is the same matching formula which applies now on that part of the average old-age assistance payments between $30 and $65 a month.

The payments under this program would be made directly to providers of the medical services.

Under the House bill, contingent upon a showing of a significant improvement in their medical payment programs for old-age assistance recipients, States would get somewhat more favorable Federal matching, effective October 1960, for additional expenditures up to an average of $5 per recipient in medical payments.

Senate amendments.—Senate amendment No. 91 strikes out the new title XVI added to the Social Security Act by the House bill. Senate amendment No. 96 makes amendments to title I of the Social Security Act (1) to provide for increased Federal financial participation in expenditures by the States for payments to persons providing medical services to recipients of old-age assistance, and (2) to assist the States in furnishing medical assistance on behalf of aged individuals who are not recipients of old-age assistance but whose income and resources are insufficient to meet the costs of necessary medical services. Senate amendment No. 99 makes these changes in title I of the Social Security Act effective October 1, 1960.

The provisions of the Senate amendments in this area are in substance the same as the provisions contained in the accompanying conference report which are explained below, with the exceptions noted in the explanation which follows:

Conference agreement.—Under the conference agreement, section 601 of the bill amends title I of the Social Security Act so

as to provide for Federal financial participation in approved State plans for old-age assistance or for medical assistance for the aged or for both old-age assistance and medical assistance for the aged. Title I of the Social Security Act now authorizes such participation only in State plans for old-age assistance.

Subsection (a) of section 601 changes the heading of title I of the Social Security Act to reflect the expansion of that title to include medical assistance for the aged.

Subsection (b) of section 601 revises sections 1 and 2 of the Social Security Act. Section 1 now states the purpose of title I of the act and authorizes appropriations therefor. Under the conference agreement this section is amended to state the additional purpose of enabling the States, as far as practicable under the conditions existing therein, to furnish medical assistance for the aged who are not recipients of old-age assistance but whose income and resources are insufficient to meet the cost of necessary medical services.

Section 2 of the Social Security Act now sets forth the conditions which a State plan for old-age assistance must meet in order to be approved by the Secretary and thereby qualify for Federal financial participation in expenditures under the plan.

Under the conference agreement section 2 contains the requirements which State plans must meet in order to qualify for Federal participation. These requirements may be divided into three categories: (a) Those which apply to both old-age assistance and medical assistance for the aged; (b) those which apply only to old-age assistance; and (c) those which apply only to medical assistance for the aged.

(a) Requirements applying to both old-age assistance and medical assistance for the aged.

A State plan must—

(1) Provide that it will be in effect in all political subdivisions and be mandatory upon those subdivisions if administered by them;

(2) Provide for financial participation by the State;

(3) Provide for establishment or designation of a single State agency to administer or supervise administration of the plan;

(4) Provide for giving claimants a fair hearing if their claims are denied or not acted upon with reasonable promptness;

(5) Provide methods of administration found necessary for the proper and efficient operation of the plan—these must include a merit system for personnel;

(6) Provide for making of necessary reports to the Secretary;

(7) Provide safeguards against use and disclosure of information concerning applicants for and recipients of assistance, except for purposes directly connected with the administration of the plan;

(8) Provide all individuals wishing to do so an opportunity to apply for assistance, and provide that assistance will be furnished with reasonable promptness to those who are eligible; and

(9) Provide, if the plan includes assistance for or on behalf of individuals in private or public institutions, for the establishment or designation of a State authority or authorities to be responsible for establishing and maintaining standards for such institutions.

These conditions appear in virtually identical form and substance in the existing law, but apply only with respect to old-age assistance. In addition, these conditions appear in virtually identical form and substance in the Senate amendments, with two exceptions. The first exception is that section 2(a)(2) of the Social Security Act, as amended by the Senate amendments, reads as follows:

"(2) provide for financial participation by the State which shall, effective January 1, 1962, extend to all aspects of the State plan;".

The second exception is that the condition set forth in paragraph (9) above was, under the Senate amendments, applicable only in the case of old-age assistance; whereas, under the conference agreement it is applicable also with respect to medical assistance for the aged.

(b) Requirements applying only to old-age assistance.

A State plan must—

(1) Provide for taking into consideration any other income and resources of an individual claiming old-age assistance in determining his need therefor;

(2) Include reasonable standards, consistent with the objectives of title I of the Social Security Act, for determining the eligibility of individuals for old-age assistance and the extent of such assistance; and

(3) Provide a description of the services made available to help applicants and recipients attain self-care.

Items 1 and 3 are the same as provisions now included in section 2 of the Social Security Act. The language of item 2 is not included in existing law.

(c) Requirements applying only to medical assistance for the aged. (These requirements do not appear in existing law.)

A State plan must—

(1) Provide for inclusion of some institutional and some noninstitutional care;

(2) Prohibit enrollment fees, premiums, and similar charges as a condition of eligibility;

(3) Include provisions, to the extent required by the Secretary's regulations, for the furnishing of assistance to residents of the State who are temporarily absent therefrom;

(4) Include reasonable standards for determining eligibility for assistance and the extent of assistance which are consistent with the objectives of the amended title I; and

(5) Provide that property liens will not be imposed on account of benefits received under the plan during a recipient's lifetime (except pursuant to a court judgment on account of benefits incorrectly paid), and limit recovery of benefits correctly paid to recovery from the recipient's estate after the death of his surviving spouse, if any.

Subsection (b) of section 2 of the Social Security Act, as amended under the conference agreement, requires the Secretary of Health, Education, and Welfare to approve any State plan which fulfills the conditions specified above, except that he may not approve a plan which imposes as a condition of eligibility for assistance under the plan an age requirement of more than 65 years or a citizenship requirement which excludes any citizen of the United States. These limitations are contained in existing law. Also carried over from existing law is the prohibition of approval of a plan which, as to old-age assistance applicants, includes any residence requirement which excludes any resident of the State who has resided therein for 5 years during the 9 years immediately preceding his application and who has resided therein continuously for 1 year immediately preceding his application. A different limitation is to be applied to the residence requirements which a State, whose plan includes medical assistance for the aged, could impose as a condition of eligibility for such assistance. In the case of such a plan, approval would be prohibited if it includes any residence requirement which excludes any individual (applying for medical assistance for the aged) who resides in the State.

Subsection (c) of the new section 2 of the Social Security Act provides that nothing in the amended title I is to be construed to permit a State to have in effect with respect to any period more than one State plan approved under such title. This subsection is not contained in the Senate amendments.

Section 601(c) of the bill as agreed to in conference amends section 3(a) of the Social Security Act. This section sets forth the formula by which Federal payments to States with approved plans under title I are determined. Under the new section 3(a) a State would continue, as under existing law, to receive Federal payments equal to four-fifths of the first $30 of its average monthly payment for each recipient (including old-age assistance in the form of cash payments to the individual and old-age assistance in the form of medical or other remedial care on his behalf) plus an amount equal to the Federal percentage (described below) of the remainder of the average monthly payment, but excluding that part in excess of $65.

In addition, the State would receive the Federal medical percentage (described below) of the excess over the above-mentioned $65 average monthly payment for each recipient, excluding that part of the average payment in excess of $77; except that if a State's vendor medical care expenditures under old-age assistance for a month average less than $12 per recipient, this $77 would be reduced by the amount by which such expenditures are less than $12. Thus, if a State is spending an average of $75 per month per recipient for old-age assistance, of which $8 is for vendor medical care, the State would receive, in addition to four-fifths of the first $30 of its average payment plus the Federal percentage of the next $35 thereof; the Federal medical percentage of the next $8.

States with average monthly payments per recipient under old-age assistance of more than $65 would, in lieu of the additional amount described in the preceding paragraph, receive 15 percent of the first $12 of their average vendor medical care payments for each recipient if this is larger. An example of where this alternative would apply is a State with a Federal percentage (and, therefore, a Federal medical percentage) of 60 percent that is spending an average of $66 per month per recipient for old-age assistance, of which $12 is for vendor medical care. Such a State would receive, in addition to four-fifths of the first $30 of its average payment plus 60 percent of the next $35 thereof, 15 percent of $12 for each recipient or an additional payment of $1.80 (as against an additional payment of 60 percent of $1.00 or $0.60 under the formula described in the preceding paragraph).

States with average monthly payments per recipient under old-age assistance of $65 or less would also receive additional Federal funds in connection with their vendor medical care programs. These States would receive the same proportions of their average payments as are provided under existing law, plus an additional 15 percent of the first $12 of their average vendor medical care payments for each recipient. Thus, a State with an average monthly payment per recipient of $55, of which $10 is for vendor medical care, would receive four-fifths of the first $30 of the average payment for each recipient, plus the Federal percentage of the next $25 for each recipient, plus an additional 15 percent of $10 for each recipient.

(The above provisions would not be applicable to Puerto Rico, the Virgin Islands, and Guam. However, a comparable liberalization of the formula applicable to them is also included in the bill.)

It is expected that these additional old-age assistance vendor medical care funds will result in the improvement of programs for

such care, or for initiating programs of medical assistance for the aged, or both.

Under existing law the Federal percentages for the several States vary inversely with the square of their respective per capita incomes, but with a minimum of 50 percent and a maximum of 65 percent. The Federal medical percentage would be determined in the same way except that the maximum would be 80 percent instead of 65 percent.

For all States which have approved programs for medical assistance for aged persons who are not recipients of old-age assistance, the Federal payments would be equal to the Federal medical percentage of the total amounts expended under these programs.

Also (as under existing law), all States would continue to receive Federal payments equal to one-half of their expenditures for necessary and proper administration of their State plans.

Section 601(d) is a conforming amendment to section 3(b)(2)(B) of the Act, striking out "old-age assistance" and inserting in lieu thereof "assistance".

Section 601(e) is a conforming amendment to section 4 of the Act under which the Secretary could suspend or deny Federal payments to States whose plans do not conform to the requirements of the Act or whose programs are operated in contravention of the provisions of the State plan.

Section 601(f) amends section 6 of the Act. Existing section 6 becomes subsection (a) of section 6 and two new subsections (b) and (c) are added. The new subsection (a) continues the present definition of "old-age assistance", except that it (in effect) permits Federal financial participation in State expenditures for medical care on behalf of an individual who is a patient in a medical institution, as the result of a diagnosis of tuberculosis or psychosis, for 42 days (whether or not consecutive) after such diagnosis. (Under the Senate amendments, the definition of "old-age assistance" included money payments to, or medical care on behalf of or any type of remedial care recognized under State law on behalf of, individuals who are patients in institutions for tuberculosis or mental diseases and individuals who have been diagnosed as having tuberculosis or psychosis and are patients in medical institutions as a result thereof.)

The new subsection (b) of section 6 defines "medical assistance for the aged." This term is defined to mean payments for medical services to persons 65 years of age or over who are not recipients of old-age assistance, but whose income and resources are insufficient to meet the cost of the following care and services:

(1) Inpatient hospital services;
(2) Skilled nursing-home services;
(3) Physicians' services;
(4) Outpatient hospital or clinic services;
(5) Home health care services;
(6) Private duty nursing services;
(7) Physical therapy and related services;
(8) Dental services;
(9) Laboratory and X-ray services;
(10) Prescribed drugs, eyeglasses, dentures, and prosthetic devices;
(11) Diagnostic, screening, and preventive services; and
(12) Any other medical care or remedial care recognized under State law.

The term "medical assistance for the aged" does not include services for any individual who is an inmate of a public institution except as a patient in a medical institution; nor does it include services for any individual who is a patient in a tuberculosis or mental institution. In the case of an individual who is a patient in a medical institution (other than a tuberculosis or mental institution) as a result of a diagnosis of tuberculosis or psychosis, services provided him after he has been such a patient in the institution for 42 days (whether or not consecutive) as a result of this diagnosis are also not included. (Under the Senate amendments, the term "medical assistance for the aged" did not exclude payments with respect to care or services for individuals who are patients in institutions for tuberculosis or mental diseases, and did not exclude individuals who have been diagnosed as having tuberculosis or psychosis and are patients in medical institutions as a result thereof.)

The new section 6(c) defines the term "Federal medical percentage". The Federal medical percentage for any State would be 100 percent minus the percentage which bears the same relationship to 50 percent as the square of the per capita income of the State bears to the square of the per capita income of the 50 States. The Federal medical percentage could not, however, be less than 50 percent or more than 80 percent. Also, this percentage for Puerto Rico, the Virgin Islands, and Guam would be set at 50 percent.

As under the Senate amendments, these changes in title I of the Social Security Act will take effect on October 1, 1960.

PLANNING GRANTS TO STATES

Amendment No. 93: Section 603 of the House bill authorized a two-year program of grants to the States to cover one-half of their costs, up to a maximum Federal payment of $50,000, of making plans and initiating administrative arrangements for operations under the new title XVI of the Social Security Act (relating to medical services for the aged). The Senate amendment deleted this provision of the House bill. The House recedes.

INCREASE IN LIMITATIONS ON ASSISTANCE PAYMENT TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

Amendment No. 97: Senate amendment numbered 97 added to the bill amendments to section 1108 of the Social Security Act. This section of the Act places dollar limitations on the amounts which may be paid to Puerto Rico, the Virgin Islands, and Guam under titles I, IV, X, and XIV of the Act. The Senate amendment increased these dollar amounts. No comparable provision was included in the House bill. The House recedes.

Under the conference agreement, section 1108 of the Social Security Act is amended to increase the dollar limitations described above as follows:

Puerto Rico—from $8,500,000 to $9 million per fiscal year;

Virgin Islands—from $300,000 to $315,000 per fiscal year; and

Guam—from $400,000 to $420,000 per fiscal year.

These increases may be used only for payments certified under section 3(a)(2)(B) of the act (relating to Federal matching for old-age assistance expenditures in excess of the present maximum of $35 per month per beneficiary). However, the dollar limits would not apply to payments under the new section 3(a)(3) of the act (relating to Federal payments for medical assistance for the aged).

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

Amendment No. 101: Section 704(b) of the House bill amended section 116 of the Social Security Amendments of 1956 so as to direct the Advisory Council on Social Security Financing which will be appointed during 1963 (under section 116(e) of the 1956 Amendments as amended by sec. 704(a) of the bill) to make findings and recommendations with respect to extensions of coverage, adequacy of benefits, and all aspects of the old-age, survivors, and disability insurance program in addition to the other findings and recommendations (relative to financing) which it is required to make under such section 116. The Senate amendment deleted this provision of the House bill. The Senate recedes.

CHILD-WELFARE SERVICES

Amendment No. 106: Section 707(a)(3)(A) of the House bill amended section 521 of the Social Security Act so as to increase from $17,000,000 to $20,000,000 the amount authorized to be appropriated each year to enable the Secretary of Health, Education, and Welfare to make grants to State agencies for child-welfare services. The Senate amendment increased this amount to $25,000,000. The House recedes, with an amendment providing that the uniform amount in the allotments to each State as prescribed by the present child-welfare services law (which is based on the ratio between the amount authorized and the amount appropriated for child-welfare purposes, applied to a dollar amount which is increased from $60,000 to $70,000 by the bill) shall in no case be less than $50,000.

AID TO THE BLIND

Amendment No. 107: This amendment added to the House bill a new section 710, amending section 1002(a)(8) of the Social Security Act to provide that the State agency administering aid to the blind, in taking an individual's income and resources into consideration for purposes of determining his need for such aid, may either disregard the first $1,000 of his earned income per year plus one-half of the excess over $1,000 or continue to disregard the first $50 per month of earned income as it is directed to do under existing law, with the further provision that effective July 1, 1961, the State agency must disregard the first $1,000 of the individual's earned income each year plus one-half of his earned income in excess of that figure. The House recedes with an amendment which places the new earned income exemption on a monthly basis as in existing law rather than on an annual basis as in the Senate amendment, and provides that the new exemption will become mandatory on the States on July 1, 1962; under the conference agreement the State agency, in determining need, is permitted either to disregard the first $85 of the individual's earned income per month plus one-half of his earned income in excess of that figure or to continue to apply the existing $50 per month exemption until the 1962 date, after which it must disregard the first $85 of earned income per month plus one-half of earned income in excess of that figure.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
N. M. MASON,
JOHN W. BYRNES,
HOWARD H. BAKER,
Managers on the Part of the House.

Mr. MILLS. Mr. Speaker, I yield myself 10 minutes.

The agreement reached by the conferees on the part of the House and the Senate on H.R. 12580, the Social Security Amendments of 1960, represents, as is usually the case, some degree of compromise on the part of all concerned. I can give assurance to the Members of the House, however, that in my opinion the provisions upon which agreement was reached on the part of the conferees represent substantially the basic House bill with only a few substantive modifications, and I believe the substantive modifications, for the most part, represent improvements in the bill.

Also, at the very outset it should be emphasized that there were very broad

areas of agreement in the House and Senate versions of this legislation and many of the basic House provisions were repeated in the Senate bill without change. The conference report warrants the support of the Members of this body, as I believe you will agree.

OVERALL SUMMARY

Before discussing in detail the changes which were made by the Senate, and the agreement which was reached by the conferees, let me very broadly refer to the principal provisions of the bill which passed the House and the conference version which is now before you.

First. As Members of the House will recall, the House bill made three important changes in the area of disability benefit provisions of title II of the Social Security Act. The House bill repealed the age 50 provision; the House bill removed the second 6 months' waiting period before receipt of disability benefits; and the House bill made improvements in the rehabilitation provisions. All of these provisions were agreed to without change by the Senate and therefore are in the final version of this legislation as agreed to.

Second. The House bill would have created a completely new title to the Social Security Act establishing a grant-in-aid program on the subject of medical services to the aged. Basically, the version agreed to by the conferees is much the same as the House version, except that the Senate bill placed the new program under title I, and represents some liberalization.

Third. The House bill contained provisions for additional matching money for medical services to old-age assistance. The Senate provisions increasing these funds, by providing vendor payments for medical services, were agreed to. I will discuss these liberalizations in detail later.

Fourth. The House bill contained a number of improvements in that title of the Social Security Act relating to employment security. The Senate deleted a number of these provisions, but they were restored to the bill in the conference committee and the House provisions prevailed in this regard.

Fifth. The House bill contained a number of provisions designed to facilitate or make improvements in the coverage provisions of the Social Security Act, relating to both employees and the self-employed. For example, the bill contained many improvements in coverage of State and local employees. For the most part the Senate bill contained all of these provisions without change and therefore there was no controversy in this part of the House bill, except in the limited instances to which I shall later refer in detail.

Sixth. The House bill contained provisions improving the administration of the old-age and survivors insurance and the disability insurance trust funds by obtaining additional interest on trust funds. These provisions are still in the bill.

Seventh. The House bill contained a considerable number of miscellaneous administrative provisions designed to improve the administration of the program. Practically all of these changes were in the Senate-passed bill and were therefore not in disagreement. They remain in the bill.

SENATE CHANGES AND CONFERENCE ACTION

In order that Members of the House may understand more fully the agreement reached by the conferees on those areas where the House and Senate were in disagreement, I shall now discuss the changes made by the Senate and the agreement reached in the conference.

COVERAGE UNDER OASI

First. In the area of coverage under the old-age and survivors insurance title of the act, the Senate made changes in the House provisions relating to the self-employed and to employees. As Members of the House will recall, the House bill contained a number of provisions designed to extend coverage to new groups or to facilitate existing coverage.

SELF-EMPLOYED

Doctors of medicine: The House bill extended coverage to self-employed doctors of medicine. The Senate deleted the House provision, and the conferees in this instance agreed to the Senate version. As I indicated at the time when H.R. 12580 was before the House for passage, this provision did represent an area where there was controversy. The Committee on Ways and Means was aware that some doctors and some State organizations of doctors had expressed a desire for coverage while other doctors and other State organizations had strongly opposed coverage. The Senate conferees were unyielding in their position that until there was greater unanimity among the medical profession in favor of coverage, legislation should not be enacted to compel them to come under the OASI program. In view of the position taken by the Senate conferees on this point, and in view of the fact as I have previously indicated that we know there is considerable controversy in this area, the House conferees concluded it advisable to recede on this point and agree to the Senate version.

Ministers: In the area of the self-employed, the House bill also contained provisions extending the time in which ministers could elect coverage. Under existing law and the prior law, coverage was made available to ministers under the 1954 amendments on an individual voluntary basis, provided that the ministers who desired coverage filed a waiver certificate by April 15, 1957. In 1957, in order to permit additional time for others to obtain coverage this deadline was extended to April 15, 1959. The House bill extended an additional opportunity to those ministers who have already entered the ministry and who have not elected coverage to obtain coverage if they file certificates by April 15, 1962. In addition, the House bill permitted the validation of coverage of certain clergymen who filed tax returns reporting self-employment earnings from the ministry for certain years after 1954 and before 1960 even though, through error, they had not filed waiver certificates effective for those years.

The Senate amendment added to section 101(b) of the House bill a new provision amending section 1402(e)(3) of the Internal Revenue Code of 1954. It would under certain conditions permit a minister who, before the enactment of the amendment, had filed a certificate electing to be covered under the old-age, survivors, and disability insurance program effective beginning with the first taxable year ending after 1956, to file a supplemental certificate making the original certificate effective beginning with his first taxable year after 1955. The House agreed to the Senate amendment because this will make it possible for additional ministers to obtain coverage.

COVERAGE PROVISIONS RELATING TO EMPLOYEES

With respect to those provisions relating to coverage of employees, the Senate made a number of changes in the House bill.

As Members of the House will recall, the House bill contained several important improvements facilitating coverage of State and local employees. Basically, the Senate bill retains these provisions but added additional provisions designed to further facilitate coverage in specific situations or with respect to specific States. These are as follows:

First. The Senate bill contained a provision adding the State of Texas to the list of States which are permitted, on an optional basis, to divide their retirement systems into two parts, one part consisting of those employees who desire coverage and the other part consisting of those employees who do not desire coverage. As Members will recall, there are now 15 States which have this option. It has been the practice of the Congress to extend this option to States which requested it. Therefore, the House conferees agreed to this provision.

Second. The Senate bill contained an amendment designed to permit the State of Nebraska to modify its coverage agreement with the Secretary of HEW under section 218 of the act to remove from coverage in the future justices of the peace and constables paid on a fee basis. As Members of the House will recall, under existing law it is left to the option of each of the individual States as to whether it will include or exclude from its coverage agreement State officials who are paid on a part-time or a fee basis, or who are elective officials. As explained to the House conferees, this provision relating to the State of Nebraska was requested so that several individuals to whom coverage had been extended through error might not lose their credits by virtue of subsequent action on the part of the State in correcting its agreement. This was requested by the State of Nebraska. The House conferees agreed to this amendment.

Third. The Senate added an amendment to extend from July 1, 1960, to July 1, 1961, the period during which the State of Maine is permitted—under section 316 of the Social Security Amendments of 1958—to treat teaching and nonteaching employees as being covered by separate retirement systems for purposes of extending old-age, survivors, and disability insurance coverage to such employees. The provision written into the 1958 amendments, as I recall, was done so by the Senate at the request of

the State of Maine, and this provision is simply designed to extend for an additional year this option. The House conferees therefore agreed to the amendment.

Fourth. The Senate added an amendment to permit the State of California, at any time prior to 1962, to modify its coverage agreement with the Secretary of HEW under section 218 of the Social Security Act to extend old-age, survivors, and disability insurance coverage to certain employees of the State and local hospitals in California, who have been removed from coverage under a State or local retirement system. Members of the House will recall that the House bill contained a provision to permit municipal and county hospitals to be treated as separate retirement system coverage groups on the same basis provided under present law for institutions of higher learning. The Senate amendment is on this same general subject and is designed, as we understand it, to take care of a coverage problem of the El Centro, Calif., Community Hospital. The House receded with a technical perfecting amendment.

Fifth. Section 102(e) of the House bill amended section 218(e) of the Social Security Act so as to permit a coverage agreement between the Secretary and a State to treat the wages of an individual who during the course of a year is an employee both of the State and a political subdivision or subdivisions, or of more than one subdivision, as though such wages had been paid to him by a single employer, in order to limit the State's liability for employer contributions on such individual's wages to the maximum amount—presently $4,800—creditable for old-age, survivors, and disability insurance purposes, provided the State has borne the entire cost of such contributions and is not reimbursed; but these new provisions could not be made applicable with respect to wages paid before the year in which the Secretary receives the agreement or modification which makes them effective and in no case with respect to wages paid before 1961.

The Senate amendment permitted these new provisions to be made applicable with respect to wages paid on or after January 1, 1957, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary, whichever is later. The House receded with an amendment under which the new provisions can be made applicable with respect to wages paid on or after January 1, 1957, if the agreement or modification is delivered to the Secretary before 1962, but only with respect to wages paid on or after the first day of the year in which the agreement or modification is delivered to the Secretary—as provided in the House bill—if the agreement or modification is delivered to the Secretary after 1961.

Also, in the area of employees coverage, the House bill amended section 210(e) of the Social Security Act and section 3121(h) of the Internal Revenue Code of 1954 so as to include in the definition of "American employer" certain tax-exempt labor organizations created or organized in the Canal Zone, if they are chartered by labor organizations created or organized in the United States. This provision of the House bill would have extended coverage to service performed outside the United States by U.S. citizens in the employ of such organizations. The provision would also have permitted the validation of certain remuneration erroneously reported by an organization which qualifies as an American employer under the provision. The Senate amendment deleted this provision of the House bill. The House receded.

Next, as Members of the House will recall, section 108 of the House bill reduced from $50 to $25 the amount of cash wages which an individual must receive in a calendar quarter for domestic service in a private home or for service not in the course of the employer's trade or business in order to be covered under the OASI program, and excluded from coverage all earnings in domestic service and casual labor performed by persons who are under 16 years of age. The Senate amendment deleted the provision reducing the cash wage requirement. The House receded with an amendment deleting the provision excluding earnings in domestic service and casual labor performed by persons who are under age 16. The net effect of the agreement is to leave existing law on this subject unchanged.

Finally, Mr. Speaker, in the area of coverage, it should be pointed out that the Senate receded on two additional Senate amendments to the House bill which would have restricted somewhat the scope of the House bill. First, the provision of the House bill which extended coverage to Guam and American Samoa, and which was deleted by the Senate, was restored to the bill. Second, the provision of the House bill extending coverage to employees of international organizations on a self-employed basis, which the Senate deleted, was also restored to the bill.

Mr. Speaker, I now turn to those provisions of the conference agreement relating to the retirement age, insured status, and the retirement test.

Mr. Speaker, as Members of the House will recall from my remarks at the time when the House bill was before the House, the Committee on Ways and Means concluded it inadvisable to further increase the so-called work clause, or the amount of money which a beneficiary may earn without loss of benefits. As was explained at the time, the committee also concluded that, due to the cost factors and other reasons, it was inadvisable to reduce the retirement age either in the case of men or women, although there were a number of bills pending before the committee designed to do so. As Members will also recall, the committee did consider it advisable and highly desirable to relax somewhat the insured status provision of the law because this would bring additional people under the system and make it possible for a number of elderly individuals who now lack just a few quarters of coverage to begin drawing benefits. Therefore, Mr. Speaker, in view of these considerations the bill which passed the House did not reduce the retirement age, did not further liberalize the work clause or the earnings limitation, but it did change the insured status requirement to "one out of four" quarters in lieu of the existing "one out of two" quarters requirement.

Mr. Speaker, the other body made substantial amendments with regard to these three important subjects.

REDUCTION IN RETIREMENT AGE

First. An amendment was added making it possible for male workers and dependent husbands, on an optional basis, to receive benefits at age 62 with an actuarial reduction on the same basis presently provided for women workers and wives.

In the conference the House conferees drew the attention of the conference committee to the fact that this provision actuarily would cost 0.06 percent of payroll. In addition to this, very serious questions were entertained as to the principle which was involved; namely, reducing the retirement age in the case of male workers at a time when actual experience shows the retirement age has been increasing beyond age 65. Moreover, the Secretary of Health, Education, and Welfare indicated to the conference committee that inclusion of this provision would raise several other questions. In view of these considerations the House conference insisted upon the House position, and the provision was stricken from the bill.

RETIREMENT TEST

Second. The Senate added an amendment to the House bill, a new section 211, under which the amount of yearly earnings which a beneficiary can have and still receive all of his benefits for the year would have been increased from $1,200 to $1,800. Under the Senate amendment, as under existing law, the beneficiary would lose 1 month's benefit, regardless of its amount, for each $80 or fraction thereof by which his earnings exceed the specified dollar limit.

It was brought out in the conference that this provision would have cost, on a level premium basis, 0.19 percent of payroll. This is a very substantial cost. The Senate amendment did not contain any provision for financing the provision. The total net effect of the Senate amendments in this respect and with respect to the retirement age would have caused the OASI trust fund to be out of actuarial balance by 0.45 percent of payroll instead of 0.2 percent as it now is. This goes far beyond the point which has normally been used as a reasonable rule of thumb as a danger point; namely, one-fourth of 1 percent.

In view of this, and in view of other considerations which I have heretofore pointed out with respect to the earnings limitation on the floor of the House while the social security bill was being considered, the House conferees insisted on either removing the Senate amendment or so modifying it that the costs of the changes would keep the system on an actuarially sound basis.

As a consequence, agreement was reached on some change in this area, which keeps the system in actuarial balance. The provision finally agreed to and which is now before you is as follows:

First. If the beneficiary earns $1,200 or less in a year, no benefits will be withheld—just as under present law;

Second. If a beneficiary earns between $1,200 and $1,500, $1 in benefits will be withheld for each $2 of earnings, above $1,200; and

Third. If a beneficiary earns more than $1,500, $1 in benefits will be withheld for each $2 of earnings between $1,200 and $1,500—$150 withheld on account of the $300 of earnings—and $1 in benefits for each $1 of earnings above $1,500—under the conference amendment, as under existing law, no benefit would be withheld in any case for any month in which the beneficiary earns $100 or less in wages and does not engage in self-employment.

Third. It should be emphasized that the cost of this provision, when added to the other costs, will still permit the system to be within the range of actuarial soundness, minus 0.24 percent. This is a very important consideration and should continue to be a very important consideration. The House conferees insisted that the system should remain on a sound actuarial basis.

INSURED STATUS REQUIREMENT

Fourth. Members of the House will recall, as I indicated earlier, that one of the most important provisions in the House bill was the provision which liberalized the existing insured-status requirement. Under present law the requirement for fully insured status, in general, requires that an individual must have at least one quarter of coverage for each two quarters which have elapsed after December 31, 1950—or, if later, after the year in which the person reaches age 21 and before the year in which the person died, or if earlier, the year in which he reached retirement age. The House bill changed this requirement so as to make it possible for an individual to acquire fully insured status if he has one quarter of coverage for each four quarters elapsing between the periods I mentioned above. In other words, under the House bill an individual will qualify for benefits if he has one quarter of coverage out of each four quarters since 1950 and before retirement age rather than one out of two quarters under existing law.

The Senate deleted this provision.

Your House conferees were insistent upon retaining some liberalization of the insured-status requirement, for the reasons which I have heretofore stated. As a consequence a compromise was reached under which a person will qualify for benefits if he has one quarter of coverage out of each three quarters. This provision will, therefore, liberalize the insured-status section of the law and will bring under the system immediately an additional 400,000 elderly individuals who now are not able to meet the coverage requirements and later about 1 million additional persons.

Mr. Speaker, let me emphasize that the combination of changes made from the Senate bill, modification of the retirement test, and modification of the insured-status requirement—will still permit the system to remain within actuarial balance and will not require any increased social security taxes or any increase in the wage base.

bility, scope of benefits, Federal match-

CHILDREN BORN OR ADOPTED AFTER PARENT'S DISABILITY

Mr. Speaker, there is one additional provision under the general subject heading of eligibility for benefits on which the House receded which I should explain at this point. The House bill amended the Social Security Act so as to permit a child who was born to, was adopted by, or became a stepchild of, a worker, after the worker became entitled to disability insurance benefits, to qualify for benefits. It was provided as an exception to this that in the case of an adopted child the adoption must have been completed within 2 years of the time as of which the worker became entitled to disability insurance benefits.

The Senate in general accepted the House provision that added an additional requirement with respect to adopted children so that in order for such a child to get benefits the worker must have instituted adoption proceedings in or before the month in which his period of disability began or the child must have been living with him in such month. The House conferees felt that this was a reasonable requirement and therefor agreed to the Senate amendment.

It might be stated, Mr. Speaker, that under the same general subject heading of eligibility the Senate receded on two other additions which they made to the bill but which I shall not describe in great detail. The Senate bill would have eliminated the provision of the House bill that reduced from 3 years to 1 year the time prior to application that a wife, stepchild, or husband must be in such a relationship to the worker to get benefits. The House conferees insisted on this provision and the Senate conferees receded.

In addition, the Senate bill added a provision which would permit a child to r ive survivor benefits on the record of i ividuals who stood in loco parentis—in place of the parent—for not less than 5 years immediately preceding the day on which the individual died if the child was living with the worker at time of death and receiving at least three-fourths of his support from such worker. The Senate receded from this.

AID TO THE BLIND

Under existing law, under title X, the States in administering the aid-to-the-blind programs must disregard $50 per month of earned income in determining need. The Senate added a provision to the House bill to liberalize this section so that the first $1,000 of earnings in a year might be disregarded, plus one-half of all subsequent earnings in the year. This exemption would have been optional with the States beginning with the calendar quarter that started after the date of enactment and would have been compulsory beginning July 1, 1961.

The agreement reached in the conference resulted in a provision which should be much easier to administer and which, at the same time, should afford substantial assistance to the recipients of aid to the blind programs with regard to this particular subject. Under the conference provision the States in determining need may disregard the first $85 per month of earnings plus one-half of earned income over $85 on a month-by-month basis. This provision is made optional with the States until July 1, 1962, when it becomes mandatory.

MATERNAL AND CHILD WELFARE SERVICES

The House bill increased the authorization for child welfare services from $17 million to $20 million. The Senate bill increased this authorization to $25 million. The House conferees considered this to be a reasonable provision and therefore agreed to the Senate amendment with the understanding that this additional money should be used to improve services for retarded children.

MEDICAL SERVICES FOR THE AGED (MEDICAL ASSISTANCE FOR THE AGED; AND OLD AGE ASSISTANCE MEDICAL PROGRAM)

Mr. Speaker, it is unnecessary for me to dwell here at length upon the matters which we have already discussed at the time of the passage of the House bill relative to the importance of proper and adequate medical care for older people. Suffice it to say at this point that the House bill was designed to establish a completely new program under the Social Security Act under which the Federal Government would provide matching funds to those States which elected to participate in a program of medical services to the aged. This would have been done under the House bill by the creation of a new title XVI to the Social Security Act. In addition, the House bill contained a provision designed to afford additional money to the States under the public assistance programs, under title I of the Social Security Act, so that the States might improve their medical services for old age assistance recipients.

The Senate bill made several changes in the House provisions on these two subjects, but it should be emphasized that the general approach adopted by the House has been substantially agreed to by the Senate and that while the Senate changed the form of these provisions in some degree and liberalized them somewhat the conference version which you now have before you is basically the House bill.

Let me summarize what the Senate has done in this manner. Instead of creating an additional title to the Social Security Act under which the new grant-in-aid program for medical services for the aged would operate, the Senate version established such a program under the existing title I of the Social Security Act. In general the purpose, effect, eligibility, scope of benefits, Federal matching, and plan requirements have much the same effect as the House bill. With respect to the aged who receive public assistance payments, in lieu of the House provision, the Senate bill was designed to

provide for Federal financial participation in expenditures to vendors of medical services of up to $12 per month in addition to the existing $65 maximum provision. Where the State average payment is over $65 per month, the Federal share in respect to such medical-services costs would be a minimum of 50 percent and a maximum of 80 percent depending on each State's per capita income. Where the State average payment is $65 a month or under, the Federal share, in respect to such medical-service costs, would be 15 percentage points in addition to the existing Federal percentage—50 to 65 percent; thus for these States the Federal percent applicable to such medical-services costs would range from 65 to 80 percent. A State with an average payment of over $65 a month would never receive less in additional Federal funds in respect to such medical-services costs than if it had an average payment of $65.

The conferees were advised that the additional first year costs to the Federal and State Governments under the Senate bill, and under the version which was agreed to by the House, would be as follows: Under the new medical assistance programs for the aged, the Federal cost was estimated to be $60 million and the State and local costs approximately $56 million. The additional old-age assistance vendor medical costs were estimated to be $142 million Federal cost and approximately $5 million State and local costs. The additional costs anticipated under both programs would be approximately $202 million Federal cost and $61 million State cost.

There was a provision, Mr. Speaker, that was deleted in connection with the Senate amendment on medical care for the aged. That provision would have permitted the States to include those people who are in public institutions, mental institutions, and tubercular institutions, within the list of people who would qualify for Federal funds in implementation of the use of State funds. There was considerable objection raised to it by the Department of Health, Education, and Welfare. We were fearful that the inclusion of that provision might jeopardize actually the acceptance of this whole program. We thought there was too much in it affecting too many people to permit it to be cast aside because of that one provision. So it was agreed by the other body to delete that provision adopted on the floor of the other body.

Mr. Speaker, I feel very deeply that the conference represents a very desirable approach to amending the Social Security Act. I can assure you it leaves the fund in actuarial soundness.

As I have already indicated the bill which you now have before you is basically the House bill with some relatively minor changes, some improvements, and a medical care program basically as provided by the House but permitting more Federal money to be used for this purpose. The House conferees believe that this bill warrants your support and I urge that the conference report be agreed to.

Mr. ROGERS of Colorado. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. The gentleman from Arkansas made an explanation about the income limitation. If this is signed by the President, when will this law become effective?

Mr. MILLS. The provision in question will go into effect at the beginning of next year, 1961.

Mr. ROGERS of Colorado. So that any earnings in excess of $1,200 and the penalty based upon the $80 deduction or loss will still be effective throughout the year 1960?

Mr. MILLS. That is correct.

Mr. ROGERS of Colorado. I thank the gentleman.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from New Jersey.

Mr. CANFIELD. Mr. Speaker, the conference has deleted a Senate amendment relating to teachers and other public workers in New Jersey. The distinguished chairman now explaining this report to the House has very kindly sent to the New Jersey delegation a letter stating the reasons for the action of the conference. I ask now if he will be good enough to brief these reasons for the record.

Mr. MILLS. As I tried to point out in the letter to my friends from New Jersey, this is a matter that I think really involves State law rather than Federal law. We cannot, and at least I do not want us, to get into the habit of making exceptions at the request of individual States to some broad improvement in the Social Security Act. I think the States can more easily adjust their own laws to conform to this program since this is a Federal program.

Mr. BECKER. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I shall be glad to.

Mr. BECKER. I have listened very attentively to the gentleman's explanation of the conference report. He has done an excellent job, as he always does. As the gentleman knows, I have been actively working for an increase in the amount a retired person may earn. In this report I notice the amount is increased from $1,200 to $1,500. Is that correct?

Mr. MILLS. Actually, as a general matter, it will allow a person increased earnings without loss of any benefits of $150 a year at $1,500. This results because there will only be a $1 loss in benefits for each $2 earned between $1,200 and $1,500. Above $1,500 there will be a $1 for $1 offset.

Mr. BECKER. Only $150 additional?

Mr. MILLS. That is right. Let me explain it in this manner: This concept in this report is much to be preferred to a flat increase in the earning limit from $1,200 to $1,500, because with a flat increase you would still have the same problem in the future with respect to the next dollar of earnings, namely: one would have to forfeit a month's pay if he earned $1 additional. That will not be true under this new formula. There will always be the incentive under this new provision for a person to earn more, because he is not penalized by making only $1 over the limit and thus losing $75 or $80 or whatever his monthly benefit may be.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MILLS. Mr. Speaker, I yield myself 5 additional minutes.

Mr. WHITENER. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. WHITENER. I have listened to the gentleman's explanation as chairman of the committee of this conference report. There is one item in which I am greatly interested and I would appreciate it if the chairman would give us some information with respect to blind persons.

Mr. MILLS. The Senate added a provision that was not in the bill. I did not take occasion to explain it fully earlier. I appreciate the gentleman's calling it to my attention now. The Senate adopted a provision that had been introduced in the House in a bill by our distinguished colleague, the gentleman from California [Mr. KING], who presented and discussed it in the Ways and Means Committee. There were other bills pending by other Members. The Ways and Means Committee did not include the provision for a number of reasons, including, as I recall, the strong opposition of the Department.

The bill which the Senate committee ultimately reported and which passed the Senate provided that the first thousand dollars, plus one-half of the amount earned in excess of that, would be disregarded in determining need by the States for those who were blind. We were advised that this provision would present administrative problems to the Department. They suggested that there would be less difficulty if we would translate the figure into a monthly amount and basis.

Existing law provides that the States must disregard the first $50 of earned income. The conference report states that the States may, up until July 1 of 1962, disregard $85, plus one-half over that amount which is earned, but after that date they must disregard the first $85 of earned income, plus one-half over that amount.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. PERKINS. I regret that I was not present to hear all of the gentleman's explanation of the conference report, but one thing disturbs me concerning earned income, as I understand it has always been the law that an individual, outside of salaries and wages, could earn as much as he wanted and the income limitations did not apply.

Mr. MILLS. I said "earned income." If I said anything other than that I misspoke myself. It is earned income. We made no change in regard to the type of income.

Mr. HOLLAND. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. HOLLAND. As I understand a person under social security will not receive this additional aid unless he is in need.

Mr. MILLS. Yes, that is correct. This does not provide the system of medical care as the gentleman from Rhode Island [Mr. FORAND] suggested in his bill in the social security program. That was not adopted in the Senate. It was not in the House bill as it was reported out, or as it passed the House.

This is a Federal-State approach—the basic approach in the House bill. It will provide care for needy individuals in need of medical attention if the State is disposed to set up such a program; and we make it almost a full program so far as Federal participation in the spending is concerned in some cases.

Mr. HOLLAND. But the beneficiary, of course, will have to be investigated by social workers to determine his need.

Mr. MILLS. This program will be handled, very probably, by the division of public welfare within the State just as other assistance programs presently available are handled by the division of public welfare; yes, it will be up to the State.

Mr. HOLLAND. But will he not have to turn over all his assets and property if he receives such aid?

Mr. MILLS. We have specifically stated in the bill that a lien cannot be placed upon a man's home as long as he or his wife is living.

Mr. HOLLAND. In the State of Pennsylvania the law requires that the man must practically be a pauper before he can get any money from the State; that if he has any assets or property, he must have a legal guardian. How do you get around that?

Mr. MILLS. The citizens in a State sometimes feel that where the inducement offered by the Federal Government is sufficient and where the program is otherwise acceptable they can change the State law to allow them to participate. I do not know what the situation is in that regard in the gentleman's State; but I would remind the gentleman that this is not a State program, this is a Federal grant-in-aid program, as the gentleman will see by reading title I of the Social Security Act. This is part of title I.

Many, many States, I think all with the exception of eight or nine—and in all probability, they will come into this program—have changed their State laws to allow participation in the program. The gentleman's State may, by appropriate action, do likewise. Whereas the State may not furnish assistance in the absence of a pauper's oath on the part of the beneficiary, that would not apply so far as Federal moneys are concerned. It is the prerogative of the State to handle details as to need and so on. Federal funds would be available to all alike.

Mr. HOLLAND. I beg to differ with the gentleman.

Mr. MILLS. I am right about that. I say to the gentleman that whereas if his State by its constitution can prohibit the use of State funds for that purpose, there is nothing here that requires the signing of any pauper's oath in order to have Federal funds available to the gentleman's State.

Mr. HOLLAND. What you are doing here is passing the buck to the State.

Mr. MILLS. We are not passing the buck to the State. What we are doing here is taking the most liberal provision that was included in either bill with respect to medical care. That is just exactly what we are doing.

Mr. FORAND. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Rhode Island.

Mr. FORAND. Referring to the question of the gentleman regarding assignment of property, while I do not like this bill one iota, I must say in all frankness it provides there shall be no lien under this new medical care program as a condition to receiving help while the recipient lives.

Mr. MILLS. Exactly. The bill provides for that, and the gentleman referred to the State constitution of his State. I do not know the provisions of that.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. There would be no requirement with reference to Federal money that there be any lien filed?

Mr. MILLS. That is what I said.

Mr. FULTON. So that there is the distinction. It would apply to State money that may be paid under Pennsylvania law. That is a constitutional provision.

Let me read from page 13 of the conference report:

> Section 6 of such Act is amended by striking out "but does not include" and all that follows and inserting in lieu thereof "but does not include—
>
> "(1) any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases."

Mr. MILLS. I discussed that provision.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has expired.

Mr. MILLS. I yield myself 2 additional minutes.

Mr. FULTON. That is not clear. Actually the only exclusion of a person with tuberculosis or psychosis is with respect to the period after the individual has been in such medical institution as a result of such diagnosis for 42 days.

Mr. MILLS. The gentleman is confusing the situation.

Mr. FULTON. That is what I want to make clear.

Mr. MILLS. The first part of it arose as a result of an amendment adopted in the Senate. They would have made available Federal funds for the purpose of matching with respect to those people 65 years of age and over in need, even though they were in a public mental institution or a public tuberculosis institution. The law has always said we would not participate in the care of those groups presently maintained by the several States. So that provision was deleted and the law remains the same in that respect. But it is provided that we will assist the States, under this program of medical care for the aged, with respect to the first 42 days of hospitalization of mental patients, or tubercular patients in a medical institution other than a tuberculosis or mental hospital.

Mr. FULTON. And medical institutions, that means that everyone regardless of the reason they are in a medical institution, as long as it is shown they are there for other than tuberculosis or psychosis will get support?

Mr. MILLS. Yes, and you can take care of people for the first 42 days for psychosis or tuberculosis.

Mr. FULTON. Otherwise, anything.

Mr. MILLS. There is no limit on the various diseases that anyone can be cared for under this program.

Mr. PUCINSKI. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Illinois.

Mr. PUCINSKI. Can the gentleman tell me whether or not the intent of this legislation is that whatever form of relief the States ultimately adopt, or whatever program they adopt, the intent is that the recipients of this relief may select their own doctor?

Mr. MILLS. Absolutely, their own doctor, their own hospital, their own dentist, insofar as this legislation is concerned.

Mr. PUCINSKI. I thank the gentleman.

Mr. FULTON. Just one more question. Suppose a patient has several diseases, one of which may be under the general provisions of this bill, but they also have, say, an unarrested case of tuberculosis. What happens?

Mr. MILLS. They will get relief under this program, provided his illness other than tuberculosis required medical care.

Mr. FULTON. I thank the gentleman.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Speaker, I yield 10 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Speaker, as a coauthor of bill H.R. 12580, I would commend my colleagues with whom I served on the conference committee. They ably and conscientiously represented the House position on this legislation, with the consequence that we are able to bring back to the House a conference agreement that deserves the support of the House membership. I do not mean to represent that everything in this bill is necessarily in a form that we as Members individually or collectively might approve. But when it is considered that there were 107 Senate amendments to this bill, the magnitude of the task of compromising the differences becomes apparent.

During the consideration of the social security amendments by the Congress which began in the Ways and Means Committee last March 14, there have

been proposed many suggestions for changes and improvements in our social security structure. These proposals touched on virtually every facet of our social security programs, with principal attention being devoted to the proposals for establishing a program of medical care for the aged. We had medical-care proposals from the Republican side of the Congress and from the Democratic side. We had proposals from the administration and several proposals from outside groups.

It will be maintained by some that the conference agreement does not go far enough in providing improvements in our social security program. Others will undoubtedly maintain that it goes too far. I would express the view that on balance the changes that will be made in our social security structure by this conference agreement are meritorious and desirable.

H.R. 12580 as approved by the House-Senate conferees would make amendments to the public assistance titles of the Social Security Act, to the old-age, survivors, and disability insurance title of the Social Security Act, and to the unemployment-compensation program of the Social Security Act.

The principal change with respect to the public assistance titles is in the area of medical services for the aged. It will be recalled that under the House-passed version of this bill improvements were made in the existing medical-care programs for the needy aged and, in addition, a new title XVI was to be established under the act to provide medical care for the medically indigent who did not otherwise qualify for public assistance. This latter program was to be a Federal-State program, with the Federal Government giving financial assistance to the States for the establishment of State-administered programs providing medical care for those individuals who did not have sufficient income and resources to provide for their own medical needs. Under the House-passed bill, wide latitude was given to the States in determining the scope and character of the respective program that they could undertake in response to the needs of their people.

The Senate in acting on the House bill combined the medical care program under the existing assistance for the aged title of the Social Security Act. Thus the assistance for the medically indigent would not be provided for under a new title but would come within the purview of title I of the act. The House conferees accepted this Senate change.

The bill passed by the House was a good bill—and in fact, the bill today reflects the major part of the House action—I believe improvements were made in it by the Senate and these improvements were accepted by the conferees. Taking everything into consideration, the bill as it comes from the conference is better than the bill that came from the House and the bill that came from the Senate. I think the combined result in this conference is superior to either of the two bills.

As a consequence of the conference action with respect to the medical care proposal, persons aged 65 and over who are recipients of public assistance, or who are not recipients of public assistance but whose income and resources are insufficient to meet the cost of their medical needs, will have available to them under State programs a wide variety of medical services including physician and surgical care, hospital services, nursing home care, private-duty nursing services, physical therapy, dental services, medicines, and any other medical care or remedial care recognized under State law. This new program insofar as the availability of Federal matching funds is concerned will take effect on October 1, 1960. Under the conference agreement the Federal percentage of matching medical funds will not be less than 50 percent nor more than 80 percent of the funds so expended.

Mr. Speaker, I would make one comment on the extent of Federal matching. I personally have misgivings over the fact that the maximum range of Federal participation reaches as high a level as 80 percent. When the matter was before the House, before our committee, I personally felt we should not get beyond the point of 70 percent as a maximum. In evaluating the level of Federal matching we should remember that the Federal Government can give nothing to the States or to the people that it has not first taken from the citizens of the State through taxation. Therefore, when the Federal Government promises to bear 80 percent of the cost of a program such as this we find that the principal taxing authority is the Federal Government and the administrative authority is the State government. This result is, in my judgment, conducive to lax administration and does not provide sufficient safeguards and protection to the general public that would be contained in a program that authorized Federal-State funds matched on a more nearly equal basis.

Mr. Speaker, in this instance, as in others, in any conference, there are circumstances which require that some yielding of opinion take place in order to get a report of any kind. We yielded in this particular matter.

There is one thing to which I wish to call attention.

Other significant changes in the public assistance areas of the Social Security Act that would be accomplished under the conference agreement affect aid to the blind, child welfare services, and liberalizations in the assistance payments to Puerto Rico, Virgin Islands, and Guam.

The bill, H.R. 12580, as approved in conference, will make many improvements in the old-age, survivors, and disability insurance program, which is title II of the Social Security Act. These improvements were discussed at the time this legislation was receiving consideration in the House of Representatives and further reference has been made to these improvements during the able description of the conference agreement by the esteemed chairman of the Committee on Ways and Means today. For that reason I will not speak at length describing these changes and improvements. For the most part the changes to the OASDI program contained in this bill had their genesis in work done by the Social Security Subcommittee and I would commend the membership of that subcommittee for the significant contribution the subcommittee made to the improvement of our social-security structure.

Among the changes contained in this bill to title II of the Social Security Act we find the repeal of the age 50 eligibility requirement for disability benefits, a significant liberalization of the earnings limitation on OASDI beneficiaries, and a liberalization of the quarters-of-coverage requirement for eligibility.

Existing law requires that a person attain age 50 before qualifying for disability insurance benefits. Under the House passed version of the bill and under the conference agreement that is before us today, disabled insured workers under age 50 and their dependents could qualify for benefits for the second month following the month of enactment of the bill through the removal of this age 50 qualification for benefits. The rationale of removing this age 50 requirement is based on the favorable administrative experience we have had with this provision of the law and is based also on the fact that a disabled person's need for benefit cannot be determined on the criterion of his having reached a certain age.

The earned income limitation of $1,200 has been liberalized so that retired workers earning up to $1,200 will continue to receive their benefits, as under existing law, and those workers earning over $1,200 up to $1,500 will have their benefits reduced on a ratio of for every $2 earned over $1,200 they will lose $1 in benefits. For those persons earning above $1,500, $1 in benefits will be withheld for each dollar of earnings. This will provide our OASDI beneficiaries greater flexibility in making a self-determination as to whether or not they will undertake to supplement their social security benefits with employment income.

The test for attaining insured status has also been liberalized under the conference agreement. In general terms existing law requires that one quarter in every two quarters must be a quarter of coverage between the time that a person reaches age 21 and the year in which the person either dies or attains retirement age, whichever is sooner. Under the House passed bill this test would have been liberalized to require that only one quarter of coverage in every four quarters be attained for insured status. The conference agreement has slightly modified the House-passed bill so that one quarter of coverage in every three quarters be attained for insured status. It is expected that approximately 300,000 people—workers, dependents, and survivors—will attain benefit eligibility under this change. In connection with

this improvement I might point out that for the most part the people who will benefit under this liberalization are among that group most in need of social security benefits.

The conference agreement on H.R. 12580 contains provisions significantly strengthening the financing features of the Federal-State unemployment compensation program. The conference agreement will also extend unemployment compensation coverage to a limited group of individuals who are presently excluded from the program.

Mr. Speaker, this concludes my remarks on the highlights of the changes in the Social Security Act that would be made upon the enactment of the bill H.R. 12580 as approved by the House-Senate conferees. As I indicated at the outset of these comments, there may be those who feel that the bill is inadequate and does not go far enough. To those individuals I would point out that I do not think there is anyone serving in this body who would not do everything possible to further liberalize the Social Security Act if such action could be taken within the framework of fiscal and actuarial solvency.

It must be remembered that under existing law without any further liberalizations in the program the tax schedule applicable to the OASDI program will reach 9 percent of the first $4,800 of earned income by January 1, 1960. The program of improvements that we have presented to the House in the conference agreement does not require the imposition of any additional tax. We have been informed by the able Chief Actuary of the Social Security Administration that the OASDI program as it will be modified by this conference agreement is within the limits of tolerance between balance and imbalance without departing from actuarial soundness and without the imposition of additional taxes. I am sure that every one of my colleagues in the House today would agree that one of our foremost responsibilities with respect to the OASDI program is that we keep the program actuarially sound so that the future beneficiaries may look with confidence to the prospect of their social security benefits forming an important part of their retirement or survivorship security.

I urge my colleagues to join in supporting the conference agreement.

Mr. PELLY. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Washington.

Mr. PELLY. Mr. Speaker, the Democratic Party platform on medical aid for the aged reads:

> We shall provide medical-care benefits for the aged as part of the time-tested social security insurance system. We reject any proposal which would require such citizens to submit to the indignity of a means test.

The Republican platform called for optional purchase of private insurance with Federal assistance grants to the States for those who need help. It recognized the principle of need.

The conference report before the House would provide for optional participation on the part of each State and would seem to be along the lines supported by the American Medical Association and President Eisenhower.

Now, I ask: Why is the Democratic leadership, in the face of its platform, supporting this bill?

I have a clipping from the New York Times of Sunday, August 7, 1960, quoting the Democratic House leader as urging Republicans not to obstruct legislation in the postconvention session. Republicans, this leader hoped, would not snipe, pussyfoot or engage in blind opposition.

I do not want to snipe, pussyfoot, or oppose blindly, but I feel constrained to say that in both bodies where they have overwhelming majorities the Democrats are rejecting their own program. "We shall provide medical-care benefits for the aged as part of the time-tested social security insurance system." That is what it says.

Was not the majority leader the chairman of the Democratic platform committee? If so, why is this State-option Republican type of proposal here today? The American people should hear the Democratic alibi.

The Democratic-controlled House Ways and Means Committee and the Democratic-controlled Finance Committee of the Senate both rejected the Democratic Party platform on medical aid for the aged. The House and Senate, also overwhelmingly controlled by the Democrats, would seem to reject the Democratic platform.

As I say, I think the American people are entitled to an explanation as to why the Democrats are rejecting their own program.

Certainly, the reason is not Republican sniping, pussyfooting, or blind opposition. Let us face it. The Democratic Party is split and cannot possibly fulfill its promises.

Mr. MILLS. Mr. Speaker, I yield 5 minutes to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. Mr. Speaker, this may well be my swan song in the House of Representatives. Because of that, I want first of all, before I talk about this bill, to express my most sincere thanks and appreciation to you, Mr. Speaker, to our majority leader, the gentleman from Massachusetts [Mr. McCORMACK] to the other leaders in the House, and to my colleagues, particularly, my chairman and colleagues on the Committee on Ways and Means and to the staff and the employees of the House. I want to cover everyone when I say, Thank you so much, you have been very kind to me in the many years I have been here. You have put yourself out on numerous occasions to help me in my struggles. As I shall leave here, it will be with mixed emotions. I do it under compulsion, ladies and gentlemen, but I assure you that wherever I may be, at whatever time I may stop to think of anything of the past, you will be uppermost in my heart.

Mr. Speaker, the conference report that we are now considering will, to me, be one of the sad things to think about. Our chairman has done an excellent job of explaining to you what is in that report. To me, it falls far short of what this Congress should do. But I realize that the powers and the influence of the AMA combined with the Eisenhower administration was too strong. Mr. Speaker, I have for a number of years, yes, for the last 3 years, been sponsoring a bill in the House of Representatives, as you well know, commonly known as the Forand bill. Not only during the last 3 years have I been working on this problem. Let me tell you, I started 38 years ago to work on it during my first year in the State Legislature of the State of Rhode Island when the Fraternal Order of Eagles was first sponsoring old-age pensions. I think I know this subject, and I think I have, perhaps, succeeded in building a fire so that many, many people throughout the country are now giving some thought and some consideration to this problem of medical care for the aged. But, Mr. Speaker, this thought and this consideration is long overdue. While I shall leave here without seeing action taken, as I believe it should be, because ever so many alternative programs have been presented, and none of which seem to be tailored to answer the problems and fill the bill, I go out confident in my heart that in the not too distant future, medical aid for the aged will be placed under the social security program where it belongs.

Mr. Speaker, we have a medical care program in this bill, but frankly it is not going to work. I know it is not going to work because you are placing the responsibility on the States, and the States are just not going to organize or formulate or create the type of activity needed in order to implement what we provide. Oh, it is beautiful to look at. You take page 27 of this report. You have nice language and you have a nice long list here of things that people may get. They may get hospitalization—they may get nursing and home care—they may get doctors' care and so forth. But, look at page 27—I am not going to enumerate these things, but look at it, it is worth it. Do you know what that is? That is like a beautiful apple tree with plenty of red apples at the top but no ladder available to climb up the tree.

Mr. Speaker, we are holding a mirage before our old people. We are fooling them, ladies and gentlemen, and I think it is a shame to do that. I am going to vote for this bill because what is in it cannot do any harm. It will not do any good, but it will not do any harm. To me, the only good part of this bill is the fact that we are removing the 50-year requirement for disability benefits. Other than that, it means very little. Do as you see fit, ladies and gentlemen, but once again let me say to all of you, a sincere thank you.

Mr. HOLLAND. Mr. Speaker, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Pennsylvania.

Mr. HOLLAND. Mr. Speaker, no man over the years has fought the battle of medical health for the aged as has the Representative from Rhode Island [Mr. FORAND]. In this hard battle he has withstood the brunt of every attack by the National Association of Manufacturers, by the American Medical Associa-

tion, by the Chamber of Commerce, and by the large insurance companies. AIME FORAND knew that when he started to fight to give our elder citizens the proper medical and hospital care in their declining years he would have to contend with the reactionary forces of America.

These people denied to the elderly citizen medical help, free from worry, so they need not owe hospital and medical bills at a time of life when they need it most. The years will prove that the gentleman from Rhode Island had the solution to this problem.

Mr. Speaker, we are called upon to vote on a bill in place of the Forand bill which I believe is a monstrosity. This is a bill that has been born out of deceit and trickery to the pensioners who had supported the Forand bill.

I would just like to point out to you, Mr. Speaker, the story of this bill and those who are responsible for it.

Every conservative Republican, with the exception of one in the Senate of the United States, must bear his full responsibility for this insult to the aged of America. What has happened to the "new face" that the Vice President is trying to show to the American people? Oh, yes, I must admit I am making no excuses for the conservatives we have in the Democratic Party, our southern brethren, but let us consider what the Kennedy-Forand bill meant to the pensioners of our industrial States and how they were treated by their representatives in the Senate when they reached the age of retirement on social security. The vote was 51 nays to 44 yeas for the defeat of the Kennedy-Forand bill. A difference of seven votes.

Let us question the vote of the so-called liberal element of the Republican Party—SCOTT, of Pennsylvania; JAVITS, of New York; BRIDGES, of New Hampshire; SALTONSTALL, of Massachusetts; KEATING, of New York; SMITH, of Maine; AIKEN, of Vermont; MORTON and COOPER, of Kentucky; and FONG, of Hawaii.

It seems that when the whip is snapped by the Manufacturers Association, the American Medical Association, the Chamber of Commerce, and the "fat-cats" of the Republican Party, they do their bidding.

I want to emphasize here that only four votes were needed to pass this bill. Where was SCOTT, of Pennsylvania; JAVITS and KEATING, of New York; and SALTONSTALL, of Massachusetts? Pensioners from these great industrial States were depending on a health program being added to the social security program now in effect.

These four gentlemen, who profess so much to be great liberals did not worry about the pensioners of their States. They would not permit them to receive medical and hospital help to add to their dignity in their old age. Oh, no, they said to them, "We will first investigate you through the department of public assistance to see that you are in the needy class. You must expose any income that you might have or that your son and daughter has before you can be admitted to a hospital or be sent to a doctor." In other words, you have got to be a beggar to get help from your Government which you have served so well in the working hours of your life.

If you own a home, you are permitted to live in it until you die, and then the Government places a lien against your estate for the money you obtained to take care of your health or your medical bills.

Mr. Speaker, contributions to the economic growth and well-being of our Nation by our senior citizens have been completely disregarded. The fact that they gave their all, their talents, their skills, raised and educated their families, and paid their share into our social security program so they could live without asking for charity in their retirement, apparently made no impression on these 51 Senators. When Mr. Eisenhower, the President of our country, who has enjoyed socialized medicine at its height in the Army, stated he would veto any health program that was attached to the social security laws, he expressed the feeling of this administration against the aged.

The policies of the Ike-Nixon administration must not be continued. The American people do not want the "crown prince" to carry on the policies of this talk-liberal-and-vote-reactionary administration. Our only hope to have the aged of America recognized by their Government is by electing a Kennedy-Johnson administration.

The pensioners of America know today where the President-to-be, Mr. KENNEDY, stands. The reactionary forces have spoken. The pensioners of America have demanded a Kennedy-Forand bill. They know now by their vote who their friends in the Congress of the United States are, and who their enemies are. Ten Republican Senators who voted against the Kennedy-Forand bill are running for reelection. The pensioners will take care of them by their vote. The pensioners have just begun to fight. They are voting for their dignity, their respect that is due them as Americans who have contributed much to the greatness of America. The pensioners of America want a hospital and medical bill without strings credit for it.

Mr. MACHROWICZ. Mr. Speaker, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Michigan.

Mr. MACHROWICZ. Mr. Speaker, I want to take this opportunity to express my personal tribute to the gentleman from Rhode Island for his untiring efforts in the committee and in the House of Representatives as well on the outside in the cause of good and proper legislation in the field of medical care for the aged. I want to assure the gentleman, although he may not be with us next year, the efforts that he has started will be continued until a good bill is enacted by the Congress. I want to assure our colleague also that if there is any provision in the present legislation as to medical care for the aged, he can take the credit for it because he has laid the groundwork for the legislation in that field and he is entitled to all the credit for it.

Mr. RHODES of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Pennsylvania.

Mr. RHODES of Pennsylvania. Mr. Speaker, it has been a great privilege to have known and served in the House with the able and distinguished gentleman from Rhode Island [Mr. FORAND].

AIME FORAND has ably served his constituency and the Nation for more than 22 years. As a key member of the Ways and Means Committee, he has made many important contributions in the advancement of the work of that committee and the House. He has always given freely of his time and energy in assisting his fellow Members of the House.

His efforts in behalf of humanitarian legislation to benefit the sick, the aged, and the underprivileged are well known to us all. AIME FORAND is loved as a devoted and tireless fighter for social reform and social justice by millions of Americans.

He is naturally discouraged that the Congress has failed to meet the problems of the aged, the sick, and the handicapped. He must wonder, as do I, how those who oppose humanitarian legislation can justly claim that America cannot afford a decent and adequate social security program.

As a Nation we are worried about our surpluses of food which rot in storage at a cost to taxpayers of more than a million dollars a day. We give Federal aid and subsidies to the Luce publications of more than a million dollars a month.

The administration has requested another $5 million subsidy to hand out free subscriptions to Time and Life and other big publications overseas. Yet it charges fiscal irresponsibility to those who seek simple justice for our own needy citizens.

The inadequacy of the bill is in sharp conflict with the administration's vast spending program to aid big monopolies and special interests. The people are paying billions of dollars in farm, postal, and other Government handouts to subsidize waste and corruption. Why then can we not do something worth while for our aged and needy citizens?

This Congress cannot long deny social justice to our people. We cannot continue the waste of human and natural resources and permit wealth and power to accumulate in fewer hands while millions suffer needless distress.

I join with Mr. FORAND today in his statement that the social security bill before us is shamefully inadequate. I was glad that one major improvement has been made. I refer to the elimination of the age 50 requirement for disability benefits, a proposal which I cosponsored. The modification which lowers the number of quarters and which will extend social security coverage to additional persons is also a step forward.

But the contradictions of abundance and unfilled social needs in our country, make it quite clear that these amendments are not enough. To the rest of the world we do not create the image of America that we should to meet the Communist challenge.

No matter what this Congress does on the social security bill it cannot extinguish the flame which AIME FORAND has lighted. It will burn on and many will pick up the torch that AIME has carried so far and so well. His proposal for hospital and medical care for the aged or a similar one will prevail. Justice, time, and history are on his side.

Any such champion of the people will naturally offend selfish interests who blindly oppose humanitarian and progressive legislation. But AIME FORAND'S name will live in the hearts and minds of millions of his fellow citizens as a man of vision and courage.

As a boy he was a New England factoryworker. He learned to know the problems of the people and gave of his talents to serve them. From his humble beginning he rose in stature and in public esteem. He never lost the common touch or his sympathy and interest in the problems of the less fortunate.

AIME FORAND is respected and admired by all who have had the good fortune to be associated with him. I will always cherish our close friendship. May he enjoy, with his lovely wife, many years of good health and happiness. May they both enjoy the kind of happiness they have so earnestly and courageously sought for others. This is a wish, I am sure, which my colleagues and many millions of Americans share with me.

Mrs. KELLY. Mr. Speaker, I am sure we in Congress regret the closing of the 86th Congress for one reason, and that is because the Honorable AIME J. FORAND, of Rhode Island, has elected to return to private life at the close of this session.

To him and to his family I extend my good wishes that he will enjoy with them his voluntary retirement as he so well deserves. We who hope to be returned to the 87th Congress will miss our colleague more than we now realize. I, for one, long admired this distinguished public servant. I will miss his warm smile, his words of courage, his sound advice, and all those qualities which made him a true and loyal friend. He is a loyal friend who made the lives of all with whom he came in contact a richer and better life.

I know AIME will always be remembered as the one who sparked the passage of legislation for the aged. The bill passed during this session is not the one he hoped to have enacted into law, but it is a beginning. It has its inadequacies but we Democrats will continue the fight for this legislation as a memorial to him alone.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members may 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. DONOHUE. Mr. Speaker, when we originally debated this measure back on June 22, last, I expressed here my conscientious doubt that this act, with the new title XVI, the so-called medical care for the aged program, was as reasonably and realistically responsive, as it could and should be, to the needs and the desires of the great majority of the American citizens. I regret to state that little has been done by action of the Senate, and little has been additionally provided in this conference report, to remove those doubts.

However, there are some few forward steps, particularly in the social security amendments, retained in this conference report, and, since there appears to be no chance of the measure being revised before adjournment, I intend to support the report. All of these forward steps are at least some added assistance to those, under social security, needing them the most, and they have again, today, been thoroughly and carefully explained, so I shall not burden you with repetition at this hour.

Unfortunately as I have stated before, other advances in this great social security program, such as provisions to reduce the retirement age, especially for women, particularly for widows; to increase the minimum benefits in accord with rising living standards; and realistically raise the out-dated and outmoded basic income limitations, which a great many of us here have been advocating, are still not included in this report. I most earnestly hope prompt consideration will be granted to these improvement proposals early in the next Congress.

Of course, the major fears and doubts about the substantial worth of this measure are concentrated on the most controversial new title XVI, which would initiate a new Federal-State grants-in-aid program to help the States to assist low-income aged individuals who need financial help in meeting their medical expenses. It is the conscientious opinion of a great many of us here that the provisions in this report fall far short of adequate and equitable assistance for our older citizens in the desperate financial distress they tragically encounter from the ills and sicknesses so common in the later stages of life. However, this bill and report embody what we might term a new and experimental legislative venture in this field and I shall support it today because it will at least provide us with the chance and opportunity to review and expand it in the next Congress.

It is my earnest hope that early in the next Congress this complicated and unwieldy medical assistance program will be strengthened so that a far more effective projection of medical services and hospitalization treatement may be granted to the millions of aged Americans so desperately and despairingly in need of it.

Mr. STAGGERS. The original Social Security Act, passed in 1935, omitted seven classes of workers from its benefits. Two of these classes embracing numerous workers in my native State of West Virginia, as well as most of the other States, were: First, agricultural workers; and second, employees of the State and of its political subdivisions. When I came to the Congress in January 1949, one of the first pieces of major legislation to engage my attention was improvement of the social security laws. Bills were introduced to extend coverage to some of the classes originally left out. As a freshman Congressman, I appeared many times before the committees studying the bills and urged their enactment. I buttonholed my colleagues and asked their support. Amendments to the law were passed in 1950, effective January 1, 1951, by which the two classes named above were admitted to the system. As a result, all agricultural workers in West Virginia and all Government employees not insured under State pension systems are now covered by social security insurance. Thousands of workers on the State highways and in State and local government offices enjoy its benefits. I take great pride in the contribution I was able to make in bringing about this happy result.

During the years since 1950, further improvements have been made in the system. Particularly important are the amendments which increased the amount of earnings affected by the law. In 1954, the amount of such earnings was raised from the original $3,600 to $4,200, and again in 1958 to $4,800. The effect of these increases is to raise by one-third the basic benefits paid to a retired worker. Further, a more recent amendment increased benefits retroactively, so that workers previously retired find a significantly larger check coming to them each month. I worked and voted for these improvements also.

Other changes in social security law have received prolonged consideration in the current session of Congress. Some of them have just now been agreed upon by both Houses and are ready to submit to the President for his approval. They did not go as far as some of us have liked, but at least they are improvements in the right direction. One of these changes would permit a retired worker to earn more than the current limit of $1,200 without serious loss of benefits. Under the new provision, a worker forfeits $1 of benefits for every $2 he earns above $1,200 and up to $1,500, and $1 of benefits for every dollar he earns above $1,500 and up to $1,800. There is certainly no longer any valid reason to restrict earnings to such picayune sum as $1,200. The new provision is still inadequate, but may lead to further liberalization.

The subject of health care is another matter that has been hotly debated both in and out of Congress. The dispute has been between those who would make health insurance for the aged a part of social security and those who contend that such insurance would introduce socialized medicine, with a resultant deterioration in all medical care. A compromise measure offering limited assistance under a combined Federal and State program to the needy aged has just been accepted as the best that could be had at the present time. For my part, I shall continue to believe that there is some way to solve the highly critical problem of health care without destroying the integrity and autonomy of the medical profession, for which I have the utmost respect. That way

must be found and eventually incorporated in legal provisions, and when that is done I shall be proud to give it my wholehearted support.

I have a bill before the Congress now to lower the retirement age for men and women. This provision should be included in any further revision of the social security law.

Mr. ZABLOCKI. Mr. Speaker, the compromise hammered out by the conference committee on the Social Security Act amendments of 1960 is before us for final action. It is a moderate piece of legislation in most respects, but less than satisfactory in one: the provision dealing with medical care benefits for our elder citizens.

As a cosponsor of legislation to provide medical care benefits under the Social Security Act on a prepayment, funded basis, which plan bears the name of our distinguished colleague from Rhode Island, Representative AIME FORAND, I am not satisfied with the compromise brought before us for final approval. It falls considerably short of meeting the pressing medical care needs of our older people. It does not resolve the problem confronting them. I can only hope that, building on this very modest beginning, the 87th Congress will provide our Nation with more effective legislation in this field. On my part, I will certainly continue to work to this end.

At this time, I want to join with my colleagues in paying special tribute to our beloved friend and colleague from Rhode Island [Mr. FORAND], whose untiring efforts to resolve the health problem of our people, and particularly our elder citizens, have won him the affection and the respect of the American people. We are deeply sorry that his decision to retire from the Congress is terminating his illustrious legislative career. His wise counsel, based on a rich and long experience, will be sorely missed in these Halls. I hope that the future will hold many happy years in store for him. To this end, our distinguished colleague from Rhode Island has our sincerest wishes.

Mr. Speaker, as to the bill before us—I shall vote for the adoption of the conference report because it appears that this is the most that can be achieved this year. By the same token, I will continue to work for the enactment of improved and more effective legislation with all my effort.

Mr. BOW. Mr. Speaker, I am supporting the conference report. I supported and voted for the House bill. We must make certain that our aged have adequate and proper medical care.

We are told this bill will answer the need. If it does not, I shall join in an attempt to amend the act so that it will take care of our senior citizens.

It has been said that the Representative of the 16th District of Ohio did not vote for the Forand bill. The Representative of the 16th District of Ohio did not have an opportunity to vote for that bill and no Member of the House could vote on the Forand bill. The committees of the House and Senate refused to send to the floor of either House the Forand bill. And in the House, the rules did not permit it to be offered as an amendment. We were on a take-it-or-leave-it basis with regard to medical care for the aged. We had to accept or reject the committee's bill.

It should be remembered that the committees concerned with this legislation, like all committees and the Congress itself, are controlled by a sizable majority of members of the Democratic Party.

This sizable majority of his own political party rejected, in both committees and in a rollcall vote in the Senate, the efforts of the Democratic candidate for President when he urged them to accept the Forand approach to medical care.

The distinguished majority leader of the House, coming from the same State as his party's presidential candidate, also urged the Forand bill. He spoke loudly and long in its behalf. Yet he, like his presidential candidate, found himself speaking against the majority of the party they are supposed to lead.

Although Republicans are criticized, everyone here knows and every American should know that we are outnumbered almost two to one in both Houses of this Congress and that it is within the power of the Democratic Party to enact any legislation upon which the members of the party can agree.

We have just witnessed a remarkable failure of Democratic leadership. We have learned that there are a sufficient number of Democrats who are still able to reject the demands of the Walter Reuther wing of the party.

Citizens who follow this spectacle must wonder in whom to place their trust. Shall they believe the leadership of the party that only Forand-type legislation can solve the problem? Or shall they believe the majority and the Democratic chairmen of the two committees who assure us that the pending bill will do the job?

Let me say that they may do well to consider the experience and the motives of those concerned. The bill we are passing today is recommended as a good beginning by men who have had long experience on the committees dealing with these problems. Certainly they should be better able to judge than Mr. Reuther, or Bobby Kennedy, or any other member of the combination that is out to elect a President on the old Henry Wallace spend and spend, something for nothing, pie in the sky platform.

As I said in the beginning, I hope that I am right. Our sincere interest in solving a problem that brings worry, fear, and suffering to elderly Americans should transcend any political consideration.

Mr. MILLS. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. McCORMACK. Mr. Speaker, we have just listened to what will probably be the last speech made in this body by our distinguished friend from Rhode Island [Mr. FORAND].

If ever a man was a dedicated legislator it is our friend, AIME FORAND. Not only possessed of outstanding ability and a keen and penetrating mind, but also possessed of sound vision, the vision he has exemplified through these years of service in this body, one of the greatest attributes in my opinion, of an ideal legislator; also possessed of courage, AIME FORAND has served the people of his district and of our country in many ways other than in this particular type of legislation. He has been one of the most constructive and contributing Members of this great body, than which there is no greater in the world, throughout his years of service with us. The fact that he is not going to continue means a legislative separation, so far as I am concerned, that I shall regret as long as I am a Member of this body, and I know I express the sentiments of my colleagues without regard to party. They will regret that his voluntary separation from this body takes him from our midst.

To AIME FORAND and his loved ones I extend in his retirement from this body my sincere best wishes for every happiness and success in the years that lie ahead for them.

It has well been said that this legislation is the brainwork of AIME FORAND. I am talking about the legislation in its broader aspects. It has also been well said that it is only a question of time before the type of legislation proposed by AIME FORAND will become law. This bill cannot meet the situation that confronts millions of Americans, millions of human beings. This bill is not a substitute for the social security approach advocated by AIME FORAND; it is simply an integral part, just as the Forand-Anderson-Kennedy approach to the overall medical needs of the aged is an integral part, but the primary part. This would be an implementing part of the bill containing the social security approach.

The argument has been made against the Forand theory that it is socialized medicine. We have heard that so many times with relation to other legislation. I do not say that the conference report before us constitutes socialized medicine, but I do say as between this bill and the Forand plan that there is more socialized medicine in this bill than there is in the Forand theory, and I deny that there is socialized medicine in either.

The provisions relating to medical care for the aged make it possible for the States, with Federal matching, to take care of the most needy and deserving groups of the elderly on their medical expenses which they are unable to meet themselves. But how many States are going to pass the implementing legislation?

This bill means nothing unless the 50 States of the Union act so far as their own citizens are concerned. My State may act. Several other States may act. That will cause a discrimination against the aged in all the other States of the Union which for one reason or another do not act. This bill will be the origin—unintentional, I will agree—of discrimination in many of the States of the Union among the people of those States,

because where a State does not implement, the result is going to be discrimination—unintentional, I say—so far as the people of that State or other States which do not implement are concerned. If there is any doubt in your mind, if seven States implement this—there will be a large number of States who will not, in my opinion—and the States have their problems, they have their local reasons, they have their difficulties, but this situation will be discriminatory. If 10 States implement this and 40 States do not, you are going to have a situation throughout this country of unintentional discrimination that will be unfortunate to witness in the future.

We now have as a goal the addition to the provisions in this report medical protection through the device of the social security insurance system for the masses of our workers and their dependents who are covered by the insurance system. This will make available medical care on a dignified and self-respecting basis for our workers and their families. Tying medical care to the social security insurance system is the fiscally responsible way of facing what everyone admits is a major problem involving the welfare of our people.

The social security theory lost by 4 votes in the other body. There was only one Republican Member of the other body who voted for the Anderson-Kennedy substitute. Not even one Republican Member from New York State in the other body voted for it, yet Governor Rockefeller is a strong advocate of legislation along social security lines.

Next fall this will be an issue. On the one hand Candidate NIXON, of the Republican Party, will be standing on this type of legislation, while on the other hand Candidate KENNEDY, of the Democratic Party, will stand for the broad legislation so necessary to meet the needs of our people. This is going to be a political issue, do not worry about that.

I am satisfied what the result will be, with the millions of persons who would be the direct beneficiary of legislation along the lines suggested by Mr. FORAND and with the countless millions of others who are interested with members of their families and others who feel they are entitled to such legislative consideration. I have no doubt with this issue as to how the people will feel and how the people will act when this issue is directly presented to them.

Mr. Speaker, there can be no double-talk on this matter. The Republicans are definitely committed to this, not as a first step, but as a substitute and as the law itself. The great majority of the Democrats under the leadership of JOHN KENNEDY and LYNDON JOHNSON, candidates for President and Vice President respectively, are committed to the broader approach, to the humane approach. Yes, while you may settle this today, so far as this particular bill is concerned, it is only temporary. It is going into the fall elections and when JOHN KENNEDY is our next President we will put through a sound bill and enact a sound law along the theory of the social security plan. That is the thing we will bring forth, and that is the thing we will stand for.

Mr. LANE. Mr. Speaker, the medical care bill for the aged, shot through with weakening compromises, is a bitter disappointment to our 16 million senior citizens.

The United States is scoring breakthroughs in many fields of material research and development. In sharp contrast, that vigorous, pioneering spirit becomes ultraconservative when confronted with the challenge to help our fellow human beings whose working years have come to a close.

When the second session of the 86th Congress convened in January of this year, there were high hopes that a genuine health insurance bill for the aged would become one of its outstanding accomplishments. It would be a self-financing program administered through the social security system.

But those high hopes surrendered to the insistent threat of a Presidential veto. A health insurance bill for the aged was passed, but so drained of real content that it will need substantial transfusions in the next Congress before it can live up to the promise implicit in its title.

Those of us who fought for a "healthy" bill, voted for the anemic version with reluctance. The coalition majority said: "Vote for this 'ghost' bill—or no bill at all. We give you no other choice." At least, a precedent has been established, that we can elaborate upon and strengthen next year.

Health insurance for the aged, prepaid by taxes on employers and employees during the active years when a person is working, is the logical, practical, and inevitable way to solve this problem.

Free Americans should be entitled to this protection in their old age as a matter of right, and should not have to beg for it through a humiliating means test. The conservative coalition, spearheaded by the administration, has temporarily blocked humanitarian progress, but it must know in its mind and heart, that it is fighting the lost cause of the past and its indifference to the needs of human beings.

Now we will carry this issue to the people, confident that they will veto the obstructionists to social and economic progress.

The present health insurance bill is one that pays lipservice to the needs of the aged, but withholds adequate protection from them. It will not, however, deceive the American people.

The voice of public opinion is expressed in the following editorial from the April 6, 1960, edition of the Washington Post:

> The one practical way to provide insurance against the health hazards of retirement years is to let people pay the premiums in the form of social security taxes while they are earning wages and are able to do so. This is precisely how they now provide retirement income for themselves under the social security program, and this kind of protection is made compulsory because the lack of it would have a disastrous social impact. Those who denounce this proposal as socialistic without proposing any workable alternative are foolishly doctrinaire. They might just about as sensibly oppose as socialistic the Nation's public schools, fire departments, and parks because these represent communal efforts financed through taxation. One of the fundamental purposes for which the U.S. Government was established was to promote the general welfare.

Mr. Speaker, the principle of social insurance to protect our people against the health hazards of old age is the future solution that should be in effect today.

The present bill takes us down a narrow, winding side road and away from the direct and open highway that leads to a clear solution of the problem.

With new and confident leadership beginning in 1961, the United States shall find the forward road again and will legislate a program that will achieve security with dignity for all our senior citizens.

Mr. FARBSTEIN. Mr. Speaker, although over the past 2 years voluminous evidence has been adduced to show the urgent need for Federal legislation to provide medical care for our older citizens, this Congress has taken only a faltering step forward. Although it has been shown that many senior citizens are pushed to the limit of their financial resources by medical bills, while others forgo or delay treatment because of inability to pay, the Congress has failed, in my opinion, to meet its responsibility to our senior citizens.

Instead of passing the Forand bill, or a Forand-type bill, which afford the social security approach to this problem, the bill that was passed provides for Federal grants to States to enable the States to increase their expenditures for medical care to old-age recipients, and to enable them to institute programs of medical assistance for the aged. Where a Forand-type bill would have made unnecessary a means test and would have given medical assistance to our senior citizens as a matter of right, the bill that was passed would only afford assistance to those who can pass a means test or a test which will disclose the fact that the needy individual is unable to afford to pay for any medical care.

But this is only half of the problem in connection with this bill. It is necessary, before the law can become effective, that the States adopt legislation calling for a program of medical assistance to the aged before any call upon the Federal Government for contributions. Although it is true, if a State decides to participate, it may determine the amount, scope and duration of benefits and, within broad limits, the eligibility standards, I fear there will be too few States which will adopt the necessary legislative programs.

There is provision in the bill, if adopted by the States, and the State program accepts the same, that medical benefits can not only be received by those needy individuals receiving old-age assistance, but those aged individuals who, although financially independent so far as their daily living requirements are concerned, cannot meet the medical bills which occur frequently. The new program would be designed to prevent aged persons from becoming indigent on account of medical expenses. The

benefits under the bill may be made available almost immediately, if adopted by any State government.

The passage of this bill does not mean the end of the fight for medical care for our senior citizens. This is merely the beginning. I am certain that next year there will be reintroduced a bill which will contain the social security approach providing insurance against the cost of hospital, nursing home, and surgical care for persons eligible for old-age and survivors insurance benefits. Such a bill will obviate the necessity for any means test and will permit all our citizens to support themselves in their old age by making small contributions during their working years.

At least the problem has been recognized. The conservative combination in the Congress had permitted only a slight step forward to be taken. I am certain that this step will be lengthened in the years to come.

Mrs. GRANAHAN. Mr. Speaker, I am very happy to join so many of my colleagues in the House of Representatives in a well-deserved tribute to the gentleman from Rhode Island [Mr. FORAND] who is retiring from Congress this year after long and distinguished service to the people of his district and to all of the people of this great country.

As a member of the Committee on Ways and Means, Congressman FORAND has contributed so very much to the development and improvement of the social security laws, that to many his name is synonymous with social security. And, of course, it was his bill on further expansion and improvement of social security programs to include health insurance for beneficiaries of old-age and survivors insurance that became the most talked about piece of legislation of this session. When some form of health insurance is finally adopted for older people, the gentleman from Rhode Island [Mr. FORAND] will certainly be accorded much of the credit for dramatizing the issue and the needs.

Mr. Speaker, I am most grateful to the gentleman from Rhode Island for the gracious help he accorded me in achieving election to the House Committee on Government Operations and I want him to know of my high regard and great admiration for his abilities and his friendliness. I wish him years of happiness as he prepares to retire from Congress.

Mr. SMITH of Mississippi. Mr. Speaker, the retirement of AIME FORAND will take from us one of our most distinguished Members, who has made a lasting contribution to the work of the House of Representatives. One of AIME'S qualities of which the public is generally not aware is his great skill as a parliamentarian. He has been one of the ablest Presiding Officers of the House during my period of service.

I want to express my personal appreciation for his courtesies to me through the years.

Mr. FEIGHAN. Mr. Speaker, it has been a great privilege to serve in the Congress with our esteemed colleague, AIME FORAND, whose personal friendship I have enjoyed these many years. Mr. FORAND has served his country in time of war, and he has served his people in time of peace, always with distinction. It would be difficult to find a Congressman who has worked harder and with greater zeal and devotion to his constituency than has AIME FORAND. He is a man of great intelligence and integrity. He had the respect and admiration of his colleagues and I am sure not one among us would wish to deny him his well-carned retirement, which he has voluntarily chosen. I consider AIME FORAND a great statesman and a great American, and I wish him good health and good fortune in the future.

Mr. MILLS. Mr. Speaker, I move the previous question.

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 369, nays 17, answered "present" 1, not voting 44, as follows:

[Roll No. 197]

YEAS—369

Abernethy	Cannon	Gavin
Adair	Carnahan	George
Addonizio	Casey	Giaimo
Albert	Cederberg	Gilbert
Alexander	Chamberlain	Glenn
Alford	Chelf	Granahan
Allen	Chenoweth	Gray
Andersen, Minn.	Chiperfield	Green, Oreg.
	Church	Green, Pa.
Anderson, Mont.	Clark	Griffin
	Coad	Griffiths
Andrews	Coffin	Gross
Anfuso	Cohelan	Gubser
Arends	Collier	Hagen
Ashley	Colmer	Haley
Ashmore	Conte	Halleck
Aspinall	Cook	Halpern
Auchincloss	Cooley	Hardy
Avery	Corbett	Hargis
Ayres	Cramer	Harmon
Bailey	Cunningham	Harrison
Baker	Curtin	Hays
Baldwin	Curtis, Mass.	Healey
Baring	Curtis, Mo.	Hechler
Barr	Daddario	Hemphill
Barrett	Dague	Henderson
Barry	Daniels	Herlong
Bass, N.H.	Dawson	Hiestand
Bass, Tenn.	Delaney	Hoeven
Bates	Dent	Holifield
Baumhart	Derounian	Holland
Becker	Derwinski	Holt
Beckworth	Devine	Holtzman
Belcher	Diggs	Horan
Bennett, Fla.	Dingell	Hosmer
Bennett, Mich.	Dixon	Huddleston
Bentley	Donohue	Hull
Berry	Dooley	Inouye
Betts	Dorn, N.Y.	Irwin
Blatnik	Dowdy	Jarman
Blitch	Downing	Jennings
Boggs	Dwyer	Johnson, Calif.
Boland	Edmondson	Johnson, Colo.
Bolton	Elliott	Johnson, Md.
Bonner	Everett	Johnson, Wis.
Bosch	Evins	Jonas
Bow	Fallon	Jones, Ala.
Bowles	Farbstein	Jones, Mo.
Boykin	Fascell	Judd
Brademas	Feighan	Karsten
Bray	Fenton	Karth
Breeding	Fino	Kasem
Brewster	Fisher	Kastenmeier
Brock	Flood	Kearns
Brooks, La.	Flynn	Kee
Brooks, Tex.	Fogarty	Keith
Broomfield	Foley	Kelly
Brown, Ga.	Forand	Kilday
Brown, Mo.	Ford	Kilgore
Brown, Ohio	Forrester	King, Calif.
Broyhill	Fountain	King, Utah
Budge	Frazier	Kirwan
Burke, Ky.	Frelinghuysen	Kitchin
Burke, Mass.	Friedel	Kluczynski
Byrne, Pa.	Fulton	Knox
Byrnes, Wis.	Gallagher	Kowalski
Cahill	Garmatz	Kyl
Canfield	Gary	Laird
Lane	O'Hara, Ill.	Shipley
Langen	O'Hara, Mich.	Short
Lankford	O'Konski	Siler
Latta	O'Neill	Simpson
Lennon	Oliver	Sisk
Lesinski	Osmers	Slack
Levering	Ostertag	Smith, Calif.
Libonati	Passman	Smith, Iowa
Lindsay	Patman	Smith, Miss.
Lipscomb	Perkins	Spence
Loser	Pfost	Springer
McCormack	Philbin	Staggers
McCulloch	Pilcher	Steed
McDonough	Pillion	Stratton
McDowell	Pirnie	Stubblefield
McFall	Poage	Sullivan
McGinley	Poff	Taylor, N.C.
McGovern	Porter	Teague, Calif.
McIntire	Powell	Teller
Macdonald	Price	Thomas
Machrowicz	Prokop	Thompson, N.J.
Madden	Pucinski	Thompson, Tex.
Mailliard	Quie	Thomson, Wyo.
Marshall	Quigley	Thornberry
Martin	Rabaut	Toll
Matthews	Rains	Tollefson
May	Randall	Trimble
Meader	Ray	Udall
Merrow	Reece, Tenn.	Ullman
Metcalf	Rees, Kans.	Vanik
Michel	Reuss	Van Pelt
Miller, Clem	Rhodes, Pa.	Van Zandt
Miller, N.Y.	Riehlman	Wainwright
Milliken	Riley	Wallhauser
Mills	Rivers, Alaska	Walter
Minshall	Rivers, S.C.	Watts
Moeller	Roberts	Weaver
Monagan	Robison	Weis
Montoya	Rodino	Westland
Moore	Rogers, Colo.	Wharton
Moorhead	Rogers, Fla.	Whitener
Morgan	Rooney	Whitten
Morris, N. Mex.	Roosevelt	Widnall
Morris, Okla.	Rostenkowski	Wier
Morrison	Roush	Williams
Moss	Rutherford	Willis
Moulder	St. George	Wilson
Multer	Santangelo	Winstead
Mumma	Saund	Wolf
Murphy	Saylor	Wright
Natcher	Schenck	Yates
Nelsen	Schneebeli	Young
Nix	Schwengel	Younger
Norblad	Scott	Zablocki
O'Brien, Ill.	Selden	Zelenko
O'Brien, N.Y.	Shelley	

NAYS—17

Abbitt	Jensen	Smith, Va.
Burleson	Johansen	Taber
Dorn, S.C.	McMillan	Teague, Tex.
Gathings	Rhodes, Ariz.	Tuck
Hoffman, Ill.	Rogers, Tex.	Utt
Jackson	Scherer	

ANSWERED "PRESENT"—1

Pelly

NOT VOTING—44

Alger	Hébert	Miller, George P.
Barden	Hess	
Bolling	Hoffman, Mich.	Mitchell
Buckley	Hogan	Murray
Celler	Ikard	Norrell
Davis, Ga.	Keogh	Preston
Davis, Tenn.	Kilburn	Rogers, Mass.
Denton	Lafore	Sheppard
Doyle	Landrum	Sikes
Dulski	McSween	Smith, Kans.
Durham	Mack	Taylor, N.Y.
Flynt	Magnuson	Thompson, La.
Goodell	Mahon	Vinson
Grant	Mason	Wampler
Harris	Meyer	Withrow

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Hoffman of Michigan for, with Mr. Alger against.

Mr. Hess for, with Mr. Mason against.

Until further notice:

Mr. Hébert with Mrs. Rogers of Massachusetts.

Mr. Keogh with Mr. Kilburn.

Mr. Celler with Mr. Lafore.

Mr. Buckley with Mr. Smith of Kansas.

Mr. Hogan with Mr. Taylor of New York.

Mr. Meyer with Mr. Withrow.

Mr. Dulski with Mr. Goodell.

Mr. GARY changed his vote from "nay" to "yea."

Mr. SCHFRER and Mr. HOFFMAN of Illinois changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580) to extend and improve coverage under the Federal old-age, survivors, and disability insurance system and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes.

SOCIAL SECURITY AMENDMENTS OF 1960—CONFERENCE REPORT

Mr. KERR. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580) to extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System, and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today, p. 17874.)

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

Mr. LONG of Louisiana. Mr. President, if no other Senator desires recognition, I am ready to speak on the report.

Mr. KERR. Mr. President, I will discuss it as soon as consent is received for its consideration.

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

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

Mr. LONG of Louisiana. Mr. President, did the Chair ask if there was objection to the request?

The PRESIDING OFFICER. Yes.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KERR. I yield, provided I do not lose the floor.

SOCIAL SECURITY AMENDMENTS OF 1960—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580) to extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes.

Mr. KERR. Mr. President, I am happy to report that we were able in the conference on the social security bill to convince the House of the wisdom of the Senate's twofold approach to medical care for the aged which (1) provides a new medical care program for those elderly citizens who are not on old-age assistance but who are financially unable to pay for part or all of any medical care needed to preserve their health and prolong their life, and (2) strengthens and extends the medical programs now operating or possible under old-age assistance.

MEDICAL CARE PROVISIONS

The bill as reported by the conference makes three basic changes in the existing old-age assistance provisions—title I—of the Social Security Act to encourage the States to improve and extend medical services to the aged: First, it increases Federal funds to the States for medical services for the 2.4 million aged persons on old-age assistance; second, it authorizes Federal grants to the States to help pay part or all of the medical services of a group of persons totaling about 10 million who may, at one time or another, be in need of assistance in paying their medical expenses; third, it instructs the Secretary of Health, Education, and Welfare to develop guides or recommended standards for the use of the States in evaluating and improving their programs of medical services for the aged.

States can take advantage of its provisions in whole or part beginning October 1, 1960. The financial incentive in the plan should enable every State to improve and extend medical services to aged persons.

The provisions in the bill also contain a direction to the Secretary of Health, Education, and Welfare to prepare guides and standards to the States for the improvement and extension of medical assistance to needy aged persons. It is expected that the Secretary will appoint an Advisory Committee on Public Assistance Medical Care, with whom he will consult on the medical assistance program. In these ways it is hoped that the additional Federal funds made available in this bill will be channeled as rapidly as possible into an improvement in and extension of medical services to needy aged persons. Under existing provisions of law the Secretary has authority to make any recommendations for changes in the program should need become apparent for them. These provisions should insure the development of an effective and efficient program

adapted to the needs of the aged and conformable to the differences among the States.

It is hoped and expected that States will make every effort to take advantage of the new legislation on October 1. Those States which do not have sufficient legislative authority or appropriations to take advantage of it should be encouraged to do so as rapidly as possible. The Secretary has been requested to make a report to the Congress by March 15, 1962, as to the steps taken by the States to carry out the purposes of the legislation. Such report shall include information on whether, and to what extent, the States have utilized the additional funds to improve their medical programs for needy individuals, together with the Secretary's recommendations for obtaining the proper level, content, and quality of medical care in all States.

The medical care provisions of the bill are broad enough to permit States to utilize, at their options, existing voluntary health insurance plans if they wish. For instance, a State may make payments to Blue Cross, Blue Shield, or group practice prepayment plans for any medical services. Moreover, a State may utilize one or more of these plans in one or more communities. It is not necessary for the voluntary plan to be statewide in operation as long as the State provides for payment on a statewide basis of medical service covered in the State plan. A State may, if it wishes, pay for such services on a premium fee for service, salary, or per capita basis, or any reasonable combination of such methods.

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

Mr. KERR. I yield to the Senator from Tennessee.

Mr. GORE. I did not quite understand the import of the statement of the Senator that a State need not provide this service on a statewide basis.

Mr. KERR. The plan need not be one which is in operation in all the State, but if it is a program whereby the State provides Blue Cross or Blue Shield coverage for the individuals in a certain category that coverage must be available to any similar group anywhere in the State.

Mr. GORE. Would this go so far that a State could have a program in one county and not in an adjoining county?

Mr. KERR. It could, if the opportunity for the program did not exist in the adjoining county. But if a similar situation existed in an adjoining county, or in 10 counties, the plan then would have to include those similarly situated.

Mr. GORE. It applies to the characteristics of the recipients rather than to the action or the ability of the political unit?

Mr. KERR. I would say it applies to the identity of the recipients.

Mr. GORE. I meant identical characteristics.

Mr. KERR. Yes. The provision for medical care through the operation of the State program would have to be applicable to all people similarly situated in the State. If there were a group which, by reason of its negotiation with the State, wished to receive benefits in the form of a Blue Cross program, the State could meet that responsibility to them in that regard, provided any other similar group could have the same opportunity if they wished to have it, and provided further that other citizens of the State similarly situated would have an equal or similar opportunity and right.

Mr. GORE. Will the Senator yield further?

Mr. KERR. I yield.

Mr. GORE. If the Oklahoma Teachers Association, the Connecticut Teachers Association, or the Tennessee Teachers Association should wish to apply and the State should wish to provide this benefit in this particular category, could that be done?

Mr. KERR. I believe the implementation of the program would be on a community basis rather than upon the basis of members of a profession. Let us assume that all of the needy aged who are eligible in an Oklahoma county could be best served by the program. The State could meet its responsibilities in this regard by making it available to the people in that county on that basis, without having to implement it all over the State, unless the rest of the State needed it and it could be taken care of as well as it could in the one county.

Mr. GORE. The able Senator knows that the old-age assistance program and the medical aid under that program or in connection with that program is administered on a county basis generally with the county providing a small part of the expense.

Mr. KERR. In some places that is the case, but not in every State. It does not have to be; it may be.

Mr. GORE. I accept the Senator's statement. I thought that situation prevailed in most, if not in all, cases.

Mr. KERR. I am sure there are some States wherein the funds provided by the State are furnished by the State legislature. In other States, the funds are derived in part by the State legislature. Some State funds in matching moneys must come from the State. If a State should provide that counties should contribute part of the funds that are used to match the Federal funds, well and good. But that is a matter which will be determined by each individual State.

Mr. GORE. I would like to digress to say that though the able senior Senator from Oklahoma knows that he and I have differed on the addition of the social security amendment to the bill, I wish to compliment him on the achievement of a landmark in his great service in the U.S. Senate to the people of Oklahoma and to the people of America. Under different circumstances this proposal which he has now brought to the final act of legislative treatment would be regarded as a very great, liberal advancement in social betterment. The circumstances really do not detract and should not be allowed to detract from the very great benefits and the very large forward steps encompassed in the bill. I congratulate the distinguished Senator upon this achievement and join him in the hope that it will bring relief and ease the burdens of millions of old people who are entitled to benefits under the act.

Mr. KERR. Let me say that I greatly appreciate what my warm and distinguished friend has said.

Mr. GORE. If I may return to the interrogation, the bill brings into being, as the able Senator from Oklahoma has stated, a new kind of medical aid and hospitalization benefit. It brings into the program several million people—perhaps around 8 million people presently—who are not in the old-age assistance program. I have seen no requirement that aid be provided by counties, and since the Senator mentioned group participation and the fact that it need not apply all over the State, I merely rose to ask the Senator to clarify that question for me and for the record.

Mr. KERR. The provision that I referred to is in the existing law, and the privilege now exists on the part of the State that has a medical program for the aged who are on old-age assistance rolls to meet that obligation in the same manner that I have attempted to describe here as being applicable upon the enactment of this law.

I refer to this in the report for the reason that the representatives of some States which now operate their old-age assistance program, insofar as medical care is concerned, in a manner consistent with what I have discussed here, have asked the committee whether or not that privilege would still exist. This language is in the report only to assure such States that that provision of the existing law is not changed, and it will be equally available to them with reference to the larger groups covered as it has been with reference to those receiving old-age assistance.

Mr. GORE. That answer clarifies the question; and I thank the Senator.

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

Mr. KERR. I yield.

Mr. BUSH. First, I compliment the Senator again on his able handling of this measure in one of the most difficult legislative sessions I have experienced since I have been in the Senate. The Senator from Oklahoma has not only handled the measure ably, but in good spirit and with facility for making clear very difficult problems. I envy him for his ability in that respect particularly.

I am a little confused now. My question is apropos of the question my friend from Tennessee has asked. He has spoken of groups in this county or groups in that county, and the question in my mind is whether the State will be able to deal with groups or whether it must deal with individuals who are able to prove need.

I have been under the impression that the bill was a bill under which an individual would have to prove a case of need to avail himself of the benefits of the bill. Will the Senator kindly illustrate what this reference to groups might be, and what kind of group might illustrate the question raised by the Senator from Tennessee? I do not quite understand the point.

Mr. KERR. The eligibility requirements for people to have the benefits of the program are fixed in the States by the States themselves, in conformity with the very liberal and elastic provisions of the law which grants them that right.

Mr. JAVITS. Mr. President, will the Senator yield for a question?

Mr. KERR. I have not completely finished answering the present question.

Mr. JAVITS. I am sorry.

Mr. KERR. The program, however, must be uniform within each State. One State might have a different criteria of eligibility for participation than another State had, but there could be no differences with reference to the eligibility of citizens within any single State.

I made this reference in the conference report to make clear what occurs when a State uses the Blue Cross, the Blue Shield, or group practice prepayment plans for any medical services. Let us say that in the State of Oklahoma there is a Blue Cross operation in Pontotoc County. In the second county away, which is Pittsburg County, there is no Blue Cross operation. If the benefits to be received by those eligible for the medical care are the same, the State having paid premiums in Pontotoc County, he would have eligibility for the same benefits as those in Pittsburg County. He would receive the same services, but by reason of the fact that they would be paid for by the State, the State then could avail itself of the opportunity of buying the insurance program for the citizens of Pontotoc County.

Mr. BUSH. I understand that. But am I correct that each case would be judged on its merits, so far as eligibility was concerned? Each individual would be judged so far as his eligibility was concerned. Is that correct?

Mr. KERR. The specifications must be the same with reference to any citizen in the State. If it determines that the citizens of a county, or certain ones, are eligible for benefits, the State may, if it chooses, provide those benefits by purchasing insurance for the individuals in that county through Blue Cross or Blue Shield, or some other agency.

Mr. BUSH. I understand that. My question still is, Does not each individual applicant have to be considered on his own merits?

Mr. KERR. He must be considered on the basis of whether his position makes him eligible under the uniform standards prescribed.

Mr. BUSH. But there is no group eligibility.

Mr. KERR. No; there is not.

Mr. BUSH. Other than the age limitation, and so forth.

Mr. KERR. Yes.

Mr. BUSH. Each case is to be considered on its own merits.

Mr. KERR. Yes. That is why I tried to say to my friend from Tennessee that it would not be for a profession. However, if the benefits were available to teachers in Pontotoc County, they would have to be available also to everyone in that county who could meet the requirements.

Mr. BUSH. Meet the individual eligibility requirement?

Mr. KERR. Yes.

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

Mr. KERR. I yield.

Mr. JAVITS. The Senate conferees receded from an amendment which I presented, dealing with people who were in loco parentis to children. Would the Senator give us some basis for hope in the future with respect to the amendment?

Mr. KERR. The Senator from Oklahoma personally favors the amendment. It was one of the amendments pending before the Committee on Finance, and it was one which the Senator from Oklahoma had intended to press for adoption by the committee. He was glad when the Senator from New York offered it on the floor. He recommended its acceptance by the Senate, and it was accepted. However we were unable to secure the acceptance of it by the House conferees.

Mr. JAVITS. Can the Senator give us some reason or basis, perhaps, on which we could renew it on another occasion?

Mr. KERR. So far as I am concerned, if I were the Senator from New York, I would offer it at the next opportunity I had. So far as the Senator from Oklahoma is concerned, he would still be in favor of it.

Mr. JAVITS. Is there some change or is there some detail from which we could profit, in view of the fact that it was dropped?

Mr. KERR. The member of the staff has refreshed my memory. The amendment was favored by the administration.

Mr. JAVITS. Yes; that is correct.

Mr. KERR. It had been considered by the Ways and Means Committee over an extended period of time while they were working on their own version of the social security bill. They arrived at the conclusion that the problems of administration incident to it, in addition to all the others which would be created by the multitude of provisions in the bill, were such that they decided not to include it at this time, and then took that position in the conference.

Mr. JAVITS. In other words, if we could find a clearer definition, a tighter way of handling it, it would have a chance?

Mr. KERR. That is my opinion.

Mr. JAVITS. I have great admiration for the Senator from Oklahoma and his ability, whether we agree or not, as we did not on medical care. He really has handled this bill superbly, notwithstanding the fact that a very dear amendment of mine has gone down the drain. Therefore, I wish to commend the Senator from Oklahoma for the way he has handled the matter.

Mr. KERR. I thank the Senator from New York.

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

Mr. KERR. I yield.

Mr. HUMPHREY. First, I commend the Senator from Oklahoma publicly, as I have done privately, on the manner in which he has handled the proposed legislation, which is very complicated.

Mr. KERR. I thank the Senator.

Mr. HUMPHREY. The debate on the bill, when the Senate gave it consideration, was one of the most illuminating discussions we have had on the problems of assistance to the needy and social insurance for the elderly and problems related to disability. Total overall improvement of social security has been advanced. The bill represents progress. It goes without saying that some of us wanted more, as indeed the Senator from Oklahoma did also.

However, legislation is a process of compromise and adjustment. I am sure the Senator recalls that during the discussion of the bill I called the attention of the Senator, as I did also of the chairman of the committee, the Senator from Virginia [Mr. BYRD], to the words in the bill "prescribed drugs." They appear at page 216 of the bill as amended by the Senate. I merely want the record to be clear in this connection. I had intended to propose an amendment to strike those words and insert in lieu thereof "prescription services."

The reason I wanted to do that was that I wanted to define the words "prescribed drugs" as drugs prescribed by a physician and compounded or dispensed by an individual who is licensed by law to compound or dispense prescription drugs.

In other words, I wanted to make clear that the professional aspects of medicine and pharmacy were to be respected under the words "prescribed drugs."

This need not mean drugs which are prescribed by any particular kind of dispensary; they may be prescribed drugs from a hospital or from a pharmacy or from an outpatient clinic. It simply relates to the nature of the compound and the professional competence of the person handling it. Can the Senator give me any observation on that?

Mr. KERR. I am sure the Senator is aware of the fact that each State has its own laws, and in many instances regulations, with reference to the prescription of drugs for the sick, and as to who should be licensed to give the prescription and who shall be licensed to fill the prescription.

Mr. HUMPHREY. That is right. My point is that these State laws apply under this act. Is that correct?

Mr. KERR. They certainly do. That is the opinion of the Senator from Oklahoma. If the State of Minnesota law provides that the prescription may be filled only by a licensed pharmacist of a certain required number of years of training and who holds certain evidence of graduation, then that would be the formula that would be applied by the welfare agency in Minnesota which administers the program.

Mr. HUMPHREY. There is the Durham-Humphrey Act with respect to the prescription of drugs which may be dispensed only by prescription through licensed pharmacists and by a licensed physician. The Federal law would apply. Is that correct?

Mr. KERR. The proposed act would not be amendatory of the laws to which the Senator has referred.

Mr. HUMPHREY. I thank the Senator. There is another point I should like to call to the Senator's attention. I wonder if the Senator would permit me

to submit a brief description of this particular phraseology that we have been discussing. I ask unanimous consent that that may be placed in the RECORD.

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

STATEMENT BY SENATOR HUMPHREY

This is to request that where the bill has enumerated the types of care and services which may be made available by the States under the medical assistance for the aged program, the phrase "prescribed drugs" shall be defined to mean drugs prescribed by a physician and compounded or dispensed by an individual licensed by law to compound or dispense prescription drugs.

This is to make it clear that when a person obtains prescribed drugs he is obtaining not merely a commodity but the services of a highly trained and professional pharmacist. In other words, Mr. President, to recognize the service which the pharmaceutical profession renders to society. A pharmacist does not merely sell a commodity—rather he is performing a service in the preparation of drugs as are prescribed by physicians. Compounding of such prescribed drugs can be done by a pharmacist only after he has completed a long and arduous course of study at a recognized college of pharmacy and only after he has passed a rigid examination as required by the State before a license is issued to practice his profession.

Pharmacists are understandably proud of the professional services they render, and, in my judgment, it is only fitting that in a bill of this type we indicate recognition of such services.

Mr. KERR. I am not familiar with the language. I have tried to give the Senator my interpretation of the provisions of the proposed act and of the meaning of the term "prescribed drugs." I will have to answer any further questions on it, however, by saying that I would feel that insofar as the opinion and understanding of the Senator from Oklahoma are concerned, and their application to the language of the bill, the answers would of necessity have to be taken from the question by the Senator from Minnesota and the answers by the Senator from Oklahoma.

Mr. HUMPHREY. And as has been stated, by those applying to State laws relating to those who are licensed either to prescribe or dispense drugs.

Mr. KERR. Prescriptions of drugs in a State.

Mr. HUMPHREY. That is correct.

Mr. KERR. That is correct.

Mr. HUMPHREY. I wanted to clarify that point, so that there would be no doubt about it.

The second item about which I should like to ask the Senator from Oklahoma is one which has been of some concern to many Senators. They have spoken about it. Again, I am sorry we did not discuss it at the time we passed the bill.

There seems to be a need to have some understanding that under the terms of medical assistance, as outlined in the bill, we ought to provide that an individual eligible to receive medical assistance for the aged shall not be precluded from receiving any care and services which are covered by a State plan from any provider of care or services who is licensed, under State law, to provide care and services to individuals who are not the recipients of medical assistance for the aged.

That is the technical language of an amendment I had hoped to offer. Let me explain it in layman's language. First I shall ask a question: Is there anything in the conference report which is now before us which would deny the States, in designing their plans, the right to provide freedom of choice for the recipients of the medical assistance program; freedom of choice of doctor, clinical service, hospital, or any of the other cares and services which are provided under the terms of the act?

Mr. KERR. There is nothing of that kind in the report that I know of. I know the Senator from Minnesota is sufficiently familiar with legislation to realize that regardless of how much effort a Senator makes, it is rarely that he can have a complete, full understanding of all of the provisions and implications of a bill, as has often been evidenced by the fact that Congress has passed many bills on the basis of what it intended the law to be, and later found out—perhaps much later—from the Supreme Court of the United States that Congress did not know what it was doing.

Subject to that kind of limitation, I am of the opinion that the program available within a State is up to the State. For instance, on page 7 of the report of the committee is this language:

The description of the care, services, and supplies provided with Federal financial participation which may be provided for recipients of medical assistance for the aged is intended to be as broad in scope as the medical and other remedial care which may be provided as old-age assistance under title I of the existing law with Federal financial participation. The various types of care and services have been enumerated primarily for informational purposes. Accordingly, a State may, if it wishes, include medical services provided by osteopaths, chiropractors, and optometrists and remedial services provided by Christian Science practitioners.

It is my understanding that, under the bill, the State, in setting up its plan, may do so on the basis of the medical services available to the beneficiaries, or those services which are legally authorized by the State to be available to its citizens.

Mr. HUMPHREY. I appreciate the Senator's explanation. I recognize that a complicated piece of proposed legislation like this is always subject to some interpretation which we at the moment might not fully comprehend or have at our fingertips.

However, what I sought to do was to make certain that there is freedom of choice on the part of the individual who receives the assistance, so far as the doctor, the hospital, and other medical care and services are concerned.

Mr. KERR. So far as services are legalized, approved, accepted, and permitted by the State, within the State.

Mr. HUMPHREY. That is correct. I recognize that some States already have established quite elaborate medical care programs for persons who are already receiving old-age assistance. However, the program about which I am speaking is the one authorized by the bill before us which would apply to elderly citizens not eligible for old-age assistance under present law.

Mr. KERR. They will come under the same rules, provisions, practices, and supervision by the State as are now in effect or may be changed by the State, with reference to those who are already on the old-age assistance rolls.

Mr. HUMPHREY. Some States provide, for example, that the only way a person receiving old-age assistance may receive medical care is to go to a State hospital. I had hoped that State legislatures, under the medical care for the aged provisions of this bill, would not be authorized to write laws which would compel individuals to be the beneficiaries of socialized medicine, to put it bluntly.

In other words, I had hoped individuals would be permitted to go to their local doctor and to their local hospital in their local community or county, within the limits of the bill and the benefits provided therein, rather than to be hauled off to a central hospital or a central clinic.

I am of the opinion that most Senators are opposed to socialized medicine and want to see the private practice of medicine flourish. I believe they would want to make certain that individuals have an opportunity to exercise freedom of choice in terms of those who are to serve them care and services in case of illness. Is that the intention of the bill, or is it not?

Mr. KERR. If a State chose to provide in its program what the Senator refers to as socialized medicine, there is nothing in the bill which would prevent it.

Mr. HUMPHREY. That is regrettable.

Mr. KERR. Nor is there anything in the bill which would authorize it. One of the main provisions of the bill is to permit the States to formulate their plans and their programs without the supervision or control or power of decision by the Federal Government with reference to what shall be the criterion for eligibility, or with reference to what shall be the specification of the State's program.

If a State wanted to establish a program which would permit surgical operative services, under this bill it could do so. If it wanted to set up its program without such a service, it would have the right to do so. However, under the bill the States are encouraged to exercise their rights to provide complete medical and surgical services, and dental services to a certain degree.

Mr. HUMPHREY. I understand that point. I was simply hoping to get an expression of intent, because I want the record to be quite clear. There have been some very bitter arguments in the United States over what is called socialized medicine; and the fear of the medical profession has been that the Federal Government might, at some time, engage in it.

I am worried lest we now provide an incentive to the States under this program to establish massive State clinics and massive State hospitals, where, if a person is in need under the terms of the bill, he will not go to his own hospital in his own county or in his own town; he will not go to his own doctor;

but he will be forced to go to a doctor who has been selected by a State board of public welfare, who is on the State payroll, or to a hospital which has been built by the State board of health or welfare, or to a county-owned hospital.

If a person wants of his own volition to go to a State hospital, if that is where the better services are to be found, he ought to have the right to go there. But I do not think we ought to be appropriating Federal money for a program which can force an individual, merely because he is eligible for these benefits, to go to a State institution.

I hope the Senate has not permitted itself to get into a position where, by its tacit consent, it has condoned the expansion of State medicine.

Mr. KERR. The Senator from Oklahoma was dedicated to the principle of the bill primarily for the benefits which would be available to aged citizens in Oklahoma——

Mr. HUMPHREY. Yes, indeed.

Mr. KERR. And the Senator from Oklahoma is of the firmest conviction that he is able to formulate and develop and have that that is the best guarantee against socialized medicine.

Mr. HUMPHREY. I hope the Senator is correct.

Mr. KERR. And I say to my good friend the Senator from Minnesota, that not only did the aged in Oklahoma strongly favor this bill, and not only did the State welfare department strongly favor it, but the medical profession and the dental profession in Oklahoma strongly favored it because they thought it was the Magna Carta to protect both the citizens of Oklahoma and the professions in Oklahoma from any vestige of socialized medicine. In the operations of Oklahoma's medical-care program, the recipient of the benefits has the free and unfettered choice of doctor, chiropractor, osteopath, or Christian Science practitioner, the choice of the medical group he will call on, the choice of the hospital to which he will go, and the choice of the nursing home to which he will go. And it was because of his desire to preserve that principle in the expansion of medical care that the Senator from Oklahoma was so dedicated to the enactment of his amendment.

Mr. HUMPHREY. I am delighted to hear that statement by the Senator from Oklahoma. I knew that was in his heart and mind as to the way the program should operate in Oklahoma, and I am entirely in agreement with his thoughts about the preservation of the Magna Carta to which he has referred. I do not want a Federal program to encourage or expand the use of State medicine whereby citizens are denied freedom of choice as to hospitals, nursing homes, and the providers of medical care and services.

Mr. KERR. But I wish to point out that the bill does not permit or provide for Federal domination. The bill permits each State to decide what shall be the standards of the program in that State.

Mr. HUMPHREY. I understand that, and I understand that that will be the case in each State if those who are interested in the kinds of medical practice of the healing arts which are so typical of the United States will see to it that the programs which are established in those States are based upon freedom of choice. Is that correct?

Mr. KERR. Mr. President, will the Senator please repeat his question?

Mr. HUMPHREY. In other words, under the provisions of this bill, since no control of that sort is to be exercised—in terms of saying that a State must do this or must not do that—the responsibility for the so-called freedom of choice will be that of each individual State, in connection with its plan, will it not?

Mr. KERR. That is correct.

Mr. HUMPHREY. I think I correctly interpret the statement of the Senator from Oklahoma when I say that I understand that his plea is that the freedom of choice which now is exercised in Oklahoma is a very good pattern for the other States to follow.

Mr. KERR. I fully agree, and certainly the folks in Oklahoma would not stand for any other kind.

Mr. HUMPHREY. I appreciate that.

Mr. President, in line with this debate, I ask unanimous consent to have printed at this point in the RECORD a statement I have prepared in order to give an expression of my views on this matter; and the discussion between the Senator from Oklahoma and myself will be the legislative history in regard to this matter.

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

STATEMENT BY SENATOR HUMPHREY

FREEDOM OF CHOICE

I would seek to have this measure interpreted and understood to provide that any individual eligible to receive medical assistance for the aged, shall not be precluded by State law or regulation from receiving any care and services which are covered by the State plan from any provider of care or services who is licensed under State law to provide such care and services to individuals who are not recipients of medical assistance for the aged.

My freedom of choice proposal would simply make it clear that any individual who is eligible to receive medical assistance for the aged, as provided for in title 6 of the pending bill, shall have freedom of choice in selecting the provider of such care or services. I would prefer that it prohibit States, either by laws or regulations, from limiting such individual's freedom of choice. Just so long as a provider of care and services is licensed under State law to provide such care and services to people in general, the State cannot say to a person seeking medical care for the aged that he shall be denied his freedom of choice.

I do not believe that the Government should have the right to say that individuals receiving medical assistance for the aged, under the terms of this bill, can only go to certain hospitals, can only go to certain doctors, can only go to certain nursing homes, can only go to certain druggists, or can only go to certain dentists. As long as a provider of such care and services is willing to provide services to eligible individuals, and so long as they have met the requirements under State law to provide such services to the general public at large, I do not believe the Government should have authority to limit freedom of choice.

In other words, I do not want to see those who are recipients of medical assistance for the aged under this bill treated in a different manner than other aged citizens who are fortunate enough to be able to meet the costs of medical care through their own income and resources. It is important that we do all we can to preserve and to respect the dignity of our elder citizens—regardless of their financial position. I don't want to see those who receive medical assistance for the aged under this act have to go to certain hospitals, institutions, and clinics and to just certain practitioners for services.

It should be noted that my freedom of choice proposal applies only to medical assistance to the aged programs which may be established by the individual States under the terms of the legislation we are now considering. It does not apply to the present programs which the States may have in operation under their old-age assistance programs. I repeat, this freedom of choice proposal would only apply in the case of medical assistance for the aged programs established with the benefit of Federal grants under the legislation pending before us now.

I want to make sure that in setting up this new program of assistance to the aged—for those who have sufficient funds to meet their ordinary living expenses but whose income and resources are insufficient to meet the costs of necessary medical services that these people are treated as first-class citizens and given the same freedom of choice with regard to the obtaining of medical care and services as is enjoyed by those who are fortunate enough to have adequate funds of their own.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. JOHNSON of Texas. I expect to ask the Senate to remain in session as late tonight as any Senator may care to address the Senate. I have counseled with my friend the junior Senator from Louisiana [Mr. LONG], who informs me that he expects to make an extended statement on the conference report, and does not anticipate that we shall be able to vote tonight, on the conference report, even if we were to remain here until a very late hour; and it is agreeable to him if we come in tomorrow and continue with our consideration of the report. I believe we shall save time if we proceed in that way.

Mr. CARLSON. Earlier in the evening was there not a unanimous-consent agreement to have 3 or 4 hours of debate on tomorrow on the court resolution, following the morning hour?

Mr. JOHNSON of Texas. Yes, after that measure is again laid before the Senate.

Since the measure now pending has priority and is privileged, I now ask unanimous consent that the session tonight continue as late as Senators may care to discuss the conference report, but that there be no rollcalls tonight; that the Senate convene at 11 o'clock tomorrow, and have a morning hour, and then continue with consideration of the conference report, and that the prior unanimous-consent agreement apply when the court resolution is again laid before the Senate.

Mr. COTTON. Mr. President, will the Senator from Texas yield for a question?

Mr. JOHNSON of Texas. Yes.

Mr. COTTON. Do I correctly understand that no other matter will be dealt

with tonight—in other words, only the business now pending?

Mr. JOHNSON of Texas. I should like to counsel with my friend, the Senator from Oklahoma, on that point, and then I shall inform the Senator. I should be able to do so very shortly, and I thank him for his inquiry. I will talk to him further about it as soon as I can.

Mr. President, I ask unanimous consent that following the conclusion of the deliberations of the Senate today, the Senate convene on tomorrow at 11 a.m., and that the other part of my previous request be incorporated in this unanimous-consent agreement, also.

The PRESIDING OFFICER. Is there objection?

Mr. LONG of Louisiana. Mr. President, has the Senator from Texas asked unanimous consent that no votes be taken tonight?

Mr. JOHNSON of Texas. I have asked for that limitation.

Mr. KERR. Mr. President, I believe the Senator asked that there be no rollcalls tonight.

Mr. JOHNSON of Texas. That is right.

Mr. KERR. And that there be no vote of any kind tonight on the conference report.

Mr. JOHNSON of Texas. That is correct.

Mr. AIKEN. Mr. President, the Senator is not asking for any time limitation in regard to the further consideration of the pending business, is he? In other words, it might continue all next week or the week after, or several weeks hence?

Mr. JOHNSON of Texas. No; but I think we shall save time by proceeding in the way I suggest.

Mr. RANDOLPH. Mr. President, let me ask whether it is possible for the Senator to give me an idea as to when the yea-and-nay vote on the question of agreeing to the conference report might be expected tomorrow. If that is an improper question, I shall not pursue it.

Mr. JOHNSON of Texas. It is not improper. So far as I am concerned, the vote could be taken at 11:30 a.m. tomorrow. But I think other Senators will desire to discuss the conference report somewhat further; and I do not know when the vote will be taken. I have asked, but I am unable to speak with authority.

Mr. RANDOLPH. I appreciate the Senator's response.

Mr. KERR. Has the Senator from Texas requested unanimous consent for a limitation in regard to the time for the taking of the vote, on tomorrow, on the conference report?

Mr. JOHNSON of Texas. No.

Mr. KERR. Would it be possible to do that if other Senators were to return to the Chamber?

Mr. JOHNSON of Texas. It would be possible, but we would not get anywhere by doing it, for I have inquired, and have been informed that such an agreement could not be obtained.

The PRESIDING OFFICER. Is there objection to the request?

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. What is the request? [Laughter.]

The PRESIDING OFFICER. That no votes be taken tonight and that no rollcalls be taken tonight on the pending question.

Mr. JOHNSON of Texas. And that the Senate take a recess tonight, after Senators have made their presentations, to convene tomorrow at 11 a.m.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

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

Mr. KERR. I yield to the Senator from Tennessee.

Mr. GORE. I listened with interest to the colloquy between the distinguished author of the pending provision and the senior Senator from Minnesota. If I correctly understand the conference report and the provisions which it recommends, these funds would be available, on a matching basis, to any State to pay directly to the provider of medical service.

Mr. KERR. The Senator is correct.

Mr. GORE. This provider of medical service might be a doctor, a dentist, a nurse, a private hospital.

Mr. KERR. I think that each one of them would be providing services. However, I would not expect the State to set up a program under which medical services, other than nursing services, could be provided by a nurse. However, if the State licensed the nurse to provide medical services, the bill would provide the money for the State, on a matching basis, to be used as the State sets up the program.

Mr. GORE. Such as she was certified to administer?

Mr. KERR. Such as she was licensed to do under State law.

Mr. GORE. This service could be provided by a payment made to a private hospital?

Mr. KERR. For hospital services.

Mr. GORE. For hospital services?

Mr. KERR. Or any service the hospital was authorized under State law to perform.

Mr. GORE. A clinic or a city hospital?

Mr. KERR. For any service it is authorized under State law to perform.

Mr. GORE. Or to provide?

Mr. KERR. Or to provide.

Mr. GORE. A county hospital or a State hospital?

Mr. KERR. If it is authorized and recognized by the State for the services it performs.

Mr. GORE. Let me be specific. I live in a small, rural county. We have but one hospital. It is a county hospital, built with the assistance of the Hill-Burton Act. If that hospital should enlarge its facilities, should build an annex that is a nursing home, should have a county physician—which the county did have for many months; I am not sure it does now—or a nurse who was certified and authorized under law to administer certain minor services, this county hospital could be paid directly by the State, and the Federal Government would participate to the extent provided in the bill, if the plan submitted were accepted by the Secretary of Health, Education, and Welfare?

Mr. KERR. Yes; and if the State law authorized the public welfare agency to contract with the county hospital for those services, it could then enter into a contract with it and perform those services, just as it could with reference to a hospital owned by the Baptist Church, or one owned by a clinic of doctors, or any other denomination, or any other legalized owner in the State.

Mr. GORE. With this further clarification, then, the bill provides for payment to a doctor for the medical services which he may provide to a person eligible for benefits under this act?

Mr. KERR. It would be paid to the doctor by the welfare agent, and then would be payable to those who are authorized to contract for it.

Mr. GORE. Could it not also be made payable by a county if within that State there were a State law setting up a working arrangement by which the State plan included matching on the part of the county, the county being the disbursing officer, subject to approval by the State?

Mr. KERR. The only way I could visualize that it would be done that way would be in a case in which the State had legalized a county hospital as an agency for that purpose. Then the State welfare agency, being the recipient of the Federal funds, could pay the hospital for the services which had been legalized and had been performed.

Mr. GORE. I thought there was a way by which the funds could be commingled at the county level and the county welfare agency could make the actual disbursement, subject to approval.

Mr. KERR. The Federal Government would pay this money to the State agency.

Mr. GORE. I understand.

Mr. KERR. The State must provide some percentage of the funds for the program to be eligible.

Mr. GORE. Yes.

Mr. KERR. Under existing law, it can secure additional funds from the counties or municipalities or other local agencies of government.

Mr. GORE. That is correct.

Mr. KERR. If the State had a contract with a county or a county hospital with which it had legalized such a contract, it could pay that agency or that identity for the service which the law in that State permitted it to contract for and have performed.

Mr. GORE. Then, as is the case in Minnesota, as well as in other States, the local or county welfare unit could be the local administrator?

Mr. KERR. It could be if it were authorized by the law of the State and contracted for between the State agency and the county agency.

Mr. GORE. However, the bill provides for the first time that Federal funds shall, on a matching basis, be paid directly to doctors——

Mr. KERR. That is the situation now.

Mr. GORE. I thought, under the old-age assistance medical aid program, the money was paid to the person who received the medical aid, rather than paid directly to the doctor.

Mr. KERR. I think about 10 States have that arrangement. About 40 of the States have what are called vendor payments, wherein the service is performed by the doctor or other agency at the selection of the person entitled to the benefit; but the vendor payment for the service is made by whatever agency is recognized by the State, under its law, for handling the program.

Mr. GORE. I thank the able Senator for the information. I was incorrectly informed, or partially incorrectly informed. Though the bill would do that, it would not discriminate in favor of a doctor, but would also make possible a direct payment to the vendor of nursing home services or hospital services.

Mr. KERR. Convalescent home services, hospital services, osteopathic services, and so forth.

Mr. GORE. I hope the Senator will pardon me for being not exactly persistent but for being inquisitive. Frankly, I think this bill will touch more directly more people in pain and want than any other bill the Congress has passed. I am concerned about it. The Senator is an authority with regard to it. I appreciate his willingness to respond to interrogation.

Earlier I did not quite understand the Senator when he was talking about the Blue Cross plan. Is it possible under the program for funds to be used to pay premiums on private insurance policies?

Let us assume that my home county wishes to contract with Blue Cross or some other insurance company for medical care, hospitalization, drugs, dentistry, eyeglasses, and so forth for all the people in the county who are on old-age assistance. Could the funds be provided to pay the insurance premium?

Mr. KERR. Generally speaking, the answer is "yes." The Senator made a very broad application.

Mr. GORE. I confined it to old-age assistance.

Mr. KERR. I understand, but the Senator included some services which I contemplate may not be covered, although the coverage under the bill is even broader than it would be under the medical care program under existing law. For any service available under the program initiated and implemented by the State, the State could provide for the citizens of an area or of the State by purchasing insurance for the services from recognized agencies.

Section 3(a) of the existing old-age assistance legislation includes this language:

From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1958, (1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof).

That is the provision in existing law. This bill would not change it. The law would be applicable for the cost of the services to be made available for the needy aged brought under the program who are not now on the old-age assistance rolls.

Mr. GORE. That I did not understand. I had understood that the old-age assistance category could be covered by a group insurance policy, because the eligibility for assistance of each individual will have been established, and the medically needy status will have been established. I do not quite understand.

Mr. KERR. When the eligibility of the new group is established, the program will be handled in the same manner for the new group as for those with reference to whom eligibility is now established under the old-age assistance rolls.

Mr. GORE. That leads me to another question. How would the eligibility for the new group be established?

Mr. KERR. That would be determined by the State. The Senator himself and other Senators spoke about a pauper's oath requirement in connection with the additional program. That, of course, is untenable on the face of the facts.

Mr. GORE. I did not refer to a pauper's oath. I referred to a certification that one was poverty stricken.

Mr. KERR. Well, that phrase was used, and it was not applicable, or certainly not universally applicable, for the reason that anyone who can establish the degree of need as to make him eligible for old-age assistance under existing law is already covered by the medical care provisions.

Mr. GORE. I understand.

Mr. KERR. Which are to be expanded somewhat by the bill. The eligibility of those people is not to be changed.

In view of the fact that the bill makes the benefits of medical care available generally to an additional 10 million people who are not on the old-age assistance rolls, it is quite apparent that those people would have a different test of need from that which would be applicable to those who have already qualified for and who are on the old-age assistance rolls.

Mr. GORE. What will be that test of need?

Mr. KERR. It is to be determined by the State.

Mr. GORE. The Senator does not mean that the bill is to provide that the Federal Government will pay for anything the States may provide, does he?

Mr. KERR. The Federal Government will permit each State to determine the rules of eligibility for the beneficiaries of the new provision. That is the reason the Senator from Oklahoma said the language was broad enough to cover every aged person in America over 65 years of age who needed medical attention and who, under the rules and specifications of the State of which he was a citizen, was unable to provide for himself.

Mr. GORE. Does the State not have to submit a plan? Would the bill not require that the plan be approved by the Secretary of Health, Education, and Welfare?

Mr. KERR. Generally speaking, yes; but it would also provide that the eligibility rules shall be determined by the State. It says "within reasonable limits."

I must say to the distinguished Senator it was the purpose of the author of the amendment to fix it so that those rules were quite elastic within each State. It is apparent on its face that there would be a different test for eligibility for a beneficiary under the new provision that is in effect with reference to those seeking assistance under the old-age assistance program, because if those persons could meet those specifications they would already be on the old-age assistance rolls, or could be.

The purpose of the amendment is to make medical care available to those who need it, of the approximately 10 million additional people, who certainly are on a better economic basis than those who qualify for old-age assistance.

Mr. GORE. The Senator says, "those who need it." That certainly indicates some individual showing of need. It is difficult for me to believe that the Senator means all he says.

Mr. KERR. If the Senator will listen, I will read what the bill says.

Mr. GORE. I surely will.

Mr. KERR. On page 46 of the bill as brought out of the conference, beginning with the paragraph (D) the language states:

(D) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of such assistance;

(E) provide that no lien may be imposed against the property of any individual prior to his death on account of medical assistance for the aged paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such individual), and that there shall be no adjustment or recovery (except, after the death of such individual and his surviving spouse, if any, from such individual's estate) of any medical assistance for the aged correctly paid on behalf of such individual under the plan.

Then on the bottom of page 51 the bill states:

(b) For purposes of this title, the term "medical assistance for the aged" means payment of part or all of the cost of the following care and services for individuals sixty-five years of age or older who are not recipients of old-age assistance but whose income and resources are insufficient to meet all of such cost—

(1) inpatient hospital services;
(2) skilled nursing-home services;
(3) physicians' services;
(4) outpatient hospital or clinic services;
(5) home health care services;
(6) private duty nursing services;
(7) physical therapy and related services;
(8) dental services;
(9) laboratory and X-ray services;
(10) prescribed drugs, eyeglasses, dentures, and prosthetic devices;

(11) diagnostic, screening, and preventive services; and

(12) any other medical care or remedial care recognized under State law;

Mr. GORE. The term "whose income and resources are insufficient to meet all such cost of the services" would still seem to require an individual determination perhaps at the time such medical service was rendered. For example, a man might be unable to pay a $2,000 hospital bill but he might be able to pay a $200 doctor bill.

Mr. KERR. Then, if he were able to establish that ability, and the rules in his State permitted, he would pay the $200 doctor bill and the program would pay the $2,000 hospital bill.

Mr. GORE. What I am trying to get at is how a group insurance program for a county could possibly work with respect to that additional category. I am perfectly willing to let this question wait until tomorrow. I do not see how it could work without some predetermination of eligibility.

Mr. KERR. The Senator's State might set up an income test for any person in the State with reference to becoming eligible.

Mr. GORE. Income and resources?.

Mr. KERR. Income and resources. Having done so, anyone eligible under that test could, if the State desired to do so, be insured for that benefit in the county or in the State, for that matter.

Mr. GORE. Let me be specific. Let us assume that my State authorized a plan with the participation of counties. I mention this example because I think the sentiment in my State is rather strongly in favor of county participation, with some small contribution on the part of the county to the cost of the program, thus making the county the administering unit. Such a plan would promote local self-government. It would provide better specialized care and service to keep down the cost of the program. If the State of Tennessee enacted a program by which all those with income of less than $2,000 per year and net resources not in excess of $25,000, would my home county be in a position then to contract for an insurance program?

Mr. KERR. Provided the benefit were thus made available by your State in its program under this bill.

Mr. GORE. For all of those with an income of less than $2,000 per year and net resources of less than $25,000.

Mr. KERR. If that were the State plan fixed by your State for all of its citizens; yes.

Mr. GORE. Could the State make it $50,000? Or would they come in conflict with the unreasonable?

Mr. KERR. That could not be done consistent with the language which I read to the Senator from Tennessee:

To provide reasonable standards consistent with the objectives of this title, and who are not recipients of old-age assistance, but whose income and resources are insufficient to meet all such costs.

I visualize the situation of a State formula for eligibility, we will say, with reference to any citizen whose income is $90 a month, but not to exceed $150 a month. The State would provide hospitalization, doctor, nursing, and other benefits on an unlimited basis. If he were in an income bracket earning $1,800 a year but not more than $2,400 a year, he would be provided the benefit of having the State pay for his medical care and services above a certain amount.

The committee intends that States shall set reasonable outer limits on the resources an individual may hold and still be found eligible for medical services. Individuals who are recipients of the old-age assistance benefits would not be eligible for assistance in that particular month.

Let me proceed a little further. I can well visualize a standard which would provide that a person with an income of $2,400 a year would be required to pay the first $200 of doctor bills and the first $250 of hospital bills, but if that individual had a hospital bill of $2,000 or a doctor bill of $1,500, the State under this program could pay that part of it which would be above the minimum which had been prescribed by that State to be paid by citizens with an income from $2,000 to $2,400, just as the amendment of the Senator from New Mexico [Mr. ANDERSON] provided that every beneficiary would pay the first $75 of his hospital bill.

Mr. GORE. The Senator perhaps recalls that I said during debate on the bill, when it was before the Senate and before it went to conference, that whether we had a Democratic administration or a Republican administration, the Secretary of Health, Education, and Welfare would provide reasonable standards. If I did not make such a presumption, frankly I could not support the bill or the conference report. We simply could not presume that one State would be permitted, if it should have the resources to do so, to pay its part to put all of its old citizens under this program and have 100 percent of all medical care, hospitalization, et cetera, paid. I know the Senator has never envisioned that result, and the committee report makes that point plain. I take it from all that he has said that the States will have the widest possible latitude.

Mr. KERR. Within the limits of the program which shall be deemed accepted as reasonable by the Secretary.

Mr. GORE. I shall desist further. It may be that tomorrow, after I give more study to the report, I shall have additional questions for the able Senator. I am sure he will be just as genial and generous with his time as he has been this evening.

Mr. KERR. I thank the Senator.

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

Mr. KERR. I yield.

Mr. HUMPHREY. I was very much concerned with respect to the deletion of the Senate amendment to the Social Security Act which provided an increase in earnings a year from $1,200 to $1,800 before there was any reduction in social security benefits. As I understand, what the conference committee did was to provide a sort of escalator type of additional exemption.

In other words, the $1,200 exemption is still in the bill.

Mr. KERR. And broadened.

Mr. HUMPHREY. Broadened by what?

Mr. KERR. Under existing law, in any month that the beneficiary earns $1, if his year's earnings are above $1,200, he loses the monthly benefit.

Mr. HUMPHREY. The whole benefit?

Mr. KERR. For each $80 or fraction thereof above $1,200. Therefore, if he earns $1,200 under existing law, and earns one more dollar, he loses one month's benefit. If he earns $1,200, and then earns $81, he loses two month's benefits under existing law.

Under the language as prepared by the conference committee, his present exemption of $1,200 is entirely validated. What he earns above $1,200 is calculated on this basis. For each $2 earned, up to and including a total of an additional $300, he loses $1 of benefit.

Mr. HUMPHREY. So if he earns $300, he loses $150 in benefits.

Mr. KERR. Yes. For whatever he earns above $1,500 he loses a dollar of benefits for each dollar earned.

Mr. HUMPHREY. Will the Senator compare that with the present situation? I mean the latter part he has described.

Mr. KERR. Under present law, if he earns $1,500, 80 into 300 goes 3 times plus. So he would lose 4 months of benefits.

Mr. HUMPHREY. Four months of benefit of social security or old-age survivors insurance.

Mr. KERR. The Senator is correct. Under existing law, therefore, since 4 times 80 is 320, if he earned $321, he would lose 5 months of benefits.

Mr. HUMPHREY. That would average out per month to about——

Mr. KERR. Whatever the monthly benefit is.

Mr. HUMPHREY. He would lose it all?

Mr. KERR. He would lose a month's benefit plus his wife's benefit.

Under the bill, if he earns $321, of the first $300 he earned he would lose $150 in benefits.

If he earned $1,500, he would get $1,200 of his $1,350 in benefits, because he would lose $150. When the time came that he earned $1,500 plus the $1,200, or $2,700, he would no longer be getting social security benefits.

Mr. HUMPHREY. When he gets above $1,500 in earnings——

Mr. KERR. He loses a dollar of benefit for each dollar earned.

Mr. HUMPHREY. It checks itself out.

Mr. KERR. Yes. That is right. It is a much more liberal provision than under the existing law.

Mr. HUMPHREY. Yes; I can see that.

Mr. KERR. In addition to the additional exemption of $1 loss of benefit for each $2 earned between earnings of $1,200 and $1,500.

Mr. HUMPHREY. I can see that it is an improvement. I say most respectfully that it is not nearly enough. I know the Senator from Oklahoma wanted to make the exemption $1,800.

Mr. KERR. I will tell the Senator why we could not keep it.

Mr. HUMPHREY. The Senator from Minnesota wanted to make it $1,800. I have been introducing amendments to make it $1,800 for so long that I began to think it was the law.

Mr. KERR. I will tell the Senator why we could not keep it. The Senator from Oklahoma was a joint sponsor of the $1,800 amendment.

Mr. HUMPHREY. That is right.

Mr. KERR. If I may not be too severely criticized for putting myself in the position of failing to have complete information about the effect of the $1,800 amendment, I must say to my friend from Minnesota that I was shocked when the authorities in the Bureau advised the conference committee that that additional exemption would cost the trust fund 0.19 percent deficit.

Mr. HUMPHREY. Two-tenths of 1 percent, approximately.

Mr. KERR. Nineteen one-hundredths of 1 percent. That amounts to $400 million a year. When we went into conference we were confronted with this situation: The House had sent us a bill which had one item of additional substantial cost, and that was the change in the law which permitted those not now on the rolls, because they did not have six valid quarters of coverage, figured on the basis of so much employment in one out of every two quarters, to become eligible if they had one quarter coverage in each four quarters of elapsed time.

Mr. HUMPHREY. That was a substantial liberalization.

Mr. KERR. It was a liberalization that would have brought in about 600,000 additional beneficiaries. We had added two provisions to the bill in the Senate; one, the 62-year-old privilege for men. The actuarians advised us that the $1,800 exemption would cost nineteen one hundredths of 1 percent. The 62-year provision would cost 0.05 percent, or five one hundredths of 1 percent. The total would be a cost of 0.24 percent, or twenty-four one hundredths of 1 percent. At the present time it is 0.2 percent, or one-fifth of 1 percent. The House provision added four one-hundredths of 1 percent, or 0.04.

So when the bill came to us, there was an imbalance of 0.24 percent. However, the actuarial authorities told us that, on the long-range basis, they regarded it to be within the limits of actuarial soundness.

We had added an additional 0.24 per cent, or twenty-four one-hundredths of 1 percent, and if we left that in the bill, together with the rest of the various House provisions which they were very vigorous in standing for, there would be an imbalance of 0.48 percent, or forty-eight one-hundredths percent, which would throw the fund to a point of imbalance that could not be countenanced by a responsible viewpoint.

Therefore we saw the necessity of resolving our differences with reference to the additional benefits which had been provided in the House and in the Senate. That we did. Therefore, when we brought the bill out of conference, it had the same kind of imbalance, which was 0.24 percent, that it had when the House sent the bill to us.

Mr. HUMPHREY. Which the actuaries say would, in the long term, balance itself out.

Mr. KERR. Would be fiscally sound.

Mr. HUMPHREY. Is the answer to the other improvements to be found in increasing the base upon which the tax is levied?

Mr. KERR. If we have additional improvements.

Mr. HUMPHREY. What we have in the bill is now within the limitations of the existing tax schedule under the law.

Mr. KERR. They are regarded as within the present recognized limits of imbalance that can be regarded as fiscally sound.

Mr. HUMPHREY. Let us say that we add age 62, as the Senate wanted to do, which was dropped because of the explanation the Senator has given, and let us assume that we went to the $1,800 base; it would be necessary to do one of two things, we would either have to raise the tax or increase the base upon which the tax is levied. Is that correct?

Mr. KERR. Or take the responsibility for creating an unsound imbalance.

Mr. HUMPHREY. I suggest that it is my point of view that the latter alternative would be most undesirable.

Mr. KERR. Intolerable. I thank the Senator.

Mr. HUMPHREY. We have a very serious responsibility to keep the fund, insofar as the experts or actuarians can tell us, solvent and sound.

Mr. KERR. Yes.

Mr. HUMPHREY. Yes; presently taxed on a $4,800 base.

Mr. KERR. Presently taxed on a $4,800 base, at 6 percent, one-half by the employee and one-half by the employer; 4½ percent for a self-employed person.

Mr. HUMPHREY. What would happen if we were to raise that to a $5,000 base? That would have made an appreciable difference in the income to the fund, would it not?

Mr. KERR. It would have; but in view of the fact that neither House had done that, that question was not in conference.

Mr. HUMPHREY. I understand that; I am speaking for the future.

Mr. KERR. We have figured that on $5,400, it would produce 0.24 percent of the fund.

Mr. HUMPHREY. In other words, in order to do what both the House and Senate had contemplated in their respective, separate bills, it would have been necessary to increase the taxable base from $4,800 to $5,400?

Mr. KERR. Or the equivalent.

Mr. HUMPHREY. I simply wanted to have this information spelled out, because many questions will be asked, and there are answers. Sometimes folks are led to believe that we can improve all these benefits. My heart tells me this is what we should do, as the heart of the Senator from Oklahoma tells him, too; but we also must consider the accounting, namely, that the money going into the fund, in the long term must be equivalent to the outgo.

Mr. KERR. The Senator from Minnesota is correct. The Senator from Oklahoma is of the deep conviction that the tug at the heartstrings should be just as strong to maintain the integrity of the fund for the 70 million possible beneficiaries and others who will be added as it is to increase the benefits to those on the rolls.

Mr. HUMPHREY. I thoroughly agree. In fact, I believe that at this particular time, while the fund is still not being called upon for the maximum, we have an extra obligation as custodians, so to speak—as guardians of the fiscal soundness and solvency of the fund—because when the year 2000 rolls around, there will be a very heavy drain upon the fund. The problem of inflation and the so-called purchasing power of money are factors which must be taken into consideration in terms of what we call guarding the economic well-being of the fund.

Mr. KERR. And the fiscal integrity of the fund.

Mr. HUMPHREY. There is one thing about the Senator from Oklahoma. He is not only a man of great means, but of great physical, mental, and spiritual stature, as well. I feel all the more reassured about the bill.

Mr. KERR. I thank the Senator from Minnesota for those kind words. I say to him that it is seldom that they are addressed to the Senator from Oklahoma except on the basis of his limited physical resources.

Mr. HUMPHREY. His physical resources are minor compared with his unbounded mental and spiritual resources.

Mr. KERR. I thank the Senator very much.

Mr. President, does the Senator from West Virginia desire to address a question to me?

Mr. RANDOLPH. Mr. President, the Senator from Oklahoma has been very helpful to the Senator from Minnesota and the Senator from West Virginia on the question of the $1,800 limitation which was placed in the bill as passed by this body, but which has been removed in the conference report.

Mr. KERR. Reduced.

Mr. RANDOLPH. Perhaps it is partially correct to say "removed in the conference report"; but a substitute has been inserted on this subject which gives a certain positive plan and a compromise approach to the principle which the Senator from West Virginia has believed in for years, and which I had used as the basis for the introduction of legislation to raise the limitation from $1,200 to $1,800.

It has been my conviction for several years that our social security law had an apparent inequity in our limitation on the earnings in business or profession of a retired person of $1,200 annually. In a sense we have allowed our senior citizens to be penalized for justified efforts to secure earned income and yet qualify for a modest social security payment.

I presented a bill in March of this year, following my service on the Senate Subcommittee on the Problems of the Aged at the hearings held by our group in several parts of the Nation. Many re-

tired men and women gave dramatic and oft-times tragic testimony on the cost of living.

I have listened, as I have indicated, to this discussion. I think this is a much better bill than I had thought a few days ago; not that the conference has materially changed the measure as it passed the Senate, but I have been impressed with the attempt—and I believe an objective and purposeful attempt, at least in degree—to do in part what the Senator from West Virginia believed should have been done.

As I understand the situation, there is no limitation now on earnings which might come to the retiree from bonds or dividends or rents.

Mr. KERR. Unearned income is not counted in applying the limitation of earnings, and that includes dividends, retirement benefits——

Mr. RANDOLPH. And insurance.

Mr. KERR. Insurance, and interest. The Senator is correct.

Mr. RANDOLPH. I have long felt that we have allowed an inequity, when the retiree, who had to earn money, was not, I shall state frankly, treated in the same manner as was the individual who had income from so-called unearned sources. Hundreds of thousands of our older citizens are willing—yes, eager—to use their mature talents in gainful employment. So this reduced or escalator provision is somewhat affirmative. It is a broadened concept which the Senator from Oklahoma has been able to bring to us from the conference. I am certain there were many difficulties in the preparation of the report now before us.

Although I regret the Senate conferees could not retain the $1,800 limitation, this colloquy has clarified the matter. I can realize that we have been compensated, through the efforts of the Senator from Oklahoma and other Senators who joined with him, to go a considerable way in embracing the goal which I have held in reference to a merited raise on the earnings of retirees.

The needy people of West Virginia will be benefited when the conference report is adopted, with the anticipated approval of the President. I hope he will approve it.

I believe most Senators would agree regardless of our differences in basic beliefs on the subject of medical care for the aged, that even though we had varying ideas that we recognize the diligent work of the Senator from Oklahoma. He has possessed much patience and has given painstaking attention to this important matter. He was considerate during the debate, and has compromised in conference. Now, even at 10:30 at night he gives to those of us who question him in good conscience that courtesy and cooperation which is appreciated. We wish to be helpful and fully informed when we return home to discuss these vital considerations with our constituencies.

Mr. KERR. Mr. President, I am deeply grateful to the Senator from West Virginia for what he has said. I could not have expressed my own sentiments with respect to the objectives of the measure as well as has the Senator from West Virginia.

The conferees, both of the House and the Senate, favored the $1,800 provision. Had we had the authority in conference to have either broadened the tax base or increased the rate sufficiently to have kept the provisions which the Senate placed in the bill, to have done so would have had the very careful and favorable consideration by the conferees.

We went as far as we felt it was prudent and justified to go.

Then, I am deeply appreciative of the expression of the Senator from West Virginia as to the value of the provisions of the bill.

I was guided in what little effort I made by the desire to bring forth as comprehensive, as extensive, and as effective a plan as I thought could be produced in the environment of this short session, considering the position of Members of Congress, their convictions and their opinions, and also considering the convictions and opinions of the administration. In that regard, I went as far and tried to carry the program as far as I thought could be done and still secure the enactment of legislation.

I would not be just or fair if I did not acknowledge that if the President signs this bill, he will have gone farther from what I thought his position was, in accommodating himself to what I believe to be his sincere conviction that a bill of this kind should be passed at this session, than I had thought it would be possible for him to find a way to go; and I believe that if this bill becomes law—as I confidently expect it will—as time passes I think the Congress will have a large basis for feeling that it has produced a measure of tremendous and far-reaching significance and benefit, and in my judgment the President will have cause to feel a deep sense of gratitude and pride in the part he will have played in helping it to become law.

Mr. RANDOLPH. Mr. President, I respond most briefly. The Senator has given us much to applaud but, there remains much to be done. I do contend that there are fruitful areas yet to be explored, and there are wrongs yet to be righted, and certainly there are unfinished tasks in providing more adequate medical care for the needy aged. At times, Mr. President, there is, perhaps, a strength in being, in our form of checks and balances—our coordinate branches of Government. The proposed legislation first presented to us by the Finance Committee was good as far as it went—but it falls short of our obligation. I feel that we have made a step from one level, although we are not yet ready to rest on this level; but we have moved up another step, and I shall continue to work that hereafter we shall take still another step, and still another step, and thus attain at a later time the deeper and more fundamental plan which many of us are convinced is necessary to a well rounded solution.

Mr. KERR. I thank the Senator from West Virginia.

OLD-AGE AND SURVIVORS INSURANCE

Mr. President, apart from the medical-care provisions, there were three major social security—OASDI—proposals before the conference which involved significant cost considerations—liberalization of insured status, raising the present income limitation from $1,200 to $1,800, and reducing the retirement age for men. The conference committee was concerned with helping the greatest possible number of persons while still retaining the very necessary actuarial soundness of the system. The choices were hard. It was not possible to include all three amendments and retain the soundness required. We, therefore, felt compelled to yield to the House and the administration by postponing enactment of the provisions for the optional retirement of men at age 62.

The Conference agreement also contains an insured status liberalization provision by which approximately 400,000 older Americans will be able to qualify for social security benefits for the first time. Under the bill an individual can qualify for benefits if he has only one quarter of coverage—acquired at any time—for every three quarters elapsing after 1950 and up to retirement age, provided that he has at least the minimum of six quarters of coverage required under existing law. This agreement modified the House provision which required only one quarter of coverage for every four quarters elapsing after 1950. Present law requires one quarter out of every two quarters.

Mr. President, this change means that a goodly number of people who have worked for most of their lives in a position which was not covered by social security—many of them school teachers, government workers, and so forth—can qualify for benefits if they have worked in a social security job for time herein required. It is a step in the direction of broadening the protection furnished by social security to people who cannot now qualify.

The conference committee agreed to the following House proposals:

To extend social security coverage to Guam and American Samoa.

To extend coverage on a self-employed basis to U.S. citizens employed within the United States by international organizations.

To extend coverage to parents working for their adult children in other than household or nonbusiness employment.

To reduce from 3 years to 1 year the time that a wife or stepchild or husband must be in such relationship to get retirement or disability benefits.

To extend the scope of the findings and recommendations of the Advisory Council on Social Security Financing to include such policy matters as extensions of coverage, benefit adequacy, and all other aspects of the program in addition to its present responsibility for regularly reviewing the financing aspects of the social security plan. The change applies only to the council appointed in 1963.

The conference committee agreed to the following Senate amendments:

To continue the exclusion from OASI coverage of a very small number of U.S. citizens who work for labor organizations in the Panama Canal Zone.

To continue the exclusion from OASI coverage of physicians.

Provisions relating to various State and local employee coverage problems in Nebraska, Texas, Maine, and California.

To allow certain ministers an option—which expired April 15, 1959—to amend their certificates so as to cover the year 1956 where that year could have been covered in the original filing. This was in addition to the provision in both the House and Senate bills that the filing time within which present ministers may elect coverage be extended from April 15, 1959, to April 15, 1962.

Because of the administrative difficulty involved in connection with lowering the eligibility requirements for OASI coverage of domestic and casual labor, the conference committee agreed to the Senate amendment to delete this section and continue to exclude such workers as under present law. The Senate amendment to permit a child to receive benefits on the record of an individual who stood in loco parentis—in place of the parent—for at least 5 years prior to the death of such individual, was not approved by the conference committee.

DISABILITY INSURANCE

Mr. President, the bill as approved by both the House and Senate substantially liberalized the disability insurance program, chiefly by removing the age 50 requirement of existing law so that severely disabled people, and their dependents, can qualify for benefits regardless of their age; and also with respect to certain features of the law which encourage disabled beneficiaries to return to work through rehabilitation services and other means. Both the House and the Senate had also agreed that children born or adopted after a worker's disability should be entitled to dependent's benefits provided they are the natural child or stepchild of the disabled worker or were adopted within 2 years after the month in which the worker became entitled to benefits. The conference adopted a Senate amendment which also provided, in the case of an adopted child, that the adoption be instituted on or before the time in which the individual's period of disability began, or that such adopted child was living with such an individual at that time.

PUBLIC ASSISTANCE

The conference adopted the essence of a Senate amendment to allow States, in determining need under the aid to the blind programs, to disregard the first $85 of earnings each month—now $50—plus one-half of additional earnings during such month. The provision is voluntary with the States until July 1, 1962, at which time it becomes mandatory.

The Senate conferees were unable to secure acceptance of the Senate amendment to extend the old-age and medical care provisions of title I to inmates in tuberculosis and mental institutions in the State.

Mr. President, in all three sessions of the conference efforts were made by both the Senate and House conferees to find a compromise to retain at least part of this Senate amendment.

The House conferees, however, stood inflexible in their resistance to accepting the principle of the amendment to any degree. It was also made clear to the conference by representatives of the administration that, if the principles of this Senate amendment were included in the bill by the conference, the entire bill would be in grave jeopardy of enactment. Therefore, the Senate conferees receded with reference to this amendment.

CHILD WELFARE SERVICES

The conference committee agreed to the Senate amendment which increased the authorization figure for child welfare services to $25 million, in part to expand activities and services to and on behalf of mentally-retarded children. The bill thus contains an increase in the authorization for maternal and child health services, crippled children's services, and child welfare services to $25 million each.

UNEMPLOYMENT COMPENSATION

The conference accepted the House proposals relating to unemployment compensation. The bill now includes provisions for the coverage of Puerto Rico, which were adopted by the Senate, and in addition would add several new categories of workers—including employees of certain instrumentalities of the United States, employees serving in connection with American aircraft outside the United States, employees of "feeder organizations" whose profits are payable to nonprofit organizations, and employees of certain tax-exempt organizations. It is estimated that from 60,000 to 70,000 people will be brought under the unemployment compensation system by these extensions.

The Unemployment Compensation provisions would also raise the net Federal unemployment tax—the tax that may not be offset by a credit for taxes paid under a State program—from three-tenths to four-tenths of 1 percent on the first $3,000 of covered wages; provide that the proceeds of this higher Federal tax, after covering the administrative expenses of the employment security program, will be available to build up a larger fund for advances to States whose reserves have been depleted; make additional improvements in the arrangements for administrative financing; and improve the operation of the Federal unemployment account by tightening the conditions pertaining to eligibility for and repayment of advances.

SUMMARY

In the judgment of your conferees, Mr. President, this bill as it comes from the conference marks a significant and far-reaching advance in the structure of our social security and public assistance laws.

It expands the coverage of social security. It increases benefits in certain key areas where they have been badly needed. It constitutes a great transfusion into the structure of the medical care program inaugurated by the Social Security Amendments of 1956.

It makes possible through implementation by the States a program within each State to meet the medical, surgical, hospital and related necessities of the needy aged in every State. It provides substantial stimulant and incentive to each State, either to inaugurate and develop, or improve, or expand and improve medical care programs whether now operative or not.

Mr. CARLSON. Mr. President, I compliment the distinguished Senator from Oklahoma for his splendid explanation of this important proposed legislation as it comes before the Senate in the conference report this evening. I feel I would be remiss in my duty if I did not say that the Senate, the Congress, and the Nation owe the Senator from Oklahoma a great deal of credit for the splendid leadership he has taken in this new field.

When the States began to realize and our citizens begin to realize, not only the benefits, but the generosity of this legislation, they will be pleased.

As a member of the Finance Committee who had the privilege of working with the Senator from Oklahoma on the proposed legislation, it has been a real pleasure to be able to work under him and with him on this measure. It is a landmark in social legislation. As the history of it is written, I am sure they will look back to this particular day and evening; and I personally am indebted to the Senator from Oklahoma, as we all are.

Mr. KERR. I am indebted to the Senator from Kansas for the contribution he has made to the bill, and I thank him for his kind remarks.

Mr. ALLOTT. Mr. President, I also wish to pay my tribute to the distinguished Senator from Oklahoma. I think the job which has been done on this conference report has been a wonderful one. I look forward to having this bill operate in the way we hope it will.

SOCIAL SECURITY AMENDMENTS OF 1960—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580), the Social Security Amendments of 1960.

Mr. GORE. Mr. President, the Social Security Amendments of 1960, which I hope will be known as the Kerr bill, as it properly should be, is near passage. The bill represents an important and progressive step in social welfare. It contains provisions which, in the controversy over the Anderson-Kennedy amendment, have, I think, been widely overlooked.

At the beginning I wish to say I believed and still believe that the Anderson-Kennedy amendment would have improved the bill, and I urged its adoption, but that is now beside the point.

I rise to inform the people of Tennessee, through the CONGRESSIONAL RECORD, of the provisions of the bill. The Kerr bill, H.R. 12580, the conference report on which we are now considering, authorizes Federal participation in providing medical and hospital care for the aged citizens of America. The bill authorizes liberal participation by the Federal Government in paying the cost of medical and hospital care for persons over 65 years of age, and provides vast benefits for the elderly people of my State.

Under the bill the Federal Government will pay 80 percent of the cost of medical care, including all doctors bills, hospitalization, dental work, nursing home care and other medical service for all those now receiving old-age assistance benefits in Tennessee, up to an amount equal to an average of $144 each year for each such old person.

To obtain the full dollar amount of benefits to the State, one must multiply the $144 a year by the number of persons in the State receiving old-age assistance. These benefits are provided with the State paying only 20 percent of the cost in matching funds. There are 54,600 persons in Tennessee now receiving old-age assistance payments.

Tennessee already has a limited medical care program for persons receiving old-age assistance. This bill will make it possible greatly to improve the program in my State. Since the bill increases the Federal share of the cost of medical payments from 65 percent to 80 percent, the State will be entitled to receive from the Federal Government additional funds for this purpose in the amount of $1,934,000 a year without increasing State matching funds at all. In other words, Tennessee will be able to pay for approximately $2 million a year more in the way of medical service without putting up any additional State money whatsoever.

If Tennessee wishes to expand its medical care program—and I hope it will—for old-age assistance beneficiaries to the extent authorized by the bill, it may do so with only a modest increase in State funds. By putting up an additional $667,000 a year in State matching funds for medical payments, the State will receive additional Federal funds for this purpose in the amount of $4,610,000 a year above the amounts now received.

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

Mr. GORE. I gladly yield to the Senator who has steered this far-reaching bill to its final act of passage.

Mr. KERR. I wish to express my deep appreciation to the Senator from Tennessee for what he has said, and to say to him that he has called attention to what the Senator from Oklahoma felt, and still feels, is one of the most significant features in the proposed legislation, and that is the strong encouragement and incentive which it provides to the States not now operating an adequate medical program for their needy aged to do so. The plan provides what the committee felt and what the Senator from Oklahoma felt and feels is the one incentive that will get that job done, and that is to provide Federal matching funds on a very liberal basis which, when accepted by the States, will cause the States to inaugurate programs of medical care for their needy aged. Once they inaugurate such programs it is the opinion of the Senator from Oklahoma—and he is most happy to know that his colleague from Tennessee feels the same way, and his great record would prove that—that out of that step will grow a broader, wider, and more effective program of

medical care in all of the 50 States, which will bring us toward the goal which we want to accomplish, and that is a more effective and adequate program of medical care for the needy aged.

Mr. GORE. I thank the Senator very much.

Since the Senator has so kindly made the statement, I should like to ask him if he, as author of the bill, will confirm the fact that because the bill provides that the Federal share will be increased to 80 percent instead of 65 percent, States such as the State of Tennessee will receive considerable additional benefits without providing any additional matching funds?

Mr. KERR. If the States are now providing matching funds, under the formula now in the law they will receive added Federal funds for the same amount of matching money. However, that was not the primary purpose of that provision in the bill.

Mr. GORE. I understand; but that is one of the results.

Mr. KERR. The primary purpose of that feature in the bill was to provide an incentive, because as the States begin to receive additional funds for their medical-care programs for the aged, and as their aged people and those who are interested in their welfare become more familiar with that feature of the bill, the natural reaction will develop in all the States to encourage the States to expand their programs. Certainly they will receive additional matching money if they now have a program for the money they themselves provide, and that in itself will be an added incentive to them to further expand their program by putting more of their money into it.

The Senator is keenly aware of the arithmetical equation. If the matching formula is 65–35, approximately $2 is given for $1; if the matching formula is 75–25, that is $3 for $1. But in this bill the matching formula in some areas will be 80 percent to 20 percent local, which is $4 for $1.

That is the basis of the result which the Senator has referred to and identified as being the great incentive provided in the bill for the States to inaugurate a program or to expand and enlarge their program if one is already in operation.

Mr. GORE. With respect to expanding its medical-care program, if my State, Louisiana, Oklahoma, or any other State wishes to expand its program, additional funds are available to be matched. In the case of Tennessee, for medical aid to the old people on old-age assistance the Federal share would be at the ratio of 4 to 1.

Mr. KERR. That is the limit of the application of the formula. I am not sufficiently familiar with the exact result as to Tennessee. That is my opinion as to what would be the exact result, and I am certain that it would be very nearly, if not exactly, that.

Mr. GORE. The report of the Senate Finance Committee confirms this ratio, and a representative of the Department of Health, Education, and Welfare has verified it.

Mr. KERR. It is my conviction that would be the result, but, not having the figures at hand, I could not certify to it. That is my opinion.

Mr. GORE. As has been illustrated, by increasing State matching funds by only $667,000 per year over the amounts already spent for this purpose, Tennessee will be in a position to pay the doctors' bills, hospital bills, nursing bills, dental bills, medicine bills, nursing home bills, and any other kind of medical bill the State chooses to pay, of all the old people now receiving old-age assistance. The bill provides no limits at all on the amount of these medical services, unless the State decides to impose limits. Of course, some people receiving old-age assistance may have no medical bills at all, or only minor ones, in a given year. An average of $144 per year per person should be adequate to pay all essential medical expenses of all persons now receiving old-age assistance.

In addition to providing medical care for people receiving old-age assistance, the bill authorizes an entirely new medical aid program. It provides for payment by the Federal Government of 76.55 percent of the cost of medical care of persons in Tennessee who are over 65 years old and who are not receiving old-age-assistance payments, with the State paying only the remaining 23.45 percent.

The bill leaves it up to the State to determine what individuals will be eligible to receive this assistance. Everyone over 65 who meets whatever financial test the State of Tennessee decides upon would be eligible. The only restriction in the bill is that the State must submit and have approved a plan describing how it will determine who is and who is not financially able to pay for his own medical care. The committee report on the bill states that "a State may, if it wishes, disregard in whole or part, the existence of any income or resources, of an individual" in determining whether that individual is eligible for benefits.

Presumably, any plan submitted by a State for determining eligibility would not be approved if the means test the State proposed was considered unreasonable. In an effort to get some idea of what might be considered reasonable, I questioned on the Senate floor the senior Senator from Oklahoma [Mr. KERR], a principal author of the bill, on this point.

I inquired whether a State might, for example, decide to make eligible "all of those with an income of less than $2,000 per year and net resources of less than $25,000." Senator KERR replied, "If that were the State plan fixed by your State for all of its citizens; yes." When I inquired whether the State might make the test $50,000, Senator KERR replied that, in his opinion, that could not be done consistent with the requirement of reasonable standards. Thus we have to a degree, established legislative history on the range of reasonableness.

Under this new program, just as in the case of medical payments for those on old-age assistance, a State plan may provide for payment of any kind of medical bill that State wants to include—doctors' bills, hospital bills, nursing bills, drug bills, dental bills, eyeglasses, and indeed "any other medical care or remedial care recognized under State law" are all authorized, with the exception of care of those suffering from tuberculosis and mental illness.

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

Mr. GORE. I yield.

Mr. KERR. That exception applies only where the persons afflicted are in State institutions.

Mr. GORE. I am glad to learn that. Do I correctly understand that the bill would authorize payment for doctors' calls or nursing services, for example, for persons with tuberculosis and mental illness if the patient is not in a State institution?

Mr. KERR. The conference agreement provides new features to help old-age assistance recipients and other aged persons who are in general medical hospitals and are diagnosed as having tuberculosis or psychosis. Under the provisions contained in present law, such persons would be immediately cut off from both cash assistance payments and medical care assistance. The conference agreement provides that all assistance will continue to be available for the next 42 days after such diagnosis while the individual is in a general medical hospital.

Mr. GORE. I thank the Senator for that enlightenment. I had understood that no funds would be available for tubercular and mental patients, which I regretted. The Senator has given enlightenment that makes the provisions of the bill more acceptable in this regard.

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

Mr. GORE. I yield.

Mr. KEFAUVER. My colleague is rendering a great service in making this address and in carrying on this discussion about what benefits will be available under the bill to the various States. I believe that all this will be an important part of the legislative history, in pointing out the appropriate officials of the various States what is available and what legislation or rules and regulations they should adopt in order to participate in the program.

As I understand, the Senator has said that as far as the bill is concerned, it places no limit on the amounts that may be paid to doctors and hospitals or nursing bills for any one individual.

Mr. GORE. The total amount of Federal medical aid funds for recipients of old-age assistance is calculated on an average basis of $144 a year for each person. There is no limit on the amount of the medical bill nor on the number of days that a person may be in a hospital or in a nursing home for which payment may be made.

Mr. KEFAUVER. In others words, it would be left up to the individual States to determine any limit they want to place on the amounts or length of time?

Mr. GORE. That is true. The State need not place any limits, because no limits are contained in the bill. But if a State desires to do so, of course it can place such limits. If a State so desires

it need not participate in the program at all.

Mr. KEFAUVER. As I understand, the payments will be made by the State, even though a large percent of the funds will be Federal funds. Is that correct?

Mr. GORE. Yes; it is correct. Under the new program, for people 65 years of age and older who are not receiving old-age asistance, the Federal share is 76.55 percent for Tennessee. The bill contains a variable matching formula for the different States. I have undertaken to explain exactly how the program would apply to Tennessee. In the new program, let me repeat, for those 65 and over who are not recipients of old-age assistance, the Federal share is 76.55 percent, and the State's share is only 23.45 percent. For the medical care program for those receiving old-age assistance in Tennessee the Federal share is 80 percent.

Mr. KEFAUVER. I know it is variable between the States. It can be ascertained as to other States by reference to the charts. I should like to know if I am correct in my understanding that the medical profession generally feels it is a good program, and they have no objection to cooperating with the States in seeing to it that patients get the services which are contemplated and provided for in the various programs. Is that correct?

Mr. GORE. So far I know, those in the medical profession have not opposed passage of the bill. I believe the senior Senator from Oklahoma can give information concerning the attitude of the medical profession generally toward the bill. I will yield to him, if he desires to respond.

Mr. KERR. Did the Senator have a question?

Mr. KEFAUVER. I inquired of my colleague from Tennessee if the medical profession generally supported the bill and the payment of medical, hospital, and other fees by the States, as contemplated by the bill, and if they would cooperate fully.

Mr. KERR. I cannot speak as to the degree to which the medical profession would cooperate. The bill had the wholehearted support, not only of all the aged people and welfare organizations in Oklahoma, but also of the medical, dental, and nursing professions in Oklahoma.

The bill provides a system of vendor payments whereby, through the agency to be set up and provided with authority by the State, the medical and hospital costs can be paid by the State to the doctor, the dentist, or the hospital selected by the patient himself or herself; and that has the unqualified approval of the medical profession.

Mr. KEFAUVER. There is not any opposition to the program on the part of physicians on the ground that it might tend to lead to socialized medicine?

Mr. KERR. Just to the contrary. The medical profession regards the bill as being a great insurance factor for better medical services, for freedom of choice by the patients, for the absence of regimentation of their profession and its members, and as a real element of strength against socialized medicine.

Mr. KEFAUVER. The statement made by the distinguished senior Senator form Oklahoma is very important and constitutes a great contribution to the RECORD.

I express appreciation to my colleague from Tennessee [Mr. GORE] for discussing this matter today. It will be of great interest to the people in all the States, particularly the old people, who need medical and hospital service and treatment.

Mr. GORE. I thank my distinguished senior colleague. Congress has not passed a bill this year which will touch so directly the many people who are in pain and want, and those who are threatened with the financial catastrophe that now results to many people from an extended illness, as does this bill.

It is not possible to estimate the exact amount of Federal funds that would be available to pay the cost of the new type medical aid program in Tennessee. The bill simply provides that the Federal Government will pay 76.55 percent of whatever the cost may be. In my opinion, under the terms of the bill, the State of Tennessee, or any other State, could, if it so elected, submit and have approved a plan which would make eligible 9 out of 10 of all residents of the State who are 65 years of age or older.

In summary, under the bill, it will be possible for Tennessee to provide for the payment of the medical expenses of all persons receiving old-age assistance and for up to 90 percent of all other persons in the State over 65 of age, with the State's share of the cost limited to 20 percent for those receiving old-age assistance and 23.45 percent for those not on the welfare rolls.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LONG of Louisiana. The Senator from Louisiana has suggested a standard of liberal requirements for those who are not under old-age assistance, and the distinguished senior Senator from Oklahoma [Mr. KERR] agreed that that was the intention of the amendment he offered. Will the Senator repeat the standards which he regards as rather extreme limitations of eligibility?

Mr. GORE. Mr. President, the senior Senator from Oklahoma replied to that question yesterday. The colloquy appears on page 17851 of the CONGRESSIONAL RECORD of yesterday. I ask unanimous consent that it be printed at this point in the RECORD.

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

Mr. GORE. Let me be specific. Let us assume that my State authorized a plan with the participation of counties. I mention this example because I think the sentiment in my State is rather strongly in favor of county participation, with some small contribution on the part of the county to the cost of the program, thus making the county the administering unit. Such a plan would promote local self-government. It would provide better specialized care and service to keep down the cost of the program. If the State of Tennessee enacted a program by which all those with income of less than $2,000 per year and net resources not in excess of $25,000, would my home county be in a position then to contract for an insurance program?

Mr. KERR. Provided the benefit were thus made available by your State in its program under this bill.

Mr. GORE. For all of those with an income of less than $2,000 per year and net resources of less than $25,000.

Mr. KERR. If that were the State plan fixed by your State for all of its citizens; yes.

Mr. GORE. Could the State make it $50,000? Or would they come in conflict with the unreasonable?

Mr. KERR. That could not be done consistent with the language which I read to the Senator from Tennessee:

"To provide reasonable standards consistent with the objectives of this title, and who are not recipients of old-age assistance, but whose income and resources are insufficient to meet all such costs."

Mr. LONG of Louisiana. Mr. President, will the Senator tell us what the income and property requirements would be?

Mr. GORE. The Senator from Oklahoma indicated that it was his view that a State plan making eligible for benefits those persons having an annual income of not more than $2,000 and a net worth of not more than $25,000 would be reasonable and within the standards set forth in the bill.

Mr. LONG of Louisiana. That is, without limiting him beyond that point? Conceivably, a person might have more income or more property and still be eligible.

Mr. GORE. Then I proceeded to ask the Senator from Oklahoma about a person having a net worth of $50,000. He expressed the view that if one had assets in that amount, a plan making him eligible would come in conflict with the provisions of the bill and the legislative intent as spelled out in the committee report.

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

Mr. GORE. I yield.

Mr. YARBOROUGH. It is my understanding that the medical profession has endorsed the conference committee bill and has endorsed the payment of medical fees by the States. Is that correct?

Mr. GORE. I have not personally received such an endorsement.

Mr. YARBOROUGH. Or, at least, the medical profession has made no objection.

Mr. GORE. I have received no such objection. The senior Senator from Oklahoma said the conference report had the endorsement of the medical society of his State.

Mr. YARBOROUGH. That was my impression. If the medical profession approves the payment of medical bills by the different States, why does it object to the payment of medical bills by the Federal Government? What is the difference?

Mr. GORE. That is a question which I am not in a position to answer. I would rather have physicians answer it for themselves. Such a position is difficult to rationalize.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

SOCIAL SECURITY AMENDMENTS OF 1960—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580), the Social Security Amendments of 1960.

Mr. COTTON. Mr. President, there is one feature of the conference report on the medical care bill that I deeply regret. For many years, ever since I served as a Member of the other body, I have been one of the Members of the Congress who have repeatedly introduced bills in an effort to remove or to lift the ceiling on the amount which retired people receiving social security may earn without forfeiting their social security.

I have long left that one of the tragic errors of our generation has been that, after medical science has prolonged the life, health, and usefulness of our people, we should insist on putting such people on the shelf, failing to make some use of their experience and their talents, and condemning some of them to spend the sunset of their lives in idleness, frustration, and in many cases, unhappiness. Our older citizens have paid for their social security and I believe it is completely unjust to deprive them of reasonable opportunities for employment which make old age bearable.

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

Mr. COTTON. I am glad to yield.

Mr. MUNDT. I commend the Senator from New Hampshire for calling this problem to the attention of the Senate. I am aware of his long leadership in this field, and I have joined him on various occasions in an effort to have the ceiling lifted. I have been one of the authors of a number of bills which would lift the ceiling to $1,800 or $2,400 a year.

Like the Senator from New Hampshire, I have been distressed by the conference report because, as I read it, it appears that the conferees lifted the ceiling by only $100, as I understand, to $1,300, with a complicated formula provided, which certainly is not a big step, although it is a movement in the right direction.

Mr. COTTON. I thank the distinguished Senator.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. COTTON. I am glad to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. As one who does not expect to vote for the conference report because of this and certain other actions that I thought could and should have been taken, let me point out how this plan would work. As it stands now, a person could earn $1,200 in 1 year without having his income reduced. Today if he earns $80 in one month, his entire check is cut off for that month.

The bill which we passed and sent to conference would permit that man to make $150 a month, whereas previously he had been limited to $100 in each month of the year.

Mr. MUNDT. The bill would have made the ceiling $1,800 a year instead of $1,200, would it not?

Mr. LONG of Louisiana. Yes. What has been brought back from conference is a measure that provides that if a person earns $1,500 in 1 year, which means that he earns an additional $300, he would be permitted to keep one-half of that amount. In other words, for every $2 that he earned, his social security benefits would be reduced by $1. Above that figure, for every dollar that he earns his income would be reduced by $1. It would have the same effect as if he were taxed 100 percent of his income.

Mr. MUNDT. Is that provision not tantamount to developing a new concept of taxation, of taxing those least able to pay instead of those most able to pay?

Mr. LONG of Louisiana. It seems to me that there would be the imposition of a 100-percent tax on a poor man who is over 65 years of age. Perhaps it might have some salutary effect in helping him to understand how a millionaire feels when he is taxed at the rate of 90 percent on a quarter of a million dollars that he might make in a single year. It is a very poor substitute for what the Senate approved.

Mr. MUNDT. The approach would do great violence to our American concept that taxation should be in conformity with ability to pay.

Mr. COTTON. Mr. President, I am deeply gratified to find that other Senators feel so strongly in this matter and have indicated their attitude during the course of my remarks.

While the conference report—at least that portion of the conference report that has to do with the earnings limit—would seem to be an improvement over the present law, it is indeed a long way from what the Senate approved when it passed the bill. It is not half a loaf; it is not a quarter of a loaf—indeed, it is hardly a crumb.

I was interested in the contribution which the distinguished Senator from Louisiana made in this colloquy. He confirmed the fact that the procedure outlined in the conference report to determine what earnings will be permitted elderly people is phrased in a rather complex and difficult way. I am afraid that elderly people, as well as the rest of us, will be somewhat bewildered when they try to find out where those elderly people stand. A slide rule and a set of logarithms may be required to determine what the conference report provides for this group of people.

Apparently its impact on an individual would depend not only on how much he earns but also when he earns it—to be more precise, on the number of months in which his earnings are less than $100. But in most cases, under the conference report a social security beneficiary who earns over $1,200 will be only $150 better off, regardless of how much he actually earns. If he earns $1,700, $500 over the limit, he will have his social security benefits reduced by $350.

I wish to make crystal clear that I do not vouch for the conclusions I have just drawn, because a hasty perusal of the conference report leaves most of us, I think, somewhat bewildered in our effort to analyze what, if anything, it provides.

I expect that I shall support the conference report because of the many other important features it includes. But I am deeply disappointed. It gave me a great feeling of satisfaction, after all these years of striving to see the Senate finally enact a bill which raised the minimum and which took away the shackles, at least, to some degree, that we were placing upon our elderly citizens. But after only a few brief days of happiness, the conference report is presented with this crushing disappointment, and we find our endeavors have largely failed. I for one—and I know the distinguished Senator from South Dakota and the distinguished Senator from Louisiana and the distinguished Senator from New York [Mr. KEATING], among others—feel very deeply about this, as do many other Members of this body. We are not going to be satisfied with this crumb, this small bit of consolation, but we are going to continue to strive for continual improvement.

I am not being unjust when I say very frankly on the floor of the Senate that for years I have detected what I believe to be a steadfast and stubborn resistance to this measure by some who apparently feel that all job opportunities in this

country should be reserved for those who are in the prime of life, and that as soon as someone has reached the age of retirement, he ought to be stuck up on the shelf, supported by the taxpayers, and spend his last years in idleness.

That is an extreme view, and it is an unfortunate view.

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

Mr. COTTON. I yield.

Mr. MUNDT. I am delighted to hear the Senator say that the fight must go on. I assure him that I shall join him in it. Now that we have broken what we might call the "unsound" barrier by at least providing a complicated, tardy, and altogether inadequate step in the right direction, I hope that in subsequent Congresses we will be able to rectify the situation completely.

I regret that by voting for the conference report, as I expect I shall have to do, because of the other features which are in it, and because of the undesirable eventualities which might flow from a defeat of the conference report, we will be getting legislation in this area much less satisfactory than what we should have in medicare, and we do not place our stamp of approval on this surrender by the conference report to the victory which we achieved on the Senate floor.

Mr. COTTON. Knowing the Senator as well as I do, I know he will never let go, but will be steadfast in the fight.

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

Mr. COTTON. I yield.

Mr. KEATING. Like the distinguished Senator from New Hampshire, I shall probably have to vote for the conference report because of the many salutary features in it. I most emphatically want to indicate that I share the views expressed by the Senator from New Hampshire when he spoke of his regret over the extent to which the conferees have negated what we did on the floor with reference to the earnings limitations for people eligible to receive social security benefits. Like the distinguished Senator from New Hampshire, who has been a leader in this field, I have long favored an increase in the social security earnings limitation. Several times I introduced legislation to that effect. Recently, I introduced an amendment to H.R. 12580, the Social Security Amendments Act, to increase this limitation to $1,800. I also introduced an amendment which would remove it entirely. Although I would much rather have seen the second amendment adopted, I felt the $1,800 figure to be a realistic and reasonable one at the present time. I have commented many times on the elimination of the so-called social security retirement test, which provides that a person over 65 and under 72, if he earns more than $100 a month, or $1,200 a year, loses a social security payment each month in which he earns over $100.

As I understand the formula which the conference report has adopted, it is aimed at removing the disincentive to continue to work for persons eligible to secure social security benefits. There is the possibility under the present formula that if a man continues to work he may lose more in benefits than he gains in extra earnings. This is wrong. It is high time we did something about it.

What we have had for years is a situation in which all authorities agree that older people should continue to live useful and energetic lives. Many people have told me about older workers whose temperament is such that to stop work would literally kill them. It is not quite easy to be inactive, as some people seem to think. Many older people fear retirement more than anything else that confronts them.

The Labor Department under the active leadership of Secretary Mitchell, has urged older people to continue to work, thereby continuing to make their needed skills available to our economy. He has on many occasions reiterated the importance of skilled older workers and the need for them to devote as much of their energy as they can to the Nation's economy.

On the other hand, the social security law of our land tells the same man, "Well, sure, there is no law against your continuing to work, but you will lose a part of your social security benefits, for which you have contributed over the years, if you do."

The conference report on H.R. 12580 establishes a formula which the Senator from New Hampshire has said will be extremely difficult to explain. It is difficult enough now to explain it to the untutored. It will be even more difficult to explain it to an older person, who thought that he was a part of the insurance system and who thought that he could earn whatever he wanted to at any time and still at age 65 get his income. It is not easy to explain to a retired person that for every $300 a person earns above $1,200, he will get only half of that sum. People undoubtedly will say to us, "Why don't you do something about it?" What do we tell them? This is the first major change in the earnings test in years.

I recognize the problem which the conference committee had. I do not want to be ungenerous to the conferees in what they have done. At least, they have taken a short step in the right direction. However, Mr. President, it is only a short one.

Mr. COTTON. Would not the Senator from New York say it was a gesture rather then a step?

Mr. KEATING. I agree that his is probably a more accurate statement. I assure the distinguished Senator from New Hampshire that it is as unsatisfactory a gesture to me as it is to him. I shall stand shoulder to shoulder with him in his efforts to raise the limitation. Eventually, I am as certain as I am that I am standing here that we shall recognize the fact that since we claim the social security system is basically an insurance system, we must do away with the concept that those who are over age 65 will be deprived of their social security benefits if they earn more than a certain amount of income. I am certain that eventually we shall accept this proposition.

I recognize the problem of keeping the trust fund sound. That has always been the basis of the opposition to plans for raising the earnings limitation. All of us want to keep the trust fund sound. We should keep it sound. However, whatever is involved in additional costs in the tax on both employer and employee will, it seems to me, necessarily have to be made in order to do away with the present unrealistic concept that a person under social security is limited as to his earnings on the outside, if he is or wants to receive social security benefits.

I am grateful to the Senator from New Hampshire for having again called this important problem to our attention.

Mr. LONG of Louisiana. Mr. President, will the Senator from New Hampshire yield?

Mr. COTTON. I yield.

Mr. LONG of Louisiana. It seems to me that if the Senator wants to do something about this problem, he ought to vote against the conference report. That item comprises two-thirds of what is in conference. It is the very item about which he is talking. The reason why I fought it is that starting next year it will be necessary to have some increase in the social security tax, perhaps, if we keep it in. But if we are to have the benefit which we want, and for which we shall have to vote, then it will be necessary to keep the program in that way. There will be no material imbalance between now and the first of the year. Next year we can have a social security bill which will provide for a modest increase in the tax to take care of it. However, I fear that if we vote for the social security bill as it is now written, it will be 2 years before anything can be done along this line. I suspect that if the Senator's party is successful in the election—and I do not discount that possibility for a moment—it will be necessary to wait 2 years before we will have an opportunity to vote on the same measure again.

Mr. COTTON. Of course, it is necessary to have various avenues and means of approaching a desired end. So far as this particular point is concerned, no Member of this body is more zealous in a desire to attain that end than the distinguished Senator from Louisiana. To that exent, I agree.

However, it is necessary to be practical. We were called back into this rather extraordinary session. I was not in favor of it at the time. We are operating under pressure. If my senses do not deceive me, I have noted throughout the Senate Chamber some restlessness on the part of many Senators, on both sides of the aisle, who are running for reelection. I am informed that there is considerable restlessness in the House of Representatives. We shall not be hanging around here forever. I do not want to help to scuttle the whole bill because of one bad feature.

The Senate has passed a bill. We have gone to conference. Members of this body who have served on committees of

conference, as I have, both as a Member of the House and as a Member of the Senate, know that this is a difficult problem. I, for one, shall continue to strive for this particular feature. However, I do not want to be a part of the responsibility of running the danger of scuttling the bill.

I appreciate all the contributions made to the discussion by other Senators, and I do not wish to take more of the time of the Senate, but before I conclude I should like to add that my colleague, the distinguished senior Senator from New Hampshire [Mr. BRIDGES], who is unavoidably absent for a time from the Senate this afternoon, has also been a sponsor of a bill to lift the ceiling on the amount which elderly people receiving social security will be allowed to earn. Were he here, I know his voice would be joined to the voices of the rest of us concerning this point in the conference report, which we so greatly deplore.

THE CONFERENCE REPORT ON THE SOCIAL SECURITY AMENDMENTS OF 1960

Mr. BUSH. Mr. President, I suggest the absence of a quorum.

Mr. JAVITS. Mr. President, will the Senator from Connecticut withhold that suggestion?

Mr. BUSH. If I may do so without losing my right to the floor.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Is there objection? Without objection, it is so ordered.

Mr. JAVITS. Mr. President, will the Senator from Connecticut yield at this time to me and also to the Senator from New Mexico [Mr. ANDERSON], who wishes to join in colloquy with me?

Mr. BUSH. Yes, if it is understood that in doing so I shall not lose the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JAVITS. Mr. President, in connection with the conference report on House bill 12580, the social security amendments of 1960, I wish to make a brief statement in regard to the very interesting and the very warm debate and the ensuing votes which were taken on my amendment and on the so-called Anderson amendment.

Although I am confident that the report will be approved, and I shall support it, yet everyone knows that the conference report will take care of a relatively small part of our problem. It deals—and I think great credit for this is due the Senator from Oklahoma [Mr. KERR]—with approximately 2,400,000 people on old-age assistance and between 500,000 and 1 million people who are considered medically indigent.

But, in addition, there are, at the very least, 10 million or perhaps 11 million of our people over 65 years of age who—and two separate voting groups in the Senate took an affirmative position in that connection—need the help of the Federal Government if they are to have an appropriate plan of medical care with Federal participation.

The plan favored by the Senator from New Mexico [Mr. ANDERSON] and my plan differ. But I should like to take this occasion, prior to approval of the conference report, to state that it is my determination to work out with the Senator from New Mexico and with other Members who think as he does about this matter—and to work it out early in the next session—a medical-aid plan which will have Federal participation.

Without arguing at the moment about the plan under which that will be done and whether it will or will not have any implications in regard to social security or general revenue, nevertheless I am confident that we can work out a plan, with Federal participation, which will give the 10 million Americans over 65 years of age what they are entitled to—namely, a decent program of health care. I think this is assured by the degrees to which our respective parties have advanced—as shown by the votes taken—in supporting the fundamental objective of both presidential candidates, and with the obviously united determination of the overwhelming majority of the Members of this body, which I am sure is echoed in the other body.

As one who was responsible for one of the two principal efforts made in the Senate in connection with amendments to this measure—although the two amendments called for totally different programs, both of which were subject to a considerable amount of opposition—I should like to express my confidence that not only can a program of this kind be worked out, but that it will be enacted into law.

Mr. ANDERSON. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. I yield.

Mr. ANDERSON. Let me assure my good friend, the Senator from New York, that I completely share his sentiment. I do not know exactly how the matter will be worked out, or what particular device will be used. But I am sure that so many Members of Congress are determined to have something accomplished in this field, that they will work to accomplish it and will find a way to do it.

I am happy that the Senator from New York has expressed his determination in that connection; and I assure him of my equal determination to try to do something to make certain that the people of this country will have the benefit of such a program, as a result of our determination to see that it is instituted, even though one plan has been offered in that connection by the Senator from New York and another plan has been offered by me. I warmly congratulate the Senator from New York on his support, and I pledge him my support.

Mr. JAVITS. I thank the Senator from New Mexico.

Mr. BUSH. Mr. President, at this time I shall suggest the absence of a quorum, because the Senate convened today at 11 a.m., but absolutely nothing has been accomplished thus far. I believe we should either get down to work or go home.

Therefore, Mr. President, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. RUSSELL. Mr. President, I ask unanimous consent that further proceedings under the call of the roll may be dispensed with.

Mr. BUSH. Mr. President, reserving the right to object, I wish to say——

The PRESIDING OFFICER. A Senator cannot reserve the right to object on a request to dispense with the call of the roll.

Mr. BUSH. The Senator from Georgia has asked unanimous consent to dispense with the calling of the roll.

The PRESIDING OFFICER. A Senator must either object or let the quorum call be continued.

Mr. LONG of Louisiana. Mr. President, I object.

Mr. BUSH. Mr. President, I ask unanimous consent to speak for a moment on the reservation.

The PRESIDING OFFICER. A Senator cannot make such a unanimous-consent request.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that further proceedings under the call be dispensed with.

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

Mr. JOHNSON of Texas. I yield to the Senator from Connecticut.

Mr. BUSH. Mr. President, I ask for recognition.

Mr. LONG of Louisiana. Mr. President——

Mr. YOUNG of Ohio. Mr. President, a parliamentary inquiry. The Senator from Louisiana voiced objection, according to what I heard.

The PRESIDING OFFICER. Subsequently the majority leader made the request.

Mr. LONG of Louisiana. Mr. President, I objected to rescinding the order for the quorum call. I did not hear the soft tones of the majority leader. If he wants to do that, it will be easy enough to get a quorum call.

Mr. JOHNSON of Texas. Mr. President, I said it loud enough to be heard. I asked that further proceedings under the call be dispensed with. The Chair said, "Without objection, it is so ordered."

There are a goodly number of Senators present to hear the Senator from Louisiana, if the Senator from Louisiana will proceed. Let the Senator from Connecticut make his statement.

Mr. BUSH. Mr. President, I point the finger at no one, but the Senate has been called here in an unusual Saturday session in order to try to do business and act upon the conference report. We have been here 4 hours and have gotten nowhere. I asked for a quorum call, intending to ask for a live quorum, so we could either get on with the business or go home. I do feel, having agreed not to insist upon a live quorum, that we are entitled to some assurance that other Senators will be cooperative and get on with the business, and let Senators say what they have to say about the conference report, make their statements as brief as possible, and have some consideration for other Senators, so we can get out.

I am sick of sitting around all the time when we are accomplishing absolutely nothing. I do not think it is in keeping with the best traditions of the Senate, and I object to it.

I shall not object to the withdrawal of the quorum call, but I do think Senators should get down to business so we can get on with our business today and get out of here.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 313]

Aiken	Case, S. Dak.	Gruening
Allott	Chavez	Hart
Anderson	Church	Hayden
Bartlett	Clark	Hickenlooper
Beall	Cooper	Hill
Bennett	Cotton	Holland
Bible	Dirksen	Hruska
Burdick	Dworshak	Humphrey
Bush	Eastland	Jackson
Butler	Ellender	Javits
Byrd, W. Va.	Engle	Johnson, Tex.
Cannon	Ervin	Johnston, S.C.
Capehart	Fong	Jordan
Carlson	Frear	Keating
Carroll	Gore	Kefauver
Case, N.J.	Green	Kerr
Lausche	Moss	Scott
Long, Hawaii	Mundt	Smith
Long, La.	Murray	Stennis
Lusk	Muskie	Symington
McCarthy	O'Mahoney	Talmadge
McClellan	Pastore	Thurmond
McGee	Prouty	Wiley
McNamara	Proxmire	Williams, Del.
Magnuson	Randolph	Williams, N.J.
Mansfield	Robertson	Yarborough
Monroney	Russell	Young, N. Dak.
Morse	Schoeppel	Young, Ohio

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Connecticut [Mr. DODD], the Senator from Illinois [Mr. DOUGLAS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Indiana [Mr. HARTKE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Florida [Mr. SMATHERS], and the Senator from Alabama [Mr. SPARKMAN], are absent on official business.

I further announce that the Senator from Missouri [Mr. HENNINGS] is absent because of illness.

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Nebraska [Mr. CURTIS], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from California [Mr. KUCHEL] is absent because of illness.

The Senator from Iowa [Mr. MARTIN] is absent by leave of the Senate on official business.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the conference report.

Mr. LONG of Louisiana. Mr. President, I shall vote against the adoption of the conference report because in my judgment the Senate will be making a bad mistake by agreeing to it.

I make that statement notwithstanding the fact that the bill brought to us from the conference is basically a good bill. I believe I have voted for almost everything in the bill. I supported everything in the bill as it passed the Senate.

I do not oppose anything in the bill. My reason for voting against the conference report is that we could have done much better than we did. The Senate gave us a bill much better than the one brought back from the conference to the Senate.

Yesterday I made the comparison that in my judgment when one looks at that which was in conference and at the result of the conference it is as though one left a chicken in the henhouse over night and came back the next morning to find nothing but feathers left.

We had in conference only certain important items. There were good provisions in the bill as it passed the Senate and as it passed the House. Most of the provisions were self-financing provisions and called for no increase in the social security tax.

One of the best of them all was a proposal that the disability insurance would start at any age, rather than only age 50.

With respect to the public assistance features, the Senate bill was a vast improvement. I salute the great senior Senator from Oklahoma [Mr. KERR], the principal sponsor of last proposal in the Senate bill, which would make it possible to have tremendous additional Federal matching. It is estimated that in the first year the matching funds would be approximately $220 million, to help the States provide care for anyone needing help.

Mr. President, that is one of the matters which was in conference. As one of the conferees, so far as I could detect, there was never the slightest doubt that the particular provision was going to be agreed to. There was not doubt for a moment. In fact, to the best of my recollection, we did not even have to compare the House provision with the Senate provision.

Undoubtedly the able manager of the bill, the senior Senator from Oklahoma, had gone to great efforts to get in touch with House Members, with Senate Members, and with those who serve in the executive branch of the Government, from the Director of the Bureau of the Budget down, to make sure the provision was properly cleared in many quarters, even beyond those with respect to which I have any knowledge.

The conference did not even have to discuss the provision. The House conferees were ready to take it from the beginning. One thing which undoubtedly helped was that the able chairman of the House conferees, Mr. MILLS, is a Representative from the State of Arkansas. Under the proposal, Arkansas would get a great deal of additional money without the necessity of putting up additional funds, and would have the benefit of 80 percent Federal matching for this type of care, whereas up to now that State has been limited to 65 percent Federal matching. It would be 4 to 1 Federal matching, instead of only 2 to 1.

There was not even any discussion of taking the House provision in that regard. There was not even any comparison. As one who served in the conference, I had to ask the able and competent adviser from the executive branch of the Government, Mr. Bob Myers, exactly what the House provision provided, and what was the difference between the House provision and the Senate provision, because we did not even discuss it. That much was clear.

Then there was a relatively minor controversy that no one cared about. I think either side would have traded the point to get its way on some other point. I refer to the question whether doctors would be covered. While many of us felt that doctors would be wise to seek and obtain social security coverage, it was our impression that it was the announced position of the American Medical Association that they did not want to have coverage for their members, and many of us felt it would be the better part of wisdom to wait until the physicians and surgeons requested coverage. We felt that it would be good

policy to handle the question in that way, and it would be more appealing to the physicians and surgeons.

The Senate conferees prevailed in their position. However, in my judgment, if we had to yield the point in order to secure some other important point, the Senate conferees would have been willing to so yield.

Therefore, three major provisions remained in controversy. In my judgment, we could have obtained all three of them if the Senate conferees had been willing to fight for them. We could not obtain any of them if the Senate conferees were not willing to fight for them. The outcome would depend upon how much the points would mean to us. If we had been willing to insist that those provisions be retained, my guess is we could have retained them. What were they?

Mr. YOUNG of Ohio. Mr. President, will the Senator yield before he proceeds to state those three provisions?

Mr. LONG of Louisiana. I yield.

Mr. YOUNG of Ohio. To advert for a moment to the fact that physicians and surgeons are omitted from the conference report and to the statement that the distinguished Senator from Louisiana has made that there was a feeling that physicians and surgeons would be admitted within the beneficent coverage of social security as soon as the heads of the American Medical Association indicated that it desired to do so, is not the Senator from Louisiana fully familiar with the fact that in every referendum taken of physicians and surgeons, and notably in referendums taken in the States of Ohio, Pennsylvania, New York, and New Jersey, from 60 to 68 percent of the physicians and surgeons polled evidenced an intent, a wish, and a desire to be included under the coverage of social security? Is that not a fact with which the Senator from Louisiana is familiar?

Mr. LONG of Louisiana. Mr. President, I regret to say that I cannot say it is a fact. I do not know. My impression is that polls have been taken in some States in which a majority of physicians and surgeons have indicated that they wanted to be covered; in other cases the majority indicated that they did not want to be covered.

The Senator has asked whether I know. I must say that I do not know, but I yield to his superior knowledge on that subject.

Mr. YOUNG of Ohio. The junior Senator from Ohio, who was at one time a member of the Committee on Ways and Means of the House of Representatives, knows that fact, and it appears to the junior Senator from Ohio that, unfortunately, the Board of Delegates of the American Medical Association is not responsive to the will of its members, which is regrettable.

However, I regret also that physicians and surgeons will not be included. I do not share the feeling that I have heard expressed that until the physicians and surgeons clean their own house and have a board of delegates responsive to their wishes they should be kept out of social security. But for the time being I will go along with that determination. I hope that sometime next year, when we further amend the social security law, we shall include self-employed physicians and surgeons.

Finally, like the distinguished Senator from Louisiana, I regret very much that the conferees did not return to the Senate, and that we do not have today a much better conference report for the welfare of the aged people of our country than we have.

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

Mr. LONG of Louisiana. I now yield to the senior Senator from Ohio.

Mr. LAUSCHE. I should like to add something to what my colleague has said on this subject. I have had communications which reveal that the polls taken in Ohio showed a desire on the part of physicians and surgeons to be covered, but finally a formula was proposed to be applied on the basis of weighting the statistics, and by the application of that formula, the final judgment reached was that there is not a desire on the part of the physicians and surgeons to be covered.

If the subject is considered next year, I think it would be well worth while to make inquiry and to ascertain whether it is not a fact that the physicians do wish to be covered, and to ascertain whether by some formula the will of the physicians has been frustrated. I rise to make that statement in order to give support to what my colleague has said to the effect that word has come from Ohio that physicians and surgeons wish to be covered.

Mr. LONG of Louisiana. Mr. President, I have voted against covering physicians and surgeons because my impression has been that in the State from which I come the majority of physicians and surgeons have not desired coverage. My guess is that if they really understood the benefits, particularly the young doctors, and understood how much more they would receive through that plan than under a private insurance program, they would want it. However, they have never educated themselves to that degree on the subject. That being the case, I am of the opinion that the majority of the doctors in the area from which I hail do not at this time desire coverage, although I believe eventually they will request it.

We then come to the four major items that were in conference.

First, let us consider the one that the House sent to us, which was a proposal that would reduce the number of quarters of coverage required in order for a person to qualify for social security protection. That proposal was contained in the House bill. The Senate removed it without any real conviction. If I recall correctly, there was a very substantial vote, even in the Senate committee, to retain that provision. During the considerations in the executive sessions, I believe that the member who had moved to strike out that provision even moved to reinsert it. It was the judgment of the junior Senator from Louisiana that the striking of that provision, if it had no other purpose, would have given the Senate a little bargaining power to bargain with the House, by which we would accept some of the provisions that the House had voted, provided they would accept some of the provisions that we had voted.

That is not how the compromise worked out. It worked out the other way around. The compromise was, in effect, that we would drop the social security benefits which we have previously voted, provided the House would drop most of the benefits which it had voted.

So we went to conference with these varying proposals that would have meant about $1.2 billion of additional social security benefits.

We brought back to the Senate a bill that would provide about $250 million of social security benefits. It was contended that the Senate bill would require an increase in the social security tax. I suppose it would, although not this year. That subject could have been taken care of next year, because the increase this year, so far as the social security cost is concerned, would have been very, very small. Most of these measures go into effect somewhat gradually, and some of them not even until the following year.

One of the other points in conference was the provision which would be the most expensive coastwise of any provision in the bill. The Senate voted to insert a provision that a man could earn $1,800 a year without losing his social security benefits. He could have the benefit of full retirement and still earn $1,800 each year. That provision would have meant that a man could work and make $150 a month without losing his social security benefits.

As the measure now stands, after a man earns $100, if he makes one additional cent above that $100 in a month, he loses his entires month's check. So if he earns $100 in a month—and I believe the figure is $100—he is in a position to receive his entire $125 check. But if he makes one penny extra, that penny would cost him $125. The effect of that provision would not save money for Uncle Sam, in my judgment, so much as it would cause people to postpone their decision to retire.

But to liberalize would cause more people to retire, and that would increase the cost of the program by 0.19 percent of payroll, or roughly two-tenths of 1 percent of payroll. That would be the increased cost if that provision were to go into effect.

It was contended that there would be some imbalance in the fund if this feature were retained. Undoubtedly it would be necessary to have voted an increase in the social security tax some time next year if we were to retain the same amount of increase in the fund that we have. The Senate voted for it, and I believe that the Senate in voting for it probably realized that that would be the situation. This was the most expensive thing, costwise, in the bill.

What compromise was worked out in this field? Well, the compromise was that a person would be permitted to earn an additional $300, on condition that his income from social security would be reduced by $150. In other

words, for every dollar he made he would have his social security benefits reduced by 50 cents, the so-called 2-for-1 rule. Thereafter, for every dollar that the person made, he would have his social security benefits reduced by $1, or the 1-for-1 rule. After $1,500, he would be working 100 percent for the Federal Government. It works out the same as a 100-percent tax. I suppose the bill in that respect has some salutary effects, because it is impossible for poor people to understand what millionaires mean when they complain about a 91-percent tax on their income above a certain amount.

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

Mr. LONG of Louisiana. I yield.

Mr. CLARK. I wish to be sure that I understand what the Senator is saying. The present law requires that a person cannot earn more than $1,200 without forfeiting his social security payment. Is that correct?

Mr. LONG of Louisiana. That is correct.

Mr. CLARK. The Senate increased the $1,200 limitation to $1,800. Is that correct?

Mr. LONG of Louisiana. Yes.

Mr. CLARK. I had introduced a bill to increase the sum to $2,400, and I was told that it would create some actuarial programs in that regard. I had hoped that we could raise the amount to $2.400. However, in the Senate, we set it at $1,800. What did the conference do?

Mr. LONG of Louisiana. The conferees agreed to a kind of package arrangement, which eliminated most of what was in all the suggested revisions of this proposal, and cut the amount from $1,800 to $1,500, with the proviso that the difference between $1,200 and $1,500 would represent an area in which every time a man made a dollar, his check would be reduced by 50 cents.

Mr. CLARK. So, in effect, that is what the Senator meant when he made his reference to chicken feathers. Is that correct?

Mr. LONG of Louisiana. That is part of the feathers we brought back from the hen we put into the henhouse. The difference in cost is substantial. The cost of what the Senate gave us was 0.19 percent of payroll. What we brought back to the Senate will be 0.02 percent, or roughly 10 percent of what the Senate gave us to take to conference.

Then there was the provision to reduce the age of retirement for men to age 62. In that instance it was explained to us by the executive branch of the Government that we were going in the wrong direction anyway, and that we should be going in the direction of increasing the retirement age, instead of reducing it. This provision was dropped out of the bill. It would have cost 0.05 percent of payroll.

Then a compromise was made on the House provision which provided that a person during the last 10 years must have one quarter in four quarters. That was the House provision. The compromise provides that the person must have one quarter in three quarters of coverage. The House provision would have made it possible for an additional 600,000 people to have paid a certain amount of money into the social security fund, and to get what would in most instances be the minimum social security benefits. By going to 1 in 3 quarters rather than 1 in 4, 200,000 people have been cut off and will not get the benefits. I knew of no objection by anyone in the Senate to the additional coverage which would have been provided.

So, as a package arrangement, it was agreed in conference to reduce the $1,800 as I have described, the retirement for men was dropped, and the 1 in 4 quarter coverage was reduced to 1 in 3 quarter coverage, the latter resulting in 200,000 people being denied the benefits under the social security plan.

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

Mr. LONG of Louisiana. Thereby the bill would be so pared down in cost that it would not be necessary for the House to send us a social security bill next year. In other words, the long range estimates show that there will be no necessity for increasing the social security tax. I do not believe that the Senate was too much concerned about the danger of having to increase the social security tax. That argument never made much impression on us in the Senate, when we were discussing the bill. My impression was that Senators felt if these things were desirable, they recognized they would cost some money.

Mr. CLARK. Would the Senator try to explain again the one in four quarters and the one in three quarters?

Mr. LONG of Louisiana. It works in this way. A person, during the last 10 years, from 1950 to 1960, may have worked during part of that time when he was covered and during part of the time when he was not covered during the last 10 years.

Under present law, he must have been working and paying taxes for one quarter out of every two quarters, or 50 percent of the time. That means, roughly speaking, that he must have 5 years of credit for paying the social security tax to get any benefit at all.

Mr. CLARK. Any benefit under existing law?

Mr. LONG of Louisiana. Any social security benefit. The money contributed by these people goes into the fund. Unfortunately, this is usually in the case of people with low income. If they do not have that earned credit of 5 years, they get no benefits. The House proposal was that if they had been working in covered employment for one quarter in every four quarters, which means that they had social security coverage for 2½ years, they would have the benefit of social security payments and the other protection of disability in matters of that sort provided by the social security system.

Mr. CLARK. What did the Senate bill provide?

Mr. LONG of Louisiana. The Senate struck it out completely. I will say to the Senator, however, that it was my impression—and other members of the committee can dispute this if they care to do so—that in taking it out, those of us who take the responsibility for it, really felt it was not important, because it left us a little bargaining room with the House. I personally felt it was just as well that it worked out that way, even though I voted against striking the provision, because it would give us an opportunity to tell the House that if they would take some of the benefits we had in the bill, we would take some of the benefits in their bill, and thus provide us with some leverage. I had hoped that the leverage would work on the inclusion side rather than on the exclusion side.

Mr. CLARK. Did the conferees sustain the Senate's position?

Mr. LONG of Louisiana. No; the compromise was midway between the two. The compromise was that a person must have worked three and a third years, in effect, during the last 10 years, or one quarter out of every three quarters since 1950.

Mr. CLARK. The Senate bill, then, did not do anything for these people.

Mr. LONG of Louisiana. I never knew of any real objection to the House provision, and my guess is that if Senators had understood the provision the Senate would have gladly taken the House provision. My guess is also that the Senate conferees would have been glad to negotiate on that point. The House conferees apparently had taken the position on their side, even before they sent us a bill, and they wanted a bill which would have some benefits in it but which would not increase the social security tax.

So while they could go along with some very minor increases—for example, the type of thing where they were given 10 percent of what they were asking for with increased income limitations—and go along with minor things which sounded good but did not mean a great deal, they could not very well go along with these substantial things the Senate had voted for. To do so might have meant some requirement to increase cost.

Mr. CLARK. Mr. President, will the Senator yield for a final question; I shall not detain him longer.

The conference report retained, did it not, the provisions in the Senate bill which make medical payments available for individuals receiving old-age assistance?

Mr. LONG of Louisiana. Yes. There was not the least bit of controversy about that, so far as I could detect. If there was, I was not aware of it. I assume that Senators understand that that money does not come from the social security fund. It comes from general revenues. While some additional appropriation might be required in the future, there is no social security tax. That comes under a different title and is not under the social security coverage, as we think of it.

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

Mr. LONG of Louisiana. I yield.

Mr. LAUSCHE. The Senator from Louisiana has mentioned the percentage by which the cost of this program would have risen after all these benefits

had been put into effect. What would have been the percentage of increase?

Mr. LONG of Louisiana. It was 0.28 percent. In other words, roughly one-quarter of 1 percent would have been the cost if we had taken the House proposal plus the Senate proposal. In other words, if we had reduced the retirement age for men at an exempt income up to $1,800, and had taken the highest provision, one quarter out of four in coverage for the last 10 years, it would have made persons eligible for benefits, although not this year, because some of these benefits will not go into effect until sometime next year. This year there would be very little cost. It would be regarded as unimportant. However, next year, the long-range estimate would be a cost of 0.28 percent—roughly, one-quarter of 1 percent.

Mr. LAUSCHE. Translating that into dollars, what does it mean?

Mr. LONG of Louisiana. One percent of the payroll is roughly $2 billion. One-quarter of 1 percent would be about $500 million annually.

I suppose it would be best to read a memorandum prepared by Mr. Robert Myers, the department expert who is on the floor, for whom I have the very highest regard, and who, I believe, has been as completely nonpolitical and nonfactional as any person who has complete knowledge of the program.

If the actuarial lack of balance, now at 20 percent, which is two-tenths of 1 percent of payroll, were not to be increased beyond one-quarter of 1 percent, and, if all the above amendments were to be adopted, the payroll tax rate would need to be increased one-eighth of 1 percent on employees and one-eighth of 1 percent on employers, or by one-quarter of 1 percent.

If the actuarial lack of balance were to be eliminated, if all those provisions were adopted, the benefit outgo in 1961—the next calendar year—would have been increased by $1¼ billion over the present law. This would have resulted in a trust fund decrease of more than $1 billion, assuming no increase in the social security tax.

Mr. LAUSCHE. That would have been the cost if the entire program had been put into effect?

Mr. LONG of Louisiana. On an annual basis.

Mr. LAUSCHE. Yes. What is the cost of the program as it is set forth in the recommended bill?

Mr. LONG of Louisiana. Out of the items in dispute—and I am not referring to some of the items which might have existed elsewhere and are not in dispute—that which we are bringing to the Senate would cost, roughly, one-seventh of that. So divide by 7 through $500 million, and the Senator will see what we have brought back.

Mr. LAUSCHE. Seventy million dollars?

Mr. LONG of Louisiana. Yes; $70 million. In benefits, we have brought to the Senate, in social security, where we asked for $500 million—not the entire $500 million—a bill which amounts to $70 million.

Mr. LAUSCHE. Is my understanding correct that the annual total cost of the bill as it was originally passed by the Senate would have been $500 million; and that the total cost of the bill we are now asked to approve is $70 million?

Mr. LONG of Louisiana. I am afraid that a yes-or-no answer would be a little misleading. There were certain things in the bill like extending the coverage for disability below age 50, whereas now a person must be over age 50 to be covered for disability. There was no official Department position on that, but while some cost may have been added, as I understand it, the disability fund is increasing and gaining. The fund now has $2 billion net.

I observe Mr. Robert Myers on the floor. He is seated beside the Senator from Oklahoma [Mr. KERR]. Perhaps if he moved over here, where he would be available, I might get that information from him.

There are one or two items in the bill which would increase the cost of the program. The basis upon which the House had worked was to feel that an imbalance of 0.25 percent would be within the limit which has more or less been tacitly agreed to be the point where the tax should be increased. The House conferees felt that so long as we stayed below that point of balance or below that point of imbalance, we could safely vote to have additional benefits; but that if we went beyond that point, we ought to prepare to increase the tax.

The point I make is that the Senate voted a position, and I believe the House of Representatives, if offered an opportunity to vote on it, would be willing to agree to the position, that next year it would be necessary to vote for a one-eighth of 1 percent increase in the social security tax in order that these benefits might be added.

As I have suggested, the most important item is the removal of the income limitation to permit a person to earn $1,800. That would provide a long range cost of 0.19 percent, roughly one-fifth of 1 percent, of the payroll. That is the most substantial thing in the Senate bill.

This provision would not have gone into effect until January 1 of next year, because the whole provision operates on a calendar year basis. That being the case, we would have had no problem between now and January 1, 1961. Next January, we could have voted for a modest increase of one-eighth of 1 percent, if necessary, to keep the fund currently in balance.

Senators should keep in mind that the social security fund already has a $20 billion balance for general purposes. There is a $2 billion additional balance in the fund for disability purposes. So the fund contains $22 billion, and there is no problem about the $22 billion being reduced between now and next January 1. That was not a matter about which we had to concern ourselves.

I turn now to the public welfare aspects of the bill. The old-age assistance provision and the medical provision, so-called—the Kerr amendment, as to which the Senator from Oklahoma was so generous as to include a number of Senators as cosponsors—would have cost $202 million. That amount was readily agreed to.

The Senate had added another amendment, namely, to provide medical aid for the mentally ill. In that respect, we were dealing with an area where the Federal Government extends no matching and no aid to State programs; an area where the need is most pitiful and most acute, as I shall attempt to demonstrate to the Senate.

The conferees have brought to the Senate a bill which does nothing about those persons. There was a House provision, which the Senate had struck inadvertently, never intending to do so, which would have provided for matching on the cost of 42 days of diagnosis and treatment while the individual was in a general hospital, not in a mental hospital.

Mr. LAUSCHE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. LAUSCHE. Mr. Myers has just now handed me some figures on which I should like to have the Senator from Louisiana comment. Will he read them into the RECORD?

Mr. LONG of Louisiana. According to Mr. Myers' figures, the Senate bill would have increased the first-year costs to $1,200 million, and would have increased the average long-range cost by $800 million. Apparently the overall long-range cost would be $2 billion a year, I would estimate. Would that be correct?

No, Mr. President; I pledge error; I erroneously read the note. It shows that in the first year the bill as passed by the Senate would have cost $1,200 million, and the cost would then have decreased over a period of time, so that the long-range estimated cost would be $800 million.

The conference report would decrease the first-year cost of $1,200 million—which I assume is the cost under the measure as passed by the House—to $250 million, and would decrease the average long-range cost about $150 million.

So we went to conference with a bill with a short-range cost of $1,200 million for social security purposes, and we came from the conference with a bill which called for $250 million for social security purposes. In other words, we got about 20 percent of what we left here with. In the conference we succeeded in increasing the amount voted by the House by $50 million, whereas on the floor of the Senate we had voted to increase that figure by $1 billion.

Mr. LAUSCHE. Mr. President, will the Senator from Louisiana yield further, in order to complete the RECORD on this subject?

Mr. LONG of Louisiana. Yes.

Mr. LAUSCHE. One percent of the national product—that is to say, all payrolls—is $2 billion-plus, is it not?

Mr. LONG of Louisiana. $2,100 million.

Mr. LAUSCHE. Yes.

Mr. LONG of Louisiana. I was 5 percent in error in my offhand guess. That

is the figure for the covered payrolls. The Senator knows that the tax does not apply to salaries above the $4,800 point.

Mr. LAUSCHE. Yes.

Mr. LONG of Louisiana. So, Mr. President, I inform the Senate that if it should see fit to reject this conference report, in my judgment these matters both could be and should be expanded upon. If a further conference were held, I see no danger of losing anything the conferees have brought to the Senate at this time; and my guess is that we would have every prospect of getting more than the conference has now agreed to.

I should like to say a few words about the proposal I made, to which the Senate agreed by a vote of 51 to 38. It was a proposal to extend assistance to those in mental institutions. Mr. President, I have made some study of this matter, and the more I see of it the more I am convinced that this is the area in which the need is the greatest.

I suppose there never was a conference between representatives of the Senate and representatives of the House that was more completely dominated by a representative of the administration. The Secretary of Health, Education, and Welfare, Mr. Arthur Flemming, was there throughout. I do not believe we conducted negotiations for even 1 moment without having his advice and his counsel. He told us what he believed the administration would agree to and what he thought and believed he would have to recommend against to the President. He was not in a position to advise us what the President would sign or what the President would veto, but Mr. Flemming expressed the opinion that if this provision were made a part of the proposed law the President would be inclined to veto it.

I am pleased to say that at least we have one assurance from the conference committee, and that is that every line of the conference report is something that Mr. Flemming was prepared to go along with, and to the best of my knowledge he was not disposed to urge the President not to go along with even one line of this conference report. But he was adamant in his position that the Federal Government should not move into the particular field of matching the expenses for those in mental institutions or providing for their care or for the care of those in tubercular wards or tubercular institutions.

In a spirit of compromise, he was requested to try to determine whether the administration might be willing at least to agree to some sort of compromise. But his advice was that that would not be acceptable. He had the opportunity to obtain that information overnight, and I understand he consulted with Mr. Stans, the Director of the Bureau of the Budget, and that the conclusion reached by Mr. Stans was that it would be objectionable.

It seemed somewhat strange to me to be told that the administration was absolutely adamant in that regard. Some felt that we should not seek to include in the bill any provision which might be regarded as included in an attempt to coerce the administration into signing the bill. Some felt that every provision in the bill should be something the administration was quite content to accept and something that the responsible officials of the administration—the Secretary of Health, Education, and Welfare and the Director of the Bureau of the Budget—would recommend be signed into law.

Consequently, we got the $50 million figure from the conference, although the Senate had voted for $1 billion.

It seemed strange to me that Mr. Flemming would make that stonewall resistance and would not be willing to yield in any respect at all in regard to the proposal that the Federal Government do something to help the poor, miserable creatures who are in the State mental institutions. That is especially strange, in view of the following news article, which was published on April 12, 1959, in the New York Times:

FLEMMING PLEADS FOR MENTALLY ILL—SAYS CARE IS DISGRACEFULLY DEFICIENT, MANY HOSPITALS ONLY CUSTODIAL BASES

(By Bess Furman)

WASHINGTON, April 20.—The Secretary of Health, Education, and Welfare declared today that the mentally ill of the country were receiving disgracefully inadequate care and treatment.

Arthur S. Flemming added that the Federal Government had a responsibility to crusade in the field and that it was starting such a crusade.

I regret that even though there are very few Senators on the floor at this time, Mr. President, I do not even have the attention of all who are here now. I particularly hoped that the distinguished Senator from Pennsylvania [Mr. CLARK] and the distinguished Senator from Tennessee [Mr. GORE] would listen to my reading of this part of the article. Therefore, I shall read it again, even at the risk of delaying the action of the Senate on this measure.

Mr. GORE. Mr. President, we heard the Senator from Louisiana read it the first time, but we shall be very glad to hear him read it again.

Mr. LONG of Louisiana. I realize that it is important for the distinguished Senators to confer on what certainly must be a matter of great importance. Nevertheless, I hope they will be willing to listen to my reading of this article on this really important point. I am sorry to ask the Senators to postpone their conversation and conference, but I wish to advise them regarding this aspect of the issue now before us.

Mr. GORE. On the contrary, I am well advised in that respect. Nevertheless, I am delighted to listen to the remarks of the distinguished Senator from Louisiana.

Mr. CLARK. Furthermore, Mr. President, our presence here is a real tribute to the Senator from Louisiana. I would prefer to be here, to listen to his remarks, than to attend a performance of "My Fair Lady," or anything of the sort.

Mr. GORE. Or even a baseball game. [Laughter.]

Mr. LONG of Louisiana. Mr. President, when I read this dispatch, I am reminded of the old song, "Have You Forgotten So Soon?"

Arthur S. Flemming is quoted in this article as stating that the Federal Government has a responsibility to crusade in this field.

Mr. President, I remember that a few years ago I heard the word "crusade" used to a considerable extent.

Mr. GORE. Was not it used by a man named Eisenhower?

Mr. LONG of Louisiana. Yes. First, he talked about a crusade in Europe, and then he talked about a crusade for other things.

Arthur S. Flemming added that the Federal Government had a responsibility to crusade in the field and that it was starting such a crusade.

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

Mr. LONG of Louisiana. I yield.

Mr. GORE. I am not attempting to quote the Secretary; I did not hear him say it, but at least the rumor around here was that the word was passed to the conferees that if hospitalization for the tubercular and the mentally ill remained in the bill it would possibly be vetoed. Is that the kind of crusade the Senator was referring to?

Mr. LONG of Louisiana. I do not think Mr. Flemming undertook to take that position on his own responsibility. I think he had the advice of Maurice Stans before he took that position. How does this affect the crusade? A crusade is a man who believes in it to the extent that he would be opposed to anything in the way of care for these pitifully wretched, 165,000 of them over 65 alone, in State institutions.

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

Mr. LONG of Louisiana. I yield.

Mr. RANDOLPH. It was my privilege and responsibility to support the amendment offered by the distinguished Senators from Louisiana and Florida. I would want the RECORD once again to indicate my disapproval of the constant threats of veto which come from the White House and the implications of veto which come from others who purportedly speak for the White House. I think, when we talk about crusades, it is best to realize that, rather than an administration by crusade, we are having an administration, at least in part, by tirade and also by stalemate.

Mr. LONG of Louisiana. I thank the Senator from Louisiana very much for his statement.

I want a bill the President will sign, but I do not know of any time when any group of Senators, particularly when it is so bipartisan in nature, have gone to such a complete extent of seeking and inviting the administration to suggest it might veto a bill. That was the impression I got from the conference. It was a matter of pleading and saying, "We want to be sure you will take the bill. We do not want anything in here whereby the President might feel we were coercing him into signing the bill. We must not put this great crusade or anything about it in the bill."

I read on from the article, which I am sure relied upon Mr. Flemming's statement:

Many of the country's 277 State and mental hospitals, he asserted, are "little more than custodial institutions" and "inadequate for even the simplest methods of treatment." The average cost per patient per day he said, is only $4.07 for care and treatment, that comparing with $26 a day per patient in general hospitals, exclusive of physicians' fees.

Think of that—6½ times more is spent for somebody in a general hospital than is spent for the poor wretched person who is locked behind doors and just left there.

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

Mr. LONG of Louisiana. I yield.

Mr. CLARK. I think the Senator is making a good point, but what disturbs me is that, under the very enlightened leadership of Gov. George Leader and Gov. David Lawrence in Pennsylvania, in 6 brief years we have transformed the kind of institution my friend has been talking about into first-class State-operated institutions, where the patients are cured and turned out. This has been done without great additional cost to the people, because so much money is saved when a patient is discharged, instead of being kept there for a lifetime, that in the end taxpayers are no worse off. These additional benefits have been made available to the older people of my State. Even though our mental institutions have substantially improved we have a long way to go.

What bothers me is, Where does this leave my State, which is certainly not one of the poorest, but is no longer one of the richest? Where are we going to get the money for the matching funds? We are not going to be able to get the money. The reason why this approach is unsound is that it calls upon the States to make matching payments, which an overwhelming majority of the States are not able to do.

Mr. LONG of Louisiana. I think the Senator is in error. Only because I was a conferee, I think perhaps I know a little more about the bill than he does.

Mr. CLARK. The Senator certainly does.

Mr. LONG of Louisiana. The bill we sent to conference, and the bill that has been brought back from conference, insofar as it provides for the care of people, provides that if a State is going to spend $10 million for the care of individuals over 65, the Federal Government will match every nickel of it, even though the State may be doing everything that needs to be done. Therefore, the effect would be to reduce the State's burden by the Federal Government's assuming it.

Mr. CLARK. Do I correctly understand the statement of the Senator to be that no additional effort needs to be made in order to qualify for the funds?

Mr. LONG of Louisiana. That is right. In other words, the bill which passed the House only matched additional efforts. It would be the same thing as if, for example, one State had a highway program going before the Federal highway bill had been enacted, and another State had not, it was stated, "Hereafter, the Federal Government will match 50–50, but what you have been doing will not be matched." It would mean the State would be penalized because it tried to do something on its own.

Therefore, we would match what the States are already doing. That is the starting point. So, in the Senator's State, if the provision went through as the Senate had it, it would result either in a reduction in State expenditure or an increase in care. It would have to be one of the two.

Mr. CLARK. What did the conferees do?

Mr. LONG of Louisiana. The conferees killed it.

Let us take the problem in the State with which I am most familiar, Louisiana. The cost in ordinary hospitals is $15 a day per patient in State hospitals. In Louisiana we have never dispensed with the name "charity" in our hospitals, not because they are charity hospitals, but out of respect to that fine order of Sisters which originated the hospitals, the Sisters of Charity. Out of respect for that great order, we have retained the name "charity" in the hospitals. In our State hospitals the cost is $15 per patient per day—and that is about the average cost across the country—and we are spending $25 million a year on that kind of care.

Mr. CLARK. Of State funds?

Mr. LONG of Louisiana. Yes. Of course, the aged as well as others receive care. There are very liberal requirements for that care. My guess is that the liberality would compare, in very large measure, with what the Senator from Tennessee described as desirable for his State.

Under this bill, the Federal Government could be required to give us $35 on top of the $15 we already have, which means we would be in a position to spend, if we had no cutback in State funds, for the average person that goes to our hospitals about $45 or $48 a month.

In other words, we could spend twice as much for the elderly who might be ill if we continued our present rate of expenditures as is spent in the general hospitals, on the average, across the entire Nation. I do not refer only to the charity hospitals. I also refer to private hospitals, which spend $26 per patient per day in the general hospitals.

I wish to read further from the article:

At a news conference Mr. Flemming also opposed the aid-to-education bill.

Imagine that. This is so important it should be ahead of aid to education. He said:

In his discussion of care for the mentally ill, Mr. Flemming suggested a concerted movement for transfer of thousands of elderly persons from mental hospitals to nursing homes, in which, he said, they could be cared for better.

He pointed out that his Department's National Institute of Mental Health provided advisory services and Federal matching funds to the States to help provide for such persons.

He said that the Institute was supporting a study of the feasibility of including protection against mental illness in the Federal voluntary health insurance program, and that his Department was considering proposal of an amendment to the Hospital Construction Act for construction of community mental health diagnostic clinics.

A Maryland study, the Secretary said, has shown that persons for many years in mental hospitals can be rehabilitated to earn their own living. His Department employs two dozen patients not yet discharged from St. Elizabeths Hospital here, he noted.

That is a great crusade moving in the opposite direction from that in which it started on April 20, 1959, a little more than a year ago. The great crusader is insisting upon applying the death knell to the program he said he was going to lead, to provide care.

Mr. President, I do not wish to overburden the Senate by demonstrating some of the conditions in these mental hospitals. I have a number of articles in this regard. I have one from the Saturday Evening Post which describes conditions in Ohio, as well as another article describing conditions in the State of Maryland. I make these comments without any reflection upon those great States, because they are providing about the average, in comparison with the other States of the Nation.

I wish to read a few excerpts from an article published in the Washington Post and Times Herald of November 24, 1958, about mental treatment.

When a Baltimore grand jury conducted a recent inspection tour of Spring Grove State Hospital, one of the panel members found her stomach unequal to the task. She refused to complete the tour.

"It was an experience none of us will ever forget," the jury later reported. "The conditions under which these wretched, deranged human beings are obligated to live are shocking beyond belief."

Spring Grove, in Catonsville just west of Baltimore, is Maryland's second largest public mental institution. It is the most acutely overcrowded.

As a result it is breeding chronc insanity while trying to cure it.

That is the headway we are making. This is not unusual. This is what is happening all over the Nation, with which the Secretary of Health, Education, and Welfare is somewhat familiar, at least, since he had a news conference and said he was going to lead a great crusade to help the States do something about it.

Nowhere is the burden of overcrowding and understaffing felt more acutely than among Spring Grove's dedicated staff of doctors, nurses, and hospital attendants.

Today 2,760 patients are jammed into space licensed for 2,293.

Because of the desperate premium on space, patients who could benefit from active psychiatric care are shoved into long-term "chronic" areas where they may become lifetime wards of the State.

I ask Senators to imagine this situation. These are people who could be restored to health. That is the advice I receive from experts in Louisiana. Large numbers of people could be made useful citizens again, but they are condemned by the methods being used today to lifetimes of the kinds of conditions I shall describe as I read from the

article. I could document this from 100 different documents which state the same, in demonstrating the problem.

Instead of recovering they become demoralized, more disturbed and withdrawn. Gradually they sink further into mental illness.

"These patients may cry for help for weeks," said one ranking hospital official. "But they will be missed in a crowded ward. Thus we can 'lose' a patient."

The most gruesome symbol of what is wrong at Spring Grove is the grim, turreted Old Center Building.

Here 903 men and women, from early teens to early nineties, are penned in gloomy wards licensed to hold no more than 592.

Ground was broken for the massive, granite-block structure in 1853. Its first patients moved in 7 years after the Civil War.

Today it is a hopelessly antiquated firetrap.

Mingled within its walls are alcoholics, diabetics, senile cases, schizophrenics and the feeble-minded.

Among them are once-successful businessmen, former teachers, lawyers and housewives.

In one ward 102 men were packed into space that should have housed no more than 50. A dormitory reeked of excrement.

Six patients slept on the floor for lack of bed space.

In hall 4 of Old Center's female wing, 63 elderly women were assigned three toilets.

In one tiny dormitory nine beds were placed head-to-foot with barely room for passage. Most of the time only one attendant is on hand to look after the 63 patients.

Throughout the building, walls were scarred where plaster had fallen. Ceilings were cracking and floors deteriorating from the stress of 86 years of use.

Rubbed into the floor boards of some wards and dormitories was the accumulated filth of Spring Grove's untidy patients.

In hall 6 of the men's wing, 96 patients were huddled in quarters which were designed to hold no more than 50.

A visitor had to step over the sprawled bodies of patients in order to get into their sleeping quarters.

One attendant was asked to locate the fire escape. After fumbling for the right door, he led the way into a tiny, double-barred room which contained a circular metal chute leading to the ground.

In dormitory after dormitory, beds took up every available inch of space. A patient in one room had blocked a fire exit with his bed in order to get a few precious inches of elbow room.

Personal belongings are carried in the patient's pockets.

What is the impact of overcrowding in a mental institution?

"It means that one disturbed patient can react on the next. Eventually a wave of disturbance and irritability pyramids until we have a disturbed ward," said one Spring Grove doctor.

"This happens even with tranquilizing drugs. The patient's sense of individuality gradually fades," he added. "He mills about with the others in droves, like cattle."

In Spring Grove's criminally insane building, a mile from the rest of the hospital, 66 dangerous patients are locked into space for 50. Five are forced to sleep on the floor.

Most of these patients will be moved into the brand-new $2 million Institute for the Criminally Insane at Jessups within a few months.

But for the overwhelming majority of Spring Grove's patients, hope is much further off.

Last July the Nation's leading hospital rating agency, the joint commission of the American Medical Association, College of Surgeons and American Hospital Association, refused to renew Spring Grove's accreditation.

Overcrowding and shortage of medical staff were the chief reasons for rejection.

Spring Grove has 24 registered nurses. The American Psychiatric Association, which lays down guidelines for mental institutions, says it should have a minimum of 137.

In other words, there is only one nurse for about every six there should be to look after these people.

Of its 31 doctors, 17 do not have State licenses to practice medicine. For all but five of the doctors, a Maryland license is a basic job requirement.

Lack of qualification among the medical staff was also found to be prevalent at Rosewood Training School for the mentally retarded.

Because of the shortage of staff many patients do not see a doctor for more than 20 minutes a month. Spring Grove needs 12 more doctors.

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

Mr. LONG of Louisiana. I yield.

Mr. CLARK. I think the Senator is making an excellent case in support of the Long amendment, which was adopted by the Senate. I, for one, have been persuaded that his position in that regard is correct. But I wish to ask the Senator, if I may, two questions dealing with the larger aspect of this problem.

It is true, is it not, that the bill as it came back from conference makes some improvements, although they are rather limited, in connection with the health benefits of at least some of our older people?

Mr. LONG of Louisiana. Yes.

Mr. CLARK. My second question is this: Does the Senator realistically believe that if the conference report is defeated, in the brief remaining time before adjournment the Senate conferees can get a better bargain from the House and send a bill to the White House which the President will sign?

Mr. LONG of Louisiana. I believe we can. Speaking on this one point, I do not wish to be critical of Senators. I was the only member of the conference who voted for the amendment which the Senator from Pennsylvania supported. I offered it, supported it, and fought for it in conference. I would say that the conference discussed the provision off and on for 2 or 3 hours.

Two or three hours is not a great deal of time to spend on a provision such as this, when there are 165 thousand people suffering, and they represent the most pitiful cases in America.

Mr. CLARK. Did I correctly understand the Senator to say that he was the only conferee who voted for the amendment?

Mr. LONG of Louisiana. I was the only Senate conferee who voted for it on this floor. We had six conferees. Five of them were senior members of the Finance Committee, who voted against the amendment.

Mr. CLARK. Is there not an obligation on the part of Senate conferees to support the position of the Senate on those provisions with which the Senate is in disagreement with the House?

Mr. LONG of Louisiana The Senator is correct.

Mr. CLARK. Was support not given in this instance?

Mr. LONG of Louisiana. It was given to this extent. One roll call was had, during which the House Members stated that they insisted on their disagreement, and the Senate Members insisted on their part. We adjourned overnight, after discussing the bill for a couple of hours. We discussed it further perhaps for an hour or two hours the next day. Then one of the members moved to recede and agree.

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

Mr. LONG of Louisiana. I yield.

Mr. CLARK. Is not the Senator in agreement with the proposed change in the rules of the Senate which the Senator from Pennsylvania submitted last year, and which has been languishing in the Rules Committee ever since, which would require that a majority of the members representing the Senate in conference should have voted on the floor in support of the Senate position on a provision with which the Senate is in disagreement with the House?

Mr LONG of Louisiana. Mr. President, I bow to the Senator. I am his firmest convert.

Mr. CLARK. Is it not true that long before the Senator from Pennsylvania came to the Senate the Senator from Louisiana had insisted on that principle to the point of going on the floor in opposition to conferees who were to be appointed by the Chair?

Mr. LONG of Louisiana. The Senator is taking the words out of my mouth. I have volumes before me of instances in which this practice occurred previously, when Senate conferees went to conference and voted against the position of the Senate.

I wish to make another point. When conferees have a political philosophy which is opposed to Federal aid of this type or to social security for the same purpose, we should not be surprised that the conferees return and bring in a bill that fails to do that which runs contrary to the accepted political thinking in their States.

Mr. CLARK. Is the Senator of the view that the particular conference on which he is now commenting is an excellent example of the desirability of the proposed rule that we have been discussing?

Mr. LONG of Louisiana. It seems to me that the rule should be that way. I do not want to reflect upon any Senator. Some Senators would contend that a bill could be handed to a group of conferees, only one of whom had upheld the majority views of the Senate, and that the conferees would fight just as hard as if it were their own amendment in which they had their heart and soul.

It is difficult for me to believe that to be the case, or that anyone would fight that hard. I do not share that feeling.

I have a note in my desk drawer which I wrote to express my thoughts while I was sitting and listening to a previous conference report. It reads:

No matter how long we sit, I know my side is going to yield.

The conferees know it, too. I could see in short order that there would not be the firmness and determination on my side of the conference table that there was on the other side of the table, and that our point would be yielded.

Mr. CLARK. I hope we shall have an opportunity next January to change the rule and to vary the procedure which has grown up in the Senate, which I personally believe to be quite unsound. I look forward to having the strong support of the Senator from Louisiana when the proposed change comes up.

Mr. LONG of Louisiana. I do not think we need to have a change in the rules.

Mr. CLARK. I do not think we need a change in the rules, either.

Mr. LONG of Louisiana. Some of us—and I put myself in this category—are too timid to demand that the Senate conferees be appointed as the present rules provide.

Mr. CLARK. If the Senator will yield further, I agree with him that we do not actually need a change in the rules. I agree with him that the procedure in the Senate over many long years would require conferees to meet the test which we have been discussing.

Mr. LONG of Louisiana. Yes.

Mr. CLARK. But, as the Senator well knows, there are certain committees in this body in which the senior members of the committee insist on being members of the conference committee anyway, even though they have opposed the majority position of the Senate. Then it is very embarrassing for other Senators, particularly Senators far junior in terms of service, to rise on the floor of this body and oppose the appointment of such Senators to the conference committee. I agree with the Senator that we probably should do so. We should do so more often. But I think the easier way to handle the problem is to make the change by rule so the embarrassing question will not arise.

Mr. LONG of Louisiana. It seems to me that the attitude of many of us is somewhat reflected by the situations in our States.

The junior Senator from Louisiana can be put in that category to a certain extent. He has had something to do with the shaping of political decisions of his State, although not a great deal. But as between himself and members of his family, who certainly have had much more to do with it than he, political decisions have been shaped. The Senator from Louisiana certainly agrees with what appears to be the public policy of his State toward issues such as public welfare. It stands to reason that a State which contributes very little would not have the same zeal to obtain Federal matching funds in a field of this sort, as a State which contributes much.

I have a list showing the per capita effort toward public welfare, listed by States, and showing the conferees as they represented the Senate in conference.

For example, three of the six conferees came from States that make the least effort to match public funds. Some States have a high per capita income; others have a well recognized conservative philosophy of supporting low taxes and little activity in this field.

In some respects, the table seems to indicate that some States, and Senators who represent them, are not as eager to achieve action in that field that we would have otherwise.

For example, the State of Delaware makes an effort of $1.51 per capita.

The State of Louisiana makes an effort of $11.82 per capita. That in my judgment tends to reflect itself in the attitudes Senators take on these matters. If it affects a State substantially, Senators tend to fight harder and to make a more determined effort to bring something out of conference on that type of issue.

Mr. President, I ask unanimous consent that the tabulation to which I referred be printed in the RECORD at this point in my remarks. The tabulation lists the conferees as well as the per capita contribution from each State.

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

Per capita effort toward public welfare
(States in order of smallest effort)

1.	Virginia	$0.74
2.	Delaware	1.51
3.	North Carolina	1.66
4.	Indiana	1.66
5.	Maryland	1.68
6.	New Jersey	2.11
7.	South Carolina	2.41
8.	New Hampshire	2.74
9.	Tennessee	2.75
10.	Wyoming	2.82
11.	Nevada	3.31
12.	Montana	3.42
13.	Nebraska	3.68
14	Ohio	3.69
15	Vermont	3.78
16	Florida	3.84
17	Arizona	3.92
18	Wisconsin	3.96
19	Hawaii	3.97
20	Alaska	3.97
21	Mississippi	3.98
22	Maine	4.09
23	Kentucky	4.14
24	Kansas	4.17
25	West Virginia	4.19
26	South Dakota	4.41
27	Georgia	4.63
28	Texas	4.71
29.	Pennsylvania	4.84
30.	New York	4.87
31.	Michigan	4.97
32.	Alabama	5.05
33.	Iowa	5.15
34.	Utah	5.16
35.	Minnesota	5.18
36.	Idaho	5.22
37.	New Mexico	5.69
38.	Arkansas	5.81
39.	Oregon	5.89
40.	District of Columbia	6.23
41.	Illinois	6.67
42.	North Dakota	7.17
43.	Rhode Island	8.39
44.	Missouri	8.92
45.	Connecticut	9.09
46.	Massachusetts	10.99
47.	California	11.70
48.	Louisiana	11.82
49.	Washington	16.16
50.	Oklahoma	18.64
51.	Colorado	21.80

Mr. LONG of Louisiana. As a tribute to the Senator from Oklahoma [Mr. KERR], it should be noted that his State ranks second only to the great State of Colorado in effort. The Senator from Oklahoma had much to do with the fact that Oklahoma is second in the United States for effort in the field of public welfare expenditures and State matching of Federal expenditures.

Perhaps that is consistent with what I was saying when I noted that the Senator from Oklahoma was the sponsor of the amendment which will undoubtedly become law, and which will be the greatest forward stride that we will have in public welfare legislation in quite a period of time.

It may be that very little can be done about this matter and that many of us who are fighting this battle are fighting for a hopeless cause. I will continue to make this battle. Perhaps over a period of time we will at least educate some and persuade others. Oftentimes it is only later on that we get the results of some of the battles we fought during years gone by.

Mr. President, I had the pleasure of presiding over the Senate on Thursday, and at that time I was impressed very much by the prayer which our Chaplain delivered when we opened the session of the Senate. I will read only one sentence from his prayer:

Stay our hands when we attempt to postpone into the future the justice waiting to be done today.

Here we are, Mr. President, with a bill which is the minimum that we can get. We know we can get everything in the bill if we agree to pursue with equal vigor the welfare of the needy, trembling, tearful, helpless masses—with the same vigor with which we pursued the public works projects in the last Congress, when we overrode the President's veto, if we will take the attitude that we will send to the White House what we ought to send there, and tell the President, that, if necessary, we will stay as long as necessary for him to act on the bill. If he is going to veto it, we would like to have him veto it right away. Senators will remember that the President cooperated by vetoing the Public Works appropriation bill last year within a day after we passed it, and we overrode it within a day.

We can do it if we pursue with equal vigor and try to do something for these miserable, helpless cases. There are 165,000 of them in mental institutions. I have the facts with respect to each State in the Union, and I will give them later. These are the 165,000 most pitiful and miserable cases on earth, so far as this country is concerned. We can do it if we stand up and do what we should do. Some Senators have told me—and some of them are on the floor now—that there was no prospect of getting approval for the provision which would aid these poor people. I note that a Senator is smiling. He knows whom I have in mind. He is a man who has had some experience at many levels of government. We can do it if we stand up for it. I can cite a number of cases that I recall when we sent welfare bill amendments to conference, when in every instance those who voted for them on the floor failed to vote for them with

the same vigor when the conference deleted them and, in my judgment, surrendered without the determined effort which is necessary, and without making it clear through our conferees that we would insist something be done about the problem.

I wish to read something that impressed me greatly a number of years ago.

It impressed me so much that I decided I would read it to the Senate. It is in a book named the "Herblock Book." Some people have strange ideas about politicians. It is unfortunate that they do not see in us the many valuable human traits that we know we possess. Some people think that politicians are interested primarily in their election, rather than in the welfare of the people. It is good now and then for us to see what people on the outside think about us. I recall it has been said about people in mental institutions that if they were on the outside, they would lock us up.

I could never forget those great lines from Robert Burns about a louse on a woman's hat. The woman thought that everybody was looking at her hat; instead they were looking at the louse on her hat.

The lines of Robert Burns are:

Oh wad some power the giftie gie us
To see oursels as others see us!
It wad frae monie a blunder free us,
An' foolish notion.

With that in mind, I should like to read a few lines from the book of a noted Washington cartoonist, who in my judgment is the best in the country, and probably the greatest in the world. It shows the attitude some people have about us. I am sorry that he does not show us as fine as we know ourselves to be. However, living in Washington, as he does, and meeting us from day to day, I thought it might be a good idea to read what he has to say about how some people look upon us. He said:

It's a busy schedule for all of them, even when they're not campaigning for reelection, and I respect their efforts as exhibitions of sheer physical stamina, if nothing else. But that's not what people mean when they rise to the defense of a congressman by saying he works hard. They mean his work on legislation. And the answer to that is that there's no special virtue in working hard if they're not doing the right kind of work. Better that some of them should stay in bed. You and I work hard too, and so do those people who engrave the Lord's Prayer on the heads of pins—a mysterious occupation that I've never quite understood, but which at least does nobody any harm.

Unfortunately, some of the Congressmen do harm, and some of the worse ones probably work harder than many of the better legislators. You have to get up pretty early in the morning to fool 150 million people, and stay late at committee meetings too, if you want to make sure that a good bill is stopped or a bad one is slipped through. And if you're serving some special interests, it probably can be quite a task to get them what they want and still make it look all right to the folks back home. But to the man who's been waiting for a housing bill, let's say, and who finds it still stuck in a committee room when the congressional quitting whistle blows, it's no consolation to know that somebody—or several somebodies—had to work hard to keep it there. And when he comes home to his one-room apartment, he does not tell the little woman and the kiddies, "My, but those poor fellows must have had to work hard to do us out of a better deal than this."

I cannot help thinking that even though something should be done about these things, Senators know it is getting late in the season and they are anxious to get home and engage in political campaigns, and that there is nothing more important than that the voters should make the right choice.

I am aware that the Evening Star of this evening reads: "Senate Acts Today on Aged Care."

They might be a little ahead of themselves—a little premature—but, at least, they stress the point—"Rush To Quit Perils Wage, Other Bills—Two Houses Rebuff President in Passing Foreign Aid Funds."

Mr. President, I ask unanimous consent that the entire article be printed at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD.

(See exhibit 1.)

Mr. LONG of Louisiana. Mr. President, the article states that Members of Congress are somewhat weary and are perhaps desirous of going home. But we are paid to work 12 months out of the year. Without delaying the adjournment of Congress, it is my opinion that if the Senate would stand up, for a change, and say, "Here is a chance to do something for 165,000 people who are the most wretched and needy of them all; people on whose behalf a capital expenditure of $4.07 a day is made per individual, as compared with what Mr. Arthur Flemming says is an expenditure of $26 a day for an individual in general hospitals," my guess is that there might be some possibility of progress in this regard.

I point out the great need there is in this field. There is a great crusade—perhaps not a crusade which was referred to in an article written some time ago. At that time Mr. Arthur Flemming had made a crusade for the mentally sick. Unfortunately, the Senator from Minnesota [Mr. HUMPHREY] was not here when I referred to that. Neither was the Senator from New Mexico [Mr. ANDERSON]. On April 21 of last year, Mr. Arthur Flemming called the press into his office and stated that "the most crying need in the country, the most pitiful situation, was that which existed in State mental hospitals."

Mr. President, that is the same man who gave this proposal the ax. That was a crusade. Not the great crusade, of course, but a crusade. So now we see the end of another crusade. After the crusade had been carried on for 1 year and 6 months, we now see that it is at an end. Nevertheless, it was good for an article in the New York Times, indicating the great interest which the Secretary of Health, Education, and Welfare had for the mentally ill.

Mr. President, the junior Senator from Minnesota [Mr. MCCARTHY] has contended that the varieties of political complexion within the Republican Party could be categorized; that the Republican Party was not monolithic, as some persons contend. He believed that it was possible to find some persons, typified by Mr. Arthur Flemming, who favor such benefits as these, and who would go even further than the Democrats—but not now. They favor such benefits—but not now.

The second category is more or less exemplified by the President himself. They favor no changes and no new starts. They simply do not want to change anything. They believe things are moving along fine, so they do not advocate any new starts.

The third category is represented by the Director of the Bureau of the Budget, Mr. Maurice Stans. He favors no new starts, but lots of new stops.

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

Mr. LONG of Louisiana. I yield.

Mr. HUMPHREY. I was able to work out a simple explanation or a simple definition of what the Senator from Louisiana has just been saying. It is characterized by its conciseness. It can be placed on a postage stamp: "No go. Go slow. Not now. Veto."

That covers all the expressions of both philosophy and policy with which we have been faced.

I appreciate the Senator's reference to the crusading zeal of Mr. Flemming for the mentally ill. It reminds us so often of what has happened during this administration. There are high-level pronouncements and low-level performances. We hear great utterances indicating a deep concern for the needs of the people; but then there is a failure to carry through.

I believe someone has defined that as dynamic conservatism. I have revised it and called it dynamic apathy. What it really amounts to is that one is a progressive in ideas but a conservative in the use of the resources to carry out the ideas. That is what is called dynamic conservatism. The Senator from Louisiana has certainly given us a good example of that today.

The Senator knows that I supported his amendment. I thought it was most worthwhile. In fact, I can think of no single action by the Senate or Congress which would be more useful in the field of medical care than action in the particular area of mental health—or, to put it negatively, mental illness.

I deeply regret that this provision was stricken from the bill. I know it would have cost money. However, I must say that the failure to establish any real rule of eligibility or limitations in the bill indicates that the bill itself, as it even now is, will cost a large sum of money.

Mr. LONG of Louisiana. Oh, not much. The Senator is making a mistake.

Mr. HUMPHREY. It depends upon how liberal the States will be in terms of their plans of action.

Mr. LONG of Louisiana. I regret that the Senator from Minnesota was not in the Chamber when I began my speech. He will be happy to know that the conference made great headway in the di-

rection of economy. In the direction of fiscal soundness. It made tremendous headway along that line.

Here is the cost estimate. We went into conference with a bill which provided $1.2 billion in social security benefits.

Mr. HUMPHREY. We went over this last night.

Mr. LONG of Louisiana. We came out of conference with a bill which provides $250 million of social security benefits, an increase of $50 million over the House figure.

Mr. HUMPHREY. If I should vote for the bill, will the Senator from Louisiana testify, therefore, that the Senator from Minnesota has a record for economy?

Mr. LONG of Louisiana. I should say that this is one of the greatest victories for economy that I have seen in a long time.

Mr. HUMPHREY. I want all my Republican editor friends to note this RECORD tomorrow, because I generally get the whiplash of the editorial tongue by being characterized as a spender. I have been thinking about supporting the bill, because I believe it reflects some progress in terms of a social welfare program.

Now the Senator from Louisiana has made me feel that not only does it reflect some progress—although not enough to satisfy either of us—but it also strikes a mighty blow for economy.

Mr. LONG of Louisiana. Oh, if the press of the Senator's State of Minnesota criticized him as a great spender for voting for this conference report, they would be most unfair. The Senator should know that the conference has succeeded in taking the provision to exempt the first $1,800 of earnings, so that a man could make that much and still get his security payments, and paring down the cost by 90 percent. Think of that fantastic achievement in the name of economy. I hope the Senator understands how that will work.

Mr. HUMPHREY. I went through that.

Mr. LONG of Louisiana. It will work out in such a fashion that a person will be permitted to make an extra $25 a month, from which the Federal Government will net $12.50. In other words, every time a person makes $2, the Federal Government will reduce his social security payment by $1. Thereafter, every time he makes $1, the Federal Government will get $1. So he will be working 100 percent for the Federal Government every extra hour he works.

I oftentimes have thought that one of the greatest sacrifices, one of the greatest definitions of principle I knew, was that of the Catholic priest who takes an oath of poverty, above his need of daily bread and a little clothing to wear; he needs nothing else on earth, and everything he earned or made went to God's service—a great sacrifice.

Of course, the Communists attempt to copy that, by trying to replace devotion to the Lord with devotion to the State. The Communists offer inducements to the Russian workers to increase their work output and lengthen their working hours and let the Government of Russia receive the entire benefit. Furthermore, as Senators know, in Russia the pictures of those who work overtime are posted in conspicuous places—along the boulevards or in the parks; and the same is done for those who increase their production, and thus aid the state.

A similar procedure is to be followed in regard to social security, by means of this measure; and in that respect it seems that we are catching up with the Communists, because every additional dollar these American workers earn will go to the Government.

As a matter of fact, Mr. President, the procedure under the measure now before us will help clear up at least some misunderstanding. I refer to the fact that for a long time many millionaires in our country have been complaining about taxes. But now we find that under the provisions of this measure the poor men will be taxed 100 percent of their extra earnings, and as a result they will begin to understand how the millionaires feel.

Mr. HUMPHREY. In other words, the Senator from Louisiana is saying that this measure will give everyone equal social status. [Laughter.]

Mr. LONG of Louisiana. That is correct; certainly that is what will be achieved.

Recently, there have been proposals to construct a Federal office building in Lafayette Square. It has been suggested that if that is done, the President will be able to look out of the window, at the White House, and see whether the employees in that Federal office building are working.

On the other hand, some have suggested to me that if the measure now before us is enacted into law, Lafayette Square will be a good place in which to post the pictures and otherwise advertise the status of these workers, who will turn over to Uncle Sam 100 percent of the extra amounts they earn.

Of course, Mr. President, under existing law, the tax paid on extra earnings, within reasonable limits, is levied at the same rate as the tax the worker pays on his regular salary. But under this bill, those who work extra hours will find that they will be working 100 percent for the Federal Government, and not even 1 percent for themselves. Under such conditions, Mr. President, those workers will be as great patriots as Nathan Hale was.

Senators also realize that the conference committee deleted the provision to reduce the retirement age for men, and also deleted the provision by means of which an additional 200,000 would have been covered.

At this time I should like to read from an editorial which was published in the Washington Post. The editorial describes the situation which exists in the State of Maryland. Inasmuch as the Washington Post is published in the District of Columbia, the editorial writer obviously was in a position to have considerable information about the situation in Maryland. The editorial I now hold in my hand was published following the publication of the series of articles to which I have previously made some reference.

However, before reading from the editorial, I shall read from a Washington newspaper article which describes conditions very far from those one would expect under the great crusade promised by Mr. Arthur Flemming. The article describes the conditions faced day after day by the poor wretches who are confined in a mental institution in Maryland. The great crusade which Mr. Arthur Flemming promised would be made in their behalf evidently has now been abandoned, insofar as the administration is concerned, because Mr. Arthur Flemming, despite his previous assurances, more recently stated very definitely that he believed Mr. Eisenhower would veto the bill if the provision which called for giving some aid to the poor, unfortunate people who are confined in State mental institutions were included in the bill which was sent to the White House.

I now read from the newspaper article:

More than 75 percent of the institution's population will remain there for the rest of their lives.

Because of mental deficiencies dating back to birth or early childhood illness many of these will never exceed the intellectual level of 1-, 2- or 3-year-old children.

Without adequate supervision they are doomed to a vegetative existence, plagued by filth and sickness. At best they can hope for fulfillment of their basic physical needs—food, clothing and shelter. For some there is the possibility of a productive life within Rosewood.

Since public interest in the plight of Maryland's mental institutions was first aroused by a series of articles in the Baltimore Sun a decade ago, some piecemeal progress has come to Rosewood.

Nevertheless the institution still presents an overwhelmingly bleak picture, bringing heartbreak instead of hope, to families like the Crumplers who are confronted with the problem of mental defectiveness.

Here are some of the conditions found during a 1-day tour of Rosewood and interviews with its staff.

In a large, gloomy basement of Wyse cottage, 136 severely retarded male patients aged 10 to 66 milled aimlessly, fought or huddled on the floor. They were being herded by one attendant.

Most of this group had no control over their bowels or bladders. A fellow patient toiled after them endlessly with a mop. Eight hundred of Rosewood's patients are not toilet-trained.

In the institution's overcrowded hospital helpless patients like Wayne become malnourished or dehydrated because of an inadequate staff.

MANY UNDERNOURISHED

In Rosewood's packed nursery, now quarantined with dysentery, 64 sick children are jammed into space licensed for 48.

An additional 18 youngsters are waiting to be admitted as soon as the quarantine is lifted. Because of cramped space and lack of beds some will have to sleep on the floor.

Patients, some of them low-grade morons, are being used as substitutes for nurses and hospital attendants in feeding and caring for more helpless patients.

A responsible State official in my State estimated that 20 percent of these people could be restored to a happy life. But there is no prospect for that, and there is not even a prospect that they

will be analyzed and properly screened, to see whether those who now are in these institutions can be treated.

Furthermore, in many of the State hospitals of this sort, as in the case of the hospital in Maryland to which the article I have been reading refers, the care is administered by some of the patients themselves—somewhat like the present prison trusty system.

I read further from the article:

Rosewood Supt. George W. Medairy admits there may be "some irregularities" in the care program because it is necessary to depend on patient help.

Men, women, and children roam their quarters in half dress or complete nudity. One straggling procession of female patients was observed tramping through Rosewood's grounds in filthy, tattered garments.

NO SPECIAL SAFEGUARDS

Epileptic, blind, and crippled patients are mingled under one roof with others. Although anticonvulsive drugs are used there are no special safeguards against injury from falls or fellow patients.

One of Rosewood's spastic cottages, intended for crippled patients only, was 11 beds beyond its licensed capacity. Another was three patients over its limit.

Staff shortages in the four spastic buildings, according to Rosewood officials, are among the most critical in the institution. Yet this is where the institution's most helpless patients are quartered.

In some cottages a television set is the only recreational facility. But sets within reach of the patients are quickly battered into uselessness.

During September, Rosewood lost one employee for almost every two it put on the payroll.

Medairy gives two reasons for this astonishing turnover. Low pay and the repulsive nature of the work.

I am pleased to note that the able and distinguished senior Senator from South Carolina [Mr. JOHNSTON] is here and is listening to my presentation, because in his capacity as chairman of the Committee on Post Office and Civil Service he has led the fight, year in and year out, to see to it that Federal employees receive adequate pay. That is one reason why the care provided in the Federal hospitals is so much better than the care provided in the kind of hospitals to which the article from which I have been reading refers. So I am pleased that the Senator from South Carolina is listening to my reading of this article

I point out that the article also describes the pay received by the attendants in these mental hospitals. I read further from the article:

The institution pays its attendants a starting salary of $2,698 a year.

Maryland's penal institutions pay new prison guards a minimum of $3,580 annually.

So a guard in the State penitentiary receives 50 percent more than the pay received by an attendant in the State mental institution.

As a matter of fact, the figures show that the per capita expenditure in the State mental institutions is much less than the Federal Government spends for the detention and care of criminals confined in Federal penitentiaries. It costs over $5 per person per day to keep a convict in a Federal penitentiary, one who had been guilty of murder, arson, dope peddling, or goodness knows what. Here the person who needs care has the benefit of a $4.07 expenditure for him.

I continue to read from the article:

Rosewood now has 320 attendants—30 short of the number allowed in its budget—to care for patients on a 24-hour schedule. Each works an 8-hour shift.

Medairy estimates he needs another 100 to provide adequate custodial care for the present patient population.

That is only custodial care; it has nothing to do with treatment for these people.

Rosewood has filled 8 of its 10 budgeted positions for doctors. A majority of those hired do not meet minimum State training requirements for their positions.

Clinical Director Dr. John Vasconelos said Rosewood needs at least 15 or more physicians in order to carry out a medical program which will produce maximum results for patients who can benefit from help.

At present the medical staff is demoralized by lack of manpower and adequate pay admitted one ranking doctor.

At a recent meeting of Medairy's advisory staff one consultant warned that the institution is "not in a position to take one patient more until we get a bit of breathing space."

Yet Rosewood is soon expected to get a batch of 35 new patients.

Since Rosewood is not accredited by the American Psychiatric Association, there is no incentive for young doctors to spend time there to advance their own careers.

Last year Rosewood's overall daily cost averaged $4.53 per patient.

Mr. President, the conditions I am describing take place in a State whose expenditures for that care are 10 percent above the national average.

This is well over the $3.64 national average for State mental hospitals.

Since that time there has been some small improvement.

This year Rosewood was allowed $3.8 million for operations and $1,027,800 to renovate and expand its physical plant.

On the positive side, Rosewood can boast of a modern well-equipped school which serves the 11 percent of its inhabitants who can be trained for productive roles in society.

Here 242 children are being taught to read and write. They are being educated for such skills as cooking, housekeeping, and shoe repairing.

But as public schools develop their own programs for the retarded, enrollment at Rosewood school is expected to decline. More and more patients will fall into the uneducable group.

Mr. President, I ask unanimous consent that the entire article be placed in the RECORD at this point in the RECORD. I will not read it all.

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

[From the Washington Post, Nov. 23, 1958]

INADEQUATE STAFF AND LACK OF BEDS TURN SCHOOL FOR MARYLAND RETARDED INTO A MODERN BEDLAM

(By Laurence Stern)

Last September Mr. and Mrs. Shelton Crumpler, like hundreds of other parents of handicapped children throughout Maryland, turned to Rosewood Training School as a last hope.

It turned into a two-month nightmare.

Their 8-year-old son Wayne suffers from cerebral palsy and mental retardation. He must be dressed, fed and handled like an infant.

When Wayne went to Rosewood he weighed 42 pounds. Deprived of the individual feeding care he needed, Wayne's frail, crippled body shrank to 28 pounds.

Four days after his arrival he was critically ill with pneumonia. On October 23 Wayne was transferred to University Hospital in Baltimore suffering from severe malnutrition and anemia.

His leg muscles had begun to atrophy from lack of exercise.

By that time the Crumplers had all they could take.

"Wayne is coming home and I'm going to work," his mother said resignedly. "I'm not going to send him back there."

The child's father, a telephone lineman, cannot afford the $325 a month it would have cost to place Wayne in an accredited private institution in the Washington area.

In order to hire a qualified nurse to care for Wayne as well as her two normal daughters, Mrs. Crumpler is jobhunting.

Rosewood's overworked hospital staff feels the pinch of overcrowding and lack of personnel as acutely as patients. But without more money, space, and help, they are powerless to improve conditions.

NOT UNUSUAL CASE

Wayne Crumpler's story exemplifies conditions at their worst in Maryland's only public institution expressly for the feeble minded.

But it is by no means a freak case.

In ward after ward a visitor can see the toll of neglect and overcrowding as an understaffed force of doctors, nurses and hospital attendants try to grapple with a problem that has grown too big for them.

Although Rosewood, in the Baltimore suburb of Owings Mill, is called a training school, this is a misnomer.

Half of its 2,144 "children" are over 21. They range from 3 days to 80 years in age.

Some of these patients are shoved into Rosewood straight from the obstetrical ward by patients unable or unwilling to cope with the burden of retardation and physical deformity.

Last year 10 infants came to Rosewood only to die.

More than 75 percent of the institution's population will remain there for the rest of their lives.

Because of mental deficiencies dating back to birth, or early childhood illness, many of these will never exceed the intellectual level of 1,- 2,- or 3-year-old children.

Without adequate supervision they are doomed to a vegetative existence, plagued by filth and sickness. At best they can hope for fulfillment of their basic physical needs—food, clothing, and shelter. For some there is the possibility of a productive life within Rosewood.

Since public interest in the plight of Maryland's mental institutions was first aroused by a series of articles in the Baltimore Sun a decade ago, some piecemeal progress has come to Rosewood.

Nevertheless the institution still presents an overwhelmingly bleak picture, bringing heartbreak instead of hope, to families like the Crumplers who are confronted with the problem of mental defectiveness.

Here are some of the conditions found during a 1-day tour of Rosewood and interviews with its staff:

In a large, gloomy basement of Wyse cottage, 136 severely retarded male patients aged 10 to 66 milled aimlessly, fought or huddled on the floor. They were being herded by one attendant.

Most of this group had no control over their bowels or bladders. A fellow patient toiled after them endlessly with a mop. Eight hundred of Rosewood's patients are not toilet trained.

In the institution's over crowded hospital helpless patients like Wayne become malnourished or dehydrated because of an inadequate staff.

MANY UNDERNOURISHED

In Rosewood's packed nursery, now quarantined with dysentery, 64 sick children are jammed into space licensed for 48.

An additional 18 youngsters are waiting to be admitted as soon as the quarantine is lifted. Because of cramped space and lack of beds some will have to sleep on the floor.

Patients, some of them low-grade morons, are being used as substitutes for nurses and hospital attendants in feeding and caring for more helpless patients.

Rosewood Superintendent George W. Medairy admits there may be some irregularities in the care program because it is necessary to depend on patient help.

Men, women, and children roam their quarters in half dress or complete nudity. One straggling procession of female patients was observed tramping through Rosewood's grounds in filthy, tattered garments.

NO SPECIAL SAFEGUARDS

Epileptic, blind, and crippled patients are mingled under one roof with others. Although anticonvulsive drugs are used there are no special safeguards against injury from falls or fellow patients.

One of Rosewood's "spastic" cottages, intended for crippled patients only, was 11 beds beyond its licensed capacity. Another was three patients over its limit.

Staff shortages in the four spastic buildings, according to Rosewood officials, are among the most critical in the institution. Yet this is where the institution's most helpless patients are quartered.

In some cottages a television set is the only recreational facility. But sets within reach of the patients are quickly battered into uselessness.

During September, Rosewood lost one employee for almost every two it put on the payroll.

Medairy gives two reasons for this astonishing turnover: Low pay and the repulsive nature of the work.

The institution pays its attendants a starting salary of $2,698 a year.

Maryland's penal institutions pay new prison guards a minimum of $3,580 annually.

NEEDS 100 ATTENDANTS

Rosewood now has 320 attendants—30 short of the number allowed in its budget—to care for patients on a 24-hour schedule. Each works an 8-hour shift.

Medairy estimates he needs another 100 to provide adequate custodial care for the present patient population.

Rosewood has filled 8 of its 10 budgeted positions for doctors. A majority of those hired do not meet minimum State training requirements for their positions.

Clinical Director Dr. John Vasconelos said Rosewood needs at least 15 or more physicians in order to carry out a medical program which will produce maximum results for patients who can benefit from help.

At present the medical staff is "demoralized" by lack of manpower and adequate pay, admitted one ranking doctor.

At a recent meeting of Medairy's advisory staff one consultant warned that the institution is "not in a position to take one patient more until we get a bit of breathing space."

Yet Rosewood is soon expected to get a batch of 35 new patients.

Since Rosewood is not accredited by the American Psychiatric Association, there is no incentive for young doctors to spend time there to advance their own careers.

Last year Rosewood's overall daily cost averaged $4.53 per patient. This is well over the $3.64 national average for State mental hospitals.

WELL-EQUIPPED SCHOOL

This year Rosewood was allowed $3.8 million for operations and $1,027,800 to renovate and expand its physical plant.

On the positive side, Rosewood can boast of a modern, well-equipped school which serves the 11 percent of its inhabitants who can be trained for productive roles in society.

Here 242 children are being taught to read and write. They are being educated for such skills as cooking, housekeeping, and shoe repairing.

But as public schools develop their own programs for the retarded, enrollment at Rosewood's school is expected to decline. More and more patients will fall into the "uneducable" group.

Another landmark at Rosewood opened last August, the Esther Loring Richards Children's Center. This modern, half-million-dollar facility will be geared to the needs of emotionally disturbed children with normal learning capacity.

Three months after it opened, however, the department of mental hygiene is worrying whether it will be able to staff it.

Mr. LONG of Louisiana. Mr. President, before I leave this study done by the Washington Post, I should like to read an editorial from the Washington Post which was printed subsequent to the conclusion of this series of articles.

I regret that the distinguished junior Senator from Illinois [Mr. DIRKSEN], the minority leader, was not present when I put in the RECORD the estimate of costs. I feel perhaps I should go back and review the costs for him, because I know he should know about it.

I thought the Senator would want to know that the benefits we voted for in the Senate, in the social security part of our bill, were reduced by 90 percent of the cost, with respect to earnings that would be allowed up to $1,800. The conference also reduced to $250 million the item which would have added $1,200 million, which is only a $50-million increase over the House bill, which was a bill based on the theory that they did not want to pass anything which might require an increase in the social security tax.

Mr. President, I quote from an editorial entitled, "Bedlam in Maryland," which was published in the Washington Post of December 1, 1958. The conditions therein described are somewhat typical of conditions which exist all over the country. As a matter of fact, here is a State where the expenditures for those poor mental patients exceed the national average.

I read from the editorial:

The neglect of most of the 11,000 patients in Maryland's 5 State mental hospitals which Laurence Stern described in his series of articles in this newspaper is shocking and shameful. Yet the conditions in the Maryland institutions are not much worse than they are in most other States. Despite all the money that has been appropriated for mental hospitals by legislatures in the last decade, most States are still struggling to keep up with the problems thrust upon them by the widespread incidence of mental illness. The real tragedy is that the majority of mental patients could become useful citizens again if they were only given proper care and treatment.

Just imagine, in Maryland there are 11,000 of those poor people, the majority of whom, it is estimated, could become useful citizens. Certainly a substantial number of them could become useful citizens. Estimates were made of such patients in my own State. The estimate by responsible officials was that at least 20 percent of them, with proper and efficient treatment, could be restored to useful citizenship.

I continue to read the editorial:

"The worst thing you can do to a sick person is close the door and forget about him," Dr. Charles S. Ward, superintendent of the Crownsville State Hospital in Maryland, told Mr. Stern. In his 18 months at Crownsville, Dr. Ward has opened doors; 75 patients once considered chronic mental cases have been discharged and 65 others are almost ready to leave. What has happened at Crownsville has also happened at other State institutions, in Maryland, Virginia, the District of Columbia, and elsewhere.

Yet the discharged patient is still the exception to the usual situation in mental hospitals. Most patients still get only a minimum of custodial care and hardly any medical treatment. What is needed more than anything else is more money to hire more and better doctors, nurses, therapists, and social workers to open the doors.

That is what Mr. Arthur Flemming told the New York Times he was going to do. He was going to conduct a crusade to do just that. Then, after the Senate votes for it, he proceeds to tell us he will have to threaten to have the bill vetoed if a thing of that sort is done.

I continue to read from the editorial:

When the wretched conditions in State mental hospitals—conditions not unlike those that existed in London's notorious St. Mary of Bethlehem (or Bedlam) Hospital—were first exposed by magazines and newspapers after World War II, many legislatures responded by increasing appropriations for construction and remodeling programs at the institutions. All too little money was set aside for research and staff. It is now recognized that the treatment and cure of mental patients, rather than their incarceration, is the best answer to the problems of State mental institutions. Not so many new buildings will be needed if more mental patients are treated and discharged as citizens ready to resume their positions in the mainstream of modern society.

If Maryland, and Virginia, too, had spent more money 5 and 10 years ago on rehabilitation of the mentally ill, the institutions in both States probably would not be nearly so crowded as they are today. Both States are now paying more attention to rehabilitation and staff problems, and these are the areas the Maryland Legislature should emphasize when it considers mental health bills and appropriations during its 1959 session, which begins in January.

Human life is much too precious to be dumped on a heap in a mental institution. The cost of restoring a mental patient in a Maryland institution to a meaningful life is far less in most cases than the $1,400 a year the State pays to maintain a mental patient in a hospital. To the patients, rehabilitation is almost like the gift of life itself.

Mr. President, I am delighted to see in the Chamber the able junior Senator from Georgia [Mr. TALMADGE], who, as Governor of his State, doubled the appropriation for mental institutions and the care of those in certain other institutions in his State. He brought about

great improvements in the care available to the people in his State. I know it was at considerable sacrifice to the general taxpayers that this was achieved, but the people of his State have come to recognize his farsighted leadership in that respect.

Mr. TALMADGE. Mr. President, will the able Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. TALMADGE. I express my appreciation to the distinguished and able Senator from Louisiana for his comments with reference to what was done for the Georgia mental institutions during the time I served as Governor of the State. We did as much as our resources would permit. Unfortunately, it was not as much as we desired to do. I am delighted that both my successors in office have continued to make improvements in our mental institutions at Milledgeville, Ga. We have there the largest mental institution in the world. At the present time, I believe we have in excess of 12,000 patients.

At this time I wish to thank the able junior Senator from Louisiana for the fight he has made in this regard. It was my pleasure to vote for his amendment. I am happy the amendment passed in the Senate. I regret that it was deleted in the conference. I think it would have been of great benefit to all 50 States in the Union.

I regret that I have not been present on the floor during all of the address of the able Senator. I am proud that I have had the privilege of hearing a portion of it.

I commend the Senator for his magnificent fight. I congratulate him for the victory he won before the Senate. I salute the Senator for the fight he has made and for bringing this matter not only to the attention of the Senate, but also to the attention of the entire Congress and, through the Congress, to the attention of the Nation.

Mr. LONG of Louisiana. Mr. President, I thank the Senator very much for the compliment he has paid me. I am sure I am undeserving of it.

I feel that if we will fight for these things, if we will be determined that we are going to get some action on them, some day we will get something done.

I made reference a short time ago to the fact that the Secretary of Health, Education, and Welfare, who, together with the Director of the Bureau of the Budget, can take the responsibility for killing the proposal, although I still think if we reject the conference report and insist on it we can achieve it——

Mr. TALMADGE. Mr. President, will the Senator yield at that point?

Mr. LONG of Louisiana. I yield.

Mr. TALMADGE. Will the Senator tell me what would be the total cost of his amendment?

Mr. LONG of Louisiana. One hundred and twenty million dollars.

Mr. TALMADGE. In other words, it would cost $20 million more than we have authorized for the Congo; is that correct?

Mr. LONG of Louisiana. That is correct.

Mr. TALMADGE. Can the Senator tell me what benefit we might derive from the appropriation we have made for the Congo?

Mr. LONG of Louisiana. No. I regret to say I cannot tell the Senator that.

As one Member of this body, I would have been willing to settle for something less, if we could get some real help along this line.

Mr. TALMADGE. The Senator can recite the benefits his amendment would bring to unfortunate Americans, can he not?

Mr. LONG of Louisiana. Yes. In my judgment these are some of the most unfortunate people in the country. I would say that of all the people who will be benefited by passage of the bill we have before us these people are the most unfortunate.

Mr. TALMADGE. I agree with the Senator. I am sure the Senator learned in his early days, and particularly at the time he was in law school, that crime does not pay.

Mr. LONG of Louisiana. Yes.

Mr. TALMADGE. Would the Senator say that we carried out that philosophy of government and life when we appropriated $100 million for the Congo?

Mr. LONG of Louisiana. No. I cannot say that what is going on in the Congo would justify the appropriation of $100 million.

The Senator has made the point that crime does not pay. I ask the Senator if he is aware of the fact that a mentally sick person, generally speaking, would be better off in a Federal penitentiary than a mental institution for care, because in a majority of the State mental institutions such a person would be locked up and left there. A prisoner has $5 a day provided for his care, but the care for the average patient in a mental institution is only $4.07, if it is at public expense.

Mr. TALMADGE. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield.

Mr. TALMADGE. When we appropriated $100 million for the Congo, it proved that crime does pay for the Congolese, did it not?

Mr. LONG of Louisiana. I fear it did.

The Senator should know that it was only April 21 of last year when Mr. Arthur Flemming declared that the mentally ill of the country were receiving disgracefully inadequate care and treatment. He added that the Federal Government had a responsibility to crusade in the field, and that it was starting such a crusade.

Giving a news release, which results in a special story in the New York Times that he was going to crusade to help do something about the problem, is a far cry from proceeding to assume the responsibility of using his great power and effort, sitting throughout the entire conference, to see that nothing was done to allow matching with the States in providing care for those persons in mental institutions.

I read this statement to the Senator:

Many of the country's 277 State and county mental hospitals, he asserted, are "little more than custodial institutions" and "inadequate for even the simplest methods of treatment." The average cost per patient per day, he said, is only $4.07 for care and treatment, that comparing with $26 a day per patient in general hospitals, exclusive of physicians' fees.

I do not stand before the Senate in any self-righteous sense to talk about the problems faced by the various States. I know that in the State of Louisiana an institution with 6,000 mental patients will have perhaps 6 young interns and perhaps 3 psychiatrists. We have established an institution, and have tried to have a screening process, to look over the new cases, to see if we can cure them. The number of patients assigned to a single doctor is between 30 and 50, compared to the overall situation, in which there is perhaps 1 doctor for every 1,000 people. All a doctor can do in such cases as the Senator well knows, is simply to provide a little care for health.

Mr. TALMADGE. For emergency needs.

Mr. LONG of Louisiana. There is emergency treatment, which is simply a matter of locking up these people.

The thought occurs to the junior Senator from Louisiana—and I suspect in time I shall prove it—that when these people were originally left out of the social security and public welfare program it may have been upon the same basic that we left out the county poorhouses. We could not get Federal matching for the operation of county poorhouses because conditions were so cruel in some of the county poorhouses that it appeared the poor person was put in not so much for his own benefit as simply because the public did not wish to have him begging on the streets. Therefore he would be locked up under cruel conditions, and would be worked until he practically dropped dead. To a large degree the background of mental institutions seems to be upon the basis that the public did not care to have these people around, so the people would lock them up and leave them—separate them and be rid of them.

It is a sad situation. Yet when we try to do something about it, it is distressing to see that the very people who advocate that we do something about it prove to be some of those who are responsible for preventing any action whatever from being taken.

I have before me a comparison of costs per person per day in prisons and other correctional institutions, general hospitals, mental hospitals, and tubercular hospitals. It reveals that the costs are are follows: Federal prisons, $5 a day; Federal hospitals, $24 a day; Federal tubercular hospitals, $23.62 a day; Federal mental hospitals under the Veterans' Administration, $11.90 a day.

If the Senate amendment, which the Senate voted, had been insisted upon, and if we had pursued it as vigorously and with the demand that I personally would have advocated, we would be in a position in many States to bring the care up to Federal standards by means of Federal matching funds together with what the States are paying, without any additional State expenditure, and these poor people could be treated properly.

I also have a comparison of my own State as to the expenditures in State hospitals, tubercular hospitals and mental hospitals. I regret to see that in Louisiana the expenditure is only $2.88 for hospitals of this sort.

Mr. President, I ask unanimous consent that the chart be printed in the RECORD at this point in my remarks.

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

Comparison of cost per day per person in prisons and other correctional institutions, general hospitals, mental hospitals, and tuberculosis hospitals

FEDERAL INSTITUTIONS

Federal prisons (fiscal 1960)	$5.00
Federal hospitals	24.08
Federal tubercular hospitals	23.62
Federal mental hospitals (VA) (fiscal 1959, higher now)	11.90

LOUISIANA INSTITUTIONS

State penitentiary (fiscal 1958)	2.16
State hospitals (fiscal 1958)	13.94
State tubercular hospitals (fiscal 1958)	9.22
State mental hospitals (fiscal 1958)	2.88

Mr. LONG of Louisiana. Mr. President, I have also a list of Federal institution costs, which demonstrates the point to which I made reference, that the daily cost per person in a Federal penal institution is $5 compared to an average cost of $4.07 in a State mental hospital.

I am familiar with some of the U.S. Public Health hospitals, particularly the one for leprosy, or Hansen's disease, at Carville, La., which is a very fine hospital. The daily cost per patient there is $24.08. In some respects a comparison can be made. In quite a few instances leprosy has been cured. Compare the $24.08 cost for a leper confined entirely at Federal expense with the cost of $4.07 for a pitifully mentally ill person.

The thought occurred to me that if a member of a poor family needed medical care, the smart thing for the family to do would be to get the person on dope so that he would have available treatment as a narcotic addict, because the narcotic hospitals show that the daily cost per person at Lexington, Ky., is $9.47, and the daily cost for a person addicted to narcotics at Fort Worth, Tex., is $9.67.

Senators will see that if one had a person in his family who was afflicted with hardening of the arteries in the brain or feeblemindedness, or some illness of that sort, perhaps needing various sorts of treatment, and the family was unable to provide the care and treatment for that person, the family could persuade the patient to start taking heroin, have him committed as a dope addict, and confined at Federal expense in a narcotic hospital, where he would have available treatment which would be twice as good as he would get if he were sent to a State mental hospital. The cost at the narcotic hospital would be $9.17, as compared with the cost of $4.07 at the State mental hospital.

An article entitled "Inside the Asylum," appeared some time ago in the Saturday Evening Post, which I believe is extremely enlightening on the problem of mental care. It states:

It is tragic but true that every third family will send one member of its family to a mental hospital.

Imagine that—one family in every three will send a member of the family to a mental hospital.

Yet we are told that the Federal Government, while it is willing to provide aid in all other aspects, cannot afford aid for people of this type.

In my State, we are spending $15 per patient per day in the fine State hospitals we have.

Anyone who cannot afford to pay is cared for. The Federal Government will match $45 to the State's $15. What the hospital will do with that money is rather difficult to understand, because the Federal hospital cost does not exceed $45. I suppose if the Federal Government insists upon going that far. State expenditures can be reduced and the money used for other purposes, or perhaps degrees of care that no one ever dreamed of even in private hospitals can be provided, so long as the Federal Government will contribute three-quarters of the cost.

The Saturday Evening Post article states that one family in every three will have this problem. That is the situation now, and it will become worse. Yet we are told that nothing can be done about it.

Our Secretary of Health, Education, and Welfare, who has promised a crusade in the field, leaves the choice to us and prevents us from doing anything about it. He asked the Senate to override its Finance Committee in the attempt to do something to help with this problem.

I shall not read from the beginning of this article. I should like to quote from some of the most pertinent parts of it:

Columbus State Hospital is 1 of 11 prolonged-care mental hospitals in Ohio. The State has, in addition, special hospitals for the defective, epileptic, tuberculous insane, criminally insane, and patients needing only short-term care. All are under the department of mental hygiene and correction, the biggest State-operating department. In its mental institutions are some 35,000 patients. More people enter Ohio State hospitals every year than enter Ohio colleges—

That is interesting. More patients enter their State hospitals for the mentally sick than enter their colleges—

Ohio is not peculiar. There are in the United States today some 750,000 persons in mental hospitals. One of every twelve children born today will spend some part of his life in a mental hospital.

Even so, the average citizen knows little about what goes on in his State hospital. He doesn't know who the patients are or what is the matter with them. And what is done for them? Who are the doctors, and how much do they know? What of the superintendent's burden? These are important questions to be answered in this article and others to follow. And most of the answers can be found at Columbus State Hospital, which may be taken as representative of many State hospitals in America today.

Mr. President, most people do not know what the conditions are in such a hospital. A short time ago I read an article about the conditions in Maryland, which has an above-the-average cost per capita so far as care in mental institutions is concerned. In that State the grand jury investigated conditions in Maryland. The people making the investigation became so nauseated they could not complete the investigation; they could not complete the tour. That is how bad it was. I have here some drawings which those with strong stomachs may care to look at. Senators are welcome to look at them. They can see what these conditions are like. I see in the Chamber my distinguished namesake the Senator from Hawaii. I would like to have him look at the drawings, to see what the conditions are like in Maryland. I am sorry the Senator was not here earlier. I said that a year ago Arthur Flemming himself said that he was starting a program to remedy the situation. He said something should be done about it. Yet in conference he helped to eliminate this provision from the bill. Apparently he has forgotten so soon the crusade that he started only last year.

Mr. LONG of Hawaii. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. LONG of Hawaii. Is it not a fact that any Senator or other public official who brings about some real progress in this field will be one of the eternal benefactors of our Nation?

Mr. LONG of Louisiana. I have no doubt about it. This is something that needs to be done.

Mr. LONG of Hawaii. I agree with the Senator.

Mr. LONG of Louisiana. I am convinced that, if we were to send this provision to the President, he would sign the bill containing it. I think if Arthur Flemming would recall this, the greatest crying need of all, he would crusade and do something about it. I pointed out that the average patient-care cost was $4.07 for these people, as compared with $26 in the case of others receiving medical care.

There is no doubt about it. This is an area in which something must be done to help the most unfortunate people of all. Yet, we are told that we must not in any sense try to coerce the President into signing something that he might have some doubts about.

One family in every three experiences this problem. I read further from the article:

Columbus State Hospital is like all the other State hospitals in America in many ways—big, overcrowded, short of doctors, nurses, and attendants. It is full of human suffering. Columbus State holds 2,700 patients. This is not an unmanageable number—Pilgrim State, in New York, has 14,000—but its clinical director said recently, "I'd sure hate to see it get any bigger. You can't treat patients on an assembly-line basis." The 2,700 sick people at Columbus State are occupying space big enough for only 1,800, by American Psychiatric Association standards. Yet it is not so hideously overcrowded as Toledo State Hospital, where patients sleep on the floor, or Cleveland State, which is so full that new patients must await their turn in the county jail.

Columbus must accept any patient committed to it by court. The hospital tries, not always successfully, to refuse children under 16, alcoholics who merely want to sober

up, and epileptics and mental defectives unless they are also psychotic. It must take patients who are functionally psychotic—nothing wrong physically, but they have lost their minds—and people suffering from organic disorders: arteriosclerosis of the brain, for example, or paresis. Most of the patients have been here many years. One has been here continuously since 1881. Years ago she used to sing and dance and mop the floors, but today she just sits. So far as the records show, she never has had a visitor in her 75 years here.

Columbus State is really several institutions. It is a sort of old-folks' county home. It is a maximum-security hospital for dangerous patients. It is a hospital for the treatment of acute psychotics. And it is custodial home to a host of steadily deteriorating chronic psychotics.

To care for all these patients there are 18 doctors. This includes administrators and doctors who handle purely medical problems; there are only 10 doctors who are actually seeing to the day-to-day psychiatric care of 2,700 patients. Not one of these ward doctors is a full-fledged certified psychiatrist—that is, none is fully trained and has passed the examination of the American Board of Psychiatry and Neurology.

There are only three certified psychiatrists at the hospital, and they can give little time to patients; they supervise the work of the ward doctors—

Imagine that, Mr. President. There are only three qualified psychiatrists at that hospital—

Most of the ward doctors are "residents in psychiatry," in training here for board examinations. Attendants are so scarce that frequently at night one attendant must try to handle three wards alone. Three wards comprise a block-long labyrinth of rooms and corridors and locked doors, with up to 250 psychotic patients sleeping in them. And all this is about average for State hospitals in America today; many are much worse off.

When a new patient arrives at Columbus State he is brought into the lobby, which is furnished with a row of old wooden chairs and a soft-drink machine and a showcase of patients' embroidery. Some new patients come in screaming, dragged by police, kicking at the nurses and doctors. But most wait docilely while the switchboard girl calls the admitting doctor over the loudspeaker, "Dr. Dane, Dr. Dane."

Dr. Robert Dane, a quiet, soft-spoken man of 29, comes to the lobby and sits down beside the new patient and talks to him. How does he feel? Who brought him here? Where is he? What is the date? When was he born? How have things been going at home? Can he subtract 3 from 100, and 3 from that, and so on?

From the answers to a few such questions, Dr. Dane can form an impression of what is wrong with the patient. A catatonic schizophrenic, for example, may not answer at all; a man with cerebral arteriosclerosis may be unable to reverse digits. Then a nurse takes the patient by the elbow and leads him to his ward.

A new admission is stripped on arrival, bathed, examined physically, and given a short white hospital gown and floppy white overalls. Dr. Dane interviews him again and orders any necessary tests. The tests take about a week.

Then the patient gets a chance—and only this one—to be considered by all the doctors on the staff. They diagnose his illness and prescribe treatment.

Staff meeting is held every morning from 10 to noon in a large, sunny room.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Louisiana may yield to me for the purpose of permitting me to move that the Senate proceed to the consideration of executive business, and to make brief announcements for the information of the Senate, with the understanding that he will not lose the floor by so doing.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1960—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580), the Social Security Amendments of 1960.

Mr. LONG of Louisiana. Mr. President, for the benefit of Senators who have entered the Chamber since I began my address, some time ago, I should like to state that, in my judgment, if the Senate would show a determination to reject this conference report and to seek a further conference, that would really result in a much better measure than the one now before us, and would be a great service to 200,000 people who should be protected under social security, and would be protected under it in the event the Senate should agree to the House language in that regard. I know of no Senator who had any real objection to the House provision that a person could be covered if, since 1950, he had been engaged in covered employment for one quarter out of four.

As one of those who voted to keep that provision in the bill, I recall that, to the best of my recollection, even the Senator who in the committee voted to strike out that provision, subsequently voted to restore it. In my judgment, this provision was removed from the bill only in the hope of obtaining a little leverage for the use of the Senate conferees, in the hope that it would be possible for some of the Senate amendments to be retained in conference if the conferees on the part of the Senate then yielded with respect to some of those House provisions.

So, Mr. President, I am satisfied that if the bill were sent to a further conference, and if the Senate conferees were sufficiently determined, they could obtain agreement to include a provision which would permit a person to earn more than $1,200 a year and still receive his full social security benefits, or at any rate receive a great deal more than he would otherwise be allowed to receive.

I am also satisfied that if we were to pursue this matter with fortitude and determination, and particularly if the Senate named conferees who had indicated a real and a burning desire to do something about these issues, and had voted for them here on the floor, we would be in a position to do something for the mentally ill, who have been completely ignored. Of course, I have pointed out that those cases of illness are the most frightfully wretched and pitiful of all.

So I believe Senators have a duty, even at this late date in the session, to work harder to provide more adequate care for all those who have this need.

I think, before the night is out, I would like to read the parable of Lazarus and the rich man. The rich man would not even let Lazarus have the crumbs that dropped from the table, though he had no use for them. Later on, as the Senator from Montana so well knows, after they had both passed on, the rich man found himself in a hot place, and he looked across a chasm. There was Lazarus in the arms of Abraham. The rich man said, "Father Abraham, let me cross over this chasm so that I can be with Lazarus and with you." Abraham said, "No. There is a great gap between where you are and where we are, and you cannot pass over that gap." The rich man said, "If you cannot do that, how about letting me go back to warn my brethren that they may not come to the same end I have?" Abraham said, "No, that is not possible. They have Moses and the prophets. Why do they not listen to them?"

As the Senator from Montana so well knows, and as I recall, just from the top of my head—I am not a preacher, or anything like that, but I recall some of the Biblical passages—the rich man said to Abraham, "If they will not listen to Moses and the prophets, they might listen to someone who returns from the dead." Then Abraham replied, "No, if they will not hear Moses and the prophets, they will not heed even one who returns from the dead."

Mr. President, that is our situation. I am not getting much attention. Senators are busy. Parties are going on. There are birthday parties and celebrations. Senators must make plans to run for election, which is a big burden on anyone. I think that even more important than getting ourselves elected ought to be our looking after the poor wretches who are the most unfortunate of all and who are excluded from any consideration by the Secretary of Health, Education, and Welfare, Mr. Flemming, who at one time promised he was going to make a crusade to help the States to help these poor, wretched souls.

Mr. YARBOROUGH. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield to the Senator from Texas without losing my right to the floor.

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

Mr. YARBOROUGH. I thoroughly agree with the distinguished Senator from Louisiana that this is one of the most touching issues before the American people at this time. I think this matter of medical care for the aged pulls at the heartstrings. I thoroughly agree that there are more people interested in this measure than there have been in any measure which has been before the Congress in this session or in the 1st session of the 86th Congress, though the

people who are directly concerned may be small, measured in the tens or perhaps 20 millions.

Mr. LONG of Louisiana. Mr. President, I begin to have some hope. Senators wander in now and then. Perhaps, after a period of time, I shall have been able to have talked to 30 or 40 Senators before we vote on the conference report.

It seems to me, with the variety, even though the number be small, if they will heed my words, or even listen to them, some good will have been done. Most of the time my words have fallen on empty desks and chairs. I feel encouraged that first one Senator wanders in, and then another. Of course, it is hard to remember what each one has heard, but it is helpful that they do come in. I am happy that the Senator from Texas has come in and has had an opportunity to listen to me

Mr. YARBOROUGH. I supported the amendment of the Senator from Louisiana, which was adopted by the Senate, to provide for the mentally ill and the tubercular. It has been developed that the overwhelming majority of the mentally ill can be cured. If, instead of treating them as is done all over the country, they are given psychiatric care, 75 percent of them can be restored to usefulness.

Mr. LONG of Louisiana. The estimate of the number that can be restored has varied. Some authorities say 20 percent can be restored; some say 50 percent. I read from an informed article from the Saturday Evening Post which referred to that number.

The sad thing is that people tend to associate mental illness with some sort of shame. There is nothing disgraceful about it. It is the same as being sick with another disorder. Today, these poor, helpless, sick people are locked up and left, and they scream for days on end, trying to get somebody to help them. Nobody even comes to look at them sometimes for weeks at a time.

I remind the Senator that one family in three will be affected by this problem. Yet there those people are, locked up like caged wild animals. In fact, sometimes I think wild animals are treated better.

Mr. YARBOROUGH. The figures which the Senator read from the Saturday Evening Post may range from 20 percent to 50 percent; but I formerly aided the mental hygiene associations by making speeches during some of their statewide campaigns. Psychiatrists told me they could restore 75 percent of the people provided they could treat them before they were locked up somewhere. They said once those people were locked up for 2 or 3 weeks, while it was being decided whether to commit them to an institution, the change was so great they were often beyond treatment; but if those people could be treated when they began to feel the onset of the mental illness, the percentage of restoration would be much higher.

In modern times our unmodern or present treatment of the mentally ill, in most of the States of the Union, is to treat them, not as sick people but violent people who are shut up or locked up in some building and left there. On the other hand, if a doctor or psychiatrist could treat them, just as a doctor would treat a person who might be ill with an infected thumb, and the thumb would be healed, the great majority of the mentally ill patients could be saved, and they would never reach the stage where they would have to be locked up in some institution. It would result in a tremendous saving of money in our society.

Mr. LONG of Louisiana. The Senator is correct. I have been reading articles by persons who have made studies of the subject. They find that in many State institutions—and this is typical—confinement breeds insanity. A person who is mentally disturbed and is put in an institution, where these horrible conditions exist, is often much more disturbed after he is put in there. Oftentimes treatment for a mentally ill person, because of the lack of help and lack of funds, is administered by another mentally ill person, just as sometimes prisoners will have over them a prison guard who himself is a prisoner and has been named as a trusty. If a convicted murderer is made a guard of other prisoners in a penitentiary and is given a shotgun, it might do those prisoners no harm; but all the evidence is that it does harm to cram all these mentally ill persons together, as if they were in a concentration camp, with all the disease, filth, and stink.

I remind Senators, the average person is put in those conditions for a lifetime—for the rest of his life. If we have the determination to insist upon doing something about this situation, we can do it within a couple of days. We can help wipe out these horrifying conditions.

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

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. I ask the distinguished Senator whether he saw the motion picture, "The Snake Pit," shown some years ago, which depicted conditions in some of these institutions for the mentally ill. If the Senator did so, does he think that was an appropriate name for that type of picture?

Mr. LONG of Louisiana. I did not see the picture, but I will show the Senator a number of pictures I have, some worse than others, which are artists' drawings of what conditions are like in hospitals in nearby Maryland, a State which spends more than the average, on a per capita basis, for these institutions.

To call this a "snake pit" is almost to compliment the actual conditions which exist in some of these mental institutions.

I show the Senator some more typical drawings with regard to conditions.

One of the articles pointed out that a grand jury in one of the Maryland counties decided to go out and look over the institution to see the conditions existing in the county, but before the jury could get through the institution the jurors became so nauseated they had to discontinue the tour.

Many people do not know what goes on inside these institutions. It is such an unsatisfactory experience for a person who is not accustomed to it that the person is horrified and cannot continue the tour.

Mr. YARBOROUGH. These pictures, published in the Washington Post and Times Herald for November 25, 26, and 27, 1958, show that this Maryland institution for the mentally ill has actual patients who look much worse than those who were in the motion picture, "The Snake Pit." These pictures show people who are starving. The movie actors, acting as the insane in "The Snake Pit," were well fed.

Mr. LONG of Louisiana. It would be asking too much of a movie actor to starve himself to the point of looking the part.

Mr. YARBOROUGH. They were not starved so that they looked like the people the sketches show in the Maryland institution.

Mr. LONG of Louisiana. I know the Senator does not have any doubt that this is correct. I read to the Senator from an article published in the Washington Post and Times Herald of November 24, 1958:

> When a Baltimore grand jury conducted a recent inspection tour of Spring Grove State Hospital one of the panel members found her stomach unequal to the task. She refused to complete the tour.
>
> "It was an experience none of us will ever forget," the jury later reported. "The conditions under which these wretched, deranged human beings are obligated to live are shocking beyond belief."

This article is one of those which describe how the patients themselves try to tend to other patients.

It is somewhat revolting even to have to expose the Senate to these conditions. That is why we ought to do something about it. Anybody who has seen how bad these conditions are should wish to do something about them. I view it as a responsibility of those in public life to try to do something about this kind of situation, where the need is the greatest. If we ignore it, it seems to me that we, by popular concept, are failing to live up to the wonderful opportunity we have to serve in the U.S. Senate.

I am reminded of a musical version of Dickens' Christmas Carol, done by the Aluminum Co. of America. They named it "The Stingiest Man in Town." In the scene where Scrooge is dreaming that he is in an unpleasant hot place where everyone drags a chain.

Scrooge is quoted as saying:

> I see another fellow,
> He had a great career.
> He used to be so lucky.
> What is he doing here?

Then the voice of the spirit comes to him and says:

> In government he used to be a crooked politician.
> He never did a thing to help the working man's condition.
> The stand he took on crime and vice was in the wrong direction.
> So when he ran for Paradise he lost the big election.

Mr. President, the poor people who are locked up in these institutions cannot vote. They have relatives who have sympathy for them, who would like to

see them cared for. The horrible conditions under which they exist should make this the first order of business. We should try to cure the problem, instead of placing it as the last order of business when we pass a bill to provide assistance for people who are unable to pay their medical bills.

I read from the article published in the Saturday Evening Post, one of the series of articles written on the subject, describing some of the conditions to which I have referred.

There are 28 wards in the main building. The new patient goes to one of the acute wards. Here he receives treatment for a few weeks or months. If he responds well, he goes home. If he doesn't, he is moved to a chronic ward. As patients fail to recover they tend to get moved upstairs and farther and farther back in the building, until finally they are shoved clear out of the main building and into the cottages. Nearly all State hospitals concentrate treatment on the acute wards. A patient's best chance to recover comes as soon as he reaches the hospital. The trouble with concentrating on new patients, of course, is that others are neglected. Dr. Kovitz has said, "You've got to try on everybody, and you've only got so many doctors and so much medicine and so much time."

At the time of our visit about a third of all patients at Columbus were getting some kind of treatment.

I ask Senators to think of that—only one-third.

This is a generous estimate and seems to include every patient who at some time sees a movie or is given a magazine to read—recreational therapy. It includes only 117 patients on shock treatment, 213 on the new tranquilizing drugs, 24 on individual psychotherapy, 31 on group psychotherapy—a total of 385, out of 2,700, on active treatment. Dr. Kovitz has estimated that perhaps another 1,400 might benefit from treatment if it were available. About 900 patients are purely custodial. This is probably an average treatment record for a State hospital. One doctor says, "Sometimes it almost seems as though they get well in spite of the hospital."

The whole hospital is divided into halves. The wards in the north wing are for women, those in the south wing for men. In the acute men's wards, the windows are high and narrow and steel barred. Psychotic patients wander about aimlessly, dim figures moving silently in gloomy passageways. Walking through a doorway, you come upon a man standing rigid in a corner, frozen in catatonic trance, squeezed tight against the wall as though hoping to press himself into the wall and so into oblivion. In a little toilet room a dozen men are crowded—they are forbidden to smoke on the ward, as its floors are wood, so they smoke in the toilet, where the floor is tile. In the hall a television set is blatting away; a dozen patients are sitting with their backs turned to it. The patients are not in bed, as in a general hospital. Their daily routine resembles that of prisoners, not of patients.

I digress again to make the point, Mr. President, that the Federal Government spends more money each day to incarcerate a murderer, a kidnapper, or a dope peddler than the States are able to spend to provide hospitalization and care for these wretched persons in State mental institutions.

Upstairs, 683 male patients live on the chronic wards. Dr. Bookspan, a talkative mustached man of 40, takes care of 285 of them—

That quota is low for Louisiana. It would be more like a thousand—

all four wards on the third floor. He spends most of his time making out accident reports, doling out Thorazine, dressing a lip split in a fight, ordering an X-ray of a swollen hand, resolving problems—the hospital kitchen insists that the man with the swollen hand come back to work, as no other patient can brew coffee so well, but Bookspan says the hand must be treated first.

Ward 24 is the chronic disturbed ward. "The only really dangerous men in the hospital are on 24," says a doctor. The ward is bare—few chairs, no tables or flowerpots. You can tell by the number of flowerpots what kind of patients are on a ward. Flowerpots are dangerous on a disturbed ward. The odor noticeable on any ward is stronger here—a heavy odor compounded of disinfectant, perspiration, urine, and feces—and it is overpowering in one of the bare seclusion rooms. Inspecting this room, Bookspan tells the attendant somewhat sharply that it should be cleaned.

Most of the ward's 90 patients are on the porch, a new addition with detention-sash windows on three sides, and there they sit all day, packed tightly together. A husky attendant watches over them. Most have been sick at least 10 years. Bookspan halts in front of a tall man with bulging eyes and hostile expression, and asks how he feels. No answer. Has he been doing any reading? No answer. Once he was a college dean, but in the hospital he has steadfastly maintained that he is illiterate.

A tall, powerful man approaches slowly, picking his way over the legs of sprawling patients. He says, "When can I go home, Doctor?"

Bookspan says, "We'll see—whenever you're well enough," and he moves on, remarking, "When he gets upset, he can chase eight attendants out of here. He's on Serpasil now, and it's holding him so far."

Anybody who happens to come near a schizophrenic who is excited by hallucinated threatening voices may get hit, because he is the embodiment of the phantom in the patient's mind. "This man is still very delusional," Bookspan says. "The drugs don't destroy the delusions, but they keep him from acting on them. He used to try to kill. Now he can wander around the ward safely. So the new drugs do help, at least from a management viewpoint."

Bookspan stops before a huge Negro, the only man in the ward still in restraint. Heavy leather straps bind his arms to his abdomen. They are powerful arms. He is a very tall Negro, with a small head. Dr. Bookspan says softly, "sometimes Roland hurts people. We don't think he means to, but sometimes he does, anyway." Roland stares straight ahead. "Until he began getting Thorazine, he had been in seclusion or restraint most of the time all his life."

Roland Smith, as we shall call him—all names of patients are fictitious—came here in 1919, seemingly without a past. He was an anonymous drifter, picked up by the police for vagrancy. He did not know where he came from or when he had fallen ill. He once said he worked for a circus and hurt his head. He told a doctor, "My right name is King, God, Jesus Christ. I have solid fire in my body. My hands aggravate me. They jump around. I have got the tree of life in my body. I talk to Jesus Christ and men who have left this earth." He said he had two heartbeats, one impelling him to do good and the other evil, and they pulled at him until sometimes he became "plumb crazy." He said that he could cause a lightning storm by putting his hand on his knee and crossing his other leg over it.

Smith was diagnosed schizophrenia, catatonic type. It was his habit to sit mute and frozen in catatonic stupor, and then without warning spring upon anybody who passed near. Columbus couldn't handle him. He was sent to the Lima State Hospital for the Criminally Insane. There, with few exceptions, he was kept locked up in a room alone for more than 20 years.

Think of that—locked up in a room for 20 years.

In 1931 a doctor wrote, "This patient is a dangerous man and acts more like an enraged beast than a human being." By 1944 he was easier to handle. Lima sent him back to Columbus. He sits on the same spot on the same bench on the porch, every day. Sometimes he plays with a Teddy bear. He rarely speaks. Now and then he arises and tries to fight. He is secluded at night. In 1951 an attendant noticed his face was swollen; he had a fractured skull. It healed. In 1952 he started smoking cigarettes. There is nothing more to say about him.

Behind the main hospital building, near its powerhouse and shops and garage and laundry, are clustered six cottages, four for women, two for men. In them live some 900 patients. They are purely custodial cases. They get little or no psychiatric treatment.

Most are elderly, and most will die here. Columbus has, all together, about 650 old folks. Every State hospital in America is full of them and getting fuller. Medicine is continually prolonging life, but not mitigating its terminal miseries. The old folks fill the cottages, which might be used for convalescents—fill them to overflowing, sleeping in beds jammed closely together. Some, sitting and rocking in a hallway, look like anybody's grandmother. Some, demented, naked, sprawled on the floor in a puddle of urine, look like animals. "They are waiting to die," one doctor said. "There are many things worse than death."

These are modern-day conditions. This is not something out of the Dark Ages. This is the kind of thing that the Secretary of Health, Education, and Welfare was going to crusade to do something about and then he decided to crusade to keep us from doing anything about it. I continue reading:

Not all are hopelessly deteriorated. Some of the men work in the greenhouse, laundry, kitchen or on the grounds. In all, the hospital employs about 195 patients, paying $1 a month or more; 500 more work without pay. This is called "industrial therapy." It is primarily a cheap way to run the place. The superintendent deplores it but can't help it.

B Building, a new one-story structure, is the end of the line. It contains 132 aged women, all but one incontinent. It stinks. In the pale daylight a movie is being shown, but only a few patients are watching. Some are lying on the floor. Dr. Paul Kirch says, "No matter how often you put them in chairs, they'll get down on the floor and under the beds." In some State hospitals you will see row after row of old people lying in bed, but at Columbus psychiatrists object that once a regressed psychotic is allowed to lie down he is not likely to get up; and so every morning the attendants get them up and dress them and lift them into chairs. About a dozen are strapped to their chairs to keep them from falling. All are quiet.

Think of that, Mr. President. Here these people are; they do not want to move, only to lie there and to wait to die. Conditions are such that a person would

be happy if he were dead. These are the conditions that we are told we cannot do anything about, although the Secretary indicated that he was beginning to wage a crusade against this kind of thing, to provide aid.

The attendants and sometimes the patients are mopping, endlessly mopping. There is a great deal more of mopping than of psychotherapy at any mental hospital. An attendant says, "You clean them up and it wont be 5 minutes till you have to do it all over again. We have four combative patients that kick the others down. It's terrible."

Dr. Kirch, sighing with relief as he leaves the place, says, "You look at these pathetic people day after day——." He breaks off, then says, "The surgeon can bury his failures, his incurable cases, but the psychiatrist has to look at his day after day."

Superintendent M. R. Wedemeyer, sitting in his office overlooking the front of the hospital, said recently, "What we need above all else is more people to do more things—doctors, nurses, attendants, occupational therapists, everything." Wedemeyer is an affable crewcut man of 47 who describes himself as "a practical man." He is paid $18,500. Originally a smalltown doctor and Army doctor, Wedemeyer entered psychiatric residency training 10 years ago. He worked as a prison psychiatrist and community-clinic director before becoming superintendent here in 1952. A great deal of his time is taken up with nonpsychiatric work—hiring employees, settling their grievances, dealing with breakdowns at the powerhouse, making speeches in town, drawing up his budget.

His difficulties are numerous and often odd. Last year the hospital had to replace 1,677 panes of glass broken by patients. Patients are unpredictable. Once a patient ran a high temperature, baffled the doctors, and died; an autopsy showed that her stomach had been perforated in thousands of places by seeds she had eaten from a canary cage. The hospital has about one suicide a year. One patient tore up a book and stuffed the pages in her mouth, suffocating. Fire is a nightmare, yet well-meaning relatives give patients matches, even on disturbed wards.

Psychotics are hard to treat for physical illness—they can have pneumonia without a fever, they won't stay in bed and they'll tear the dressing off after an operation. Homicidal attacks are not uncommon. Doctors or attendants find weapons hidden on the wards—a doorknob in a sock, a sharpened spoon, a butcher knife. One night last fall one patient killed another because "the voices" told him to.

This hospital spends $2.60 a day per patient.

This hospital spends $2.60 a day per patient. I am not pointing the finger of scorn at anyone. Louisiana spends $2.88. This hospital spends $2.60. Their problems are probably somewhat different from ours. Senators can see that $2.60 is almost up to the Louisiana schedule, and we are sometimes described as a welfare State, doing more for the poor and needy than other States do. Yet I must say that, regarding these people, we do not do too much. The hospital in this article spends $2.60 for each patient. That is half of what the Federal Government spends in incarcerating a prisoner in a Federal jail. A Federal prisoner does not require as much treatment, I am sure, as these people do, who have not committed any crime. I continue reading:

It feeds its patients for 16 cents per meal. Stenographers are constantly leaving, for they are paid only $162 a month. "You call up an employment agency and they laugh at you," Wedemeyer says. The hospital records of many cases are inadequate. Wedemeyer can't put patients' records on the wards, where the doctors need them, because he can't buy a filing cabinet for each ward. Two generators in the power plant wore out; it cost $225,000 to replace them, all the money that had been appropriated for a new building. The hospital has no bread slicer, so bread comes to the wards in long loaves and has to be sliced there with sharp knives—on disturbed wards.

"I put a bread slicer in my budget twice and it was cut out," Wedemeyer said recently. Then he exploded. "And I'm going to get one this year if I don't buy another damn thing for the culinary department. And a bean snipper—a bean snipper costs only four or five hundred dollars, but we haven't got one, and every time we have a good crop we have 50 patients standing around snipping beans for 2 months out of the year."

Patients' relatives make problems. One visitor brought a bottle of wine to the ward, and when Wedemeyer barred her from the hospital, she went to the Governor of Ohio. Relatives badger doctors for permission to take a patient home too soon. It is a joke around the hospital that "we ought to give drugs to the family and let the patients go home." A while back a doctor, after working with a patient for months, got him well enough to go home. He so notified his brother, who replied, "I regret to inform you that there are no adequate provisions to accommodate him. * * * Perhaps you could find employment for him around the hospital."

Some relatives, of course, suffer deeply.

"DEAR DOCTOR: In regard to [my son] I just wondering what I am to do. * * * If you can't tell where you are at with him some days seem real good then again he gets real fussy have to let him have his own way can't talk to him. He still has his three guns loaded and here of late been shooting the revolver off two different times in the alley after I go to work so the neighbors tell me. * * * At the table he handles all the pieces of meat on the plate till he decides what one he wants, then if he don't want it throw it back for you to eat. * * * He worried his Dad to death, now he is gone and I am left to get along the best I can."

The hospital took him back.

When relatives bring a new patient to the hospital, they are given a little booklet telling them what they should know. It closes: "By having the patient admitted here, you and the hospital have embarked on a cooperative plan to help him. You cannot cure the patient alone; neither can we do it without your cooperation. We need each other's help in this and hope that we can be successful in accomplishing what you and the patient want most, his return home to a successful and happy life."

It is a brave, almost heroic, hope, and sometimes it comes true.

Think how many more of these people would go home treated and happy, if money were provided to care for them, instead of being provided to lock them up in snake pits. Think what could be done if funds were made available, as we proposed to do, for the aged in all other categories. Think what a strange comparison it makes. My guess is that it is almost typical that in Louisiana half the patient days are spent in State hospitals, where the average expenditure is almost $15 per patient a day. The Federal Government proposes to match that amount on a 3-for-1 matching basis. That means it will be $45 a day. Fifteen dollars is the average for most hospitals in the country anyway. So we would be in a position to provide a caliber of care, unless State appropriations were reduced, 4 times as good as the national average for the people over age 65.

If a person had any kind of illness which required treatment, whether it be dysentery, diarrhea, or anything else, funds would be available to treat him at a standard of $60 a day, if we want to continue our present rate of appropriations.

Yet for the poor wretch suffering from mental illness, which will affect 1 family in 3, an expenditure of $2.88 a day, on an average, is provided; and no matching funds are available.

This was to be the great crusade of the Secretary of Health, Education, and Welfare, who said such a condition was disgraceful. It was he who said that the Federal Government had a responsibility in the field, and that it would start a crusade. That was his statement on April 21, 1959. One would think that such a crusade would be pretty well under way, if it had started on April 21 of last year. Yet now we are told that if we try to do anything for the mentally disturbed, the whole project must be wiped out; that the President might even veto the whole bill.

Secretary Flemming made the comparison of only $4.07 spent for the care of a patient in an average mental institution, and $26 a day for a patient in a general hospital, exclusive of physicians' fees. In other words, the physicians' fees would be in addition to the $26 a day.

General hospitals have a higher average cost than other hospitals. I am not too conversant with the difference in costs. I read an article about them the other day. However, the average cost in certain types of hospitals across the Nation is calculated at $15 a day. I noticed that figure particularly because it just about equals the average paid in the State which I have the honor, in part, to represent in the Senate.

Mr. President, the Saturday Evening Post published another article on this subject. The article has some excellent illustrations. Unfortunately, the rules of the Senate do not permit the reproduction of pictures in the CONGRESSIONAL RECORD. However, I shall read into the RECORD some of the followup articles published in the Saturday Evening Post.

INSIDE THE ASYLUM—DISTURBED WARD

(A report on the suicidal and violent patients at Columbus State, including the grim details of a terrifying ordeal: electroshock)

(By John Bartlow Martin)

The Ohio sky is just getting light, but already the day has begun for the patients on ward 8, deep inside Columbus State Hospital. About 5 a.m., they were aroused by an attendant. He saw that they were dressed, and supervised the bedmaking. Now at 6 a.m., four male attendants and the registered nurse, Constance Novak, come on duty. While a great banging and clatter commences in the kitchen, and the nurse prepares medicines in the office, two attendants, check the seclusion rooms.

They are all alike—bare, cell-like cubicles with solid doors and barred windows. Only suicidal, dangerously combative or violently

destructive patients are secluded. Today six patients are in seclusion. One can be heard pounding on the wall and yelling, "Let me out of here, let me out of here."

Attendant Walter Stratton, with his partner, Foster Cooley, standing by, goes to the door and looks through the peephole warily, keeping his eye back a few inches. Then he opens the door. The room is filthy—the bed sodden, the walls smeared. A thin, gray man with spindly legs is reaching high up on the wall, "reaching for my nerves." He has done this for years. He says, "Can I have some breakfast?"

Stratton says, "Not just yet," and locks the door. Then, to Cooley, "We'll have to change his room." They pass on, checking the other seclusion rooms in ward 8.

Back in the main hall, Nurse Novak stands with a tray of paper cups containing medicine—the new tranquilizing drugs, anticonvulsants, vitamins, sedatives. The ward 8 patients come to her, a long line of men, some walking smartly, others shuffling along. She passes out medicines, and they swirl on around her, through the kitchen to the dining room, and sit close-packed at metal-topped tables. Three attendants follow and stand watching, for in the crowded room a sudden blowup can cause turmoil. Flies are everywhere. A faucet drips into the old sink.

Ward 8 is a complex of corridors and rooms and cubbyholes. Paint is peeling from the walls. The whole place seems massive and old, almost medieval. Every State hospital in America has a ward like ward 8—an "acute disturbed" ward. Who are the patients here? Who are the attendants? What goes on during an ordinary day?

Although ward 8 is intended for disturbed patients in an acute stage of their illness, on the day of our visit fewer than half of its patients were acute. Some were chronics sent here because they became disturbed on chronic wards. Some patients were not disturbed at all—they were ward workers. "We couldn't run a ward without patient help," an attendant says.

Mr. President, a short time ago I read the same thing about the Maryland mental hospitals. The insane are attended by the insane, and the mentally sick are attended by the mentally sick. As these articles point out, that only breeds insanity. A person who is mentally disturbed is sent to live under the most horrible conditions that the mind of man can conceive, and that makes the patient worse, instead of better, with the result that most of the patients are locked up for their lifetime, whereas the evidence shows that most of them could be cured.

Although adequate care is being provided for those who suffer from other illnesses, those who suffer from mental illness are condemned to live for years under the worst possible conditions, while the administration and Secretary Flemming think about the situation, but in the meantime reverse their "great crusade."

I read further from the article:

The ward workers get most of the free tobacco, a rare luxury at this hospital. And they are allowed to sleep in private rooms, where they may even have space for a tiny night table in which to keep their things—comb, toothbrush, tobacco, a spare handkerchief. Most patients carry everything they own in their pockets or in a paper bag.

Ward 8 contained on the day of our visit 78 patients. Most were young or middle-aged. But one was 15, and seven were past sixty. The records of 27 were marked "homicidal," or "suicidal," or both. Nearly half were schizophrenic. A score were suffering from organic brain disorder.

Dr. Robert H. Felix, director of the National Institute of Mental Health, recently estimated that if you enter an American mental hospital, your chance of leaving—alive—in the first year is about 50–50. If you stay 2 years, the odds against you jump to 16 to 1. And if you stay over 5 years, the odds against you are worse than 99 to 1.

Think of that, Mr. President. As matters now stand, no serious effort will even be made to examine the patient again, to see whether there is a chance to cure him or to make him comfortable.

I read further from the article:

The first few months, then, is the time when a new patient should get treatment. But at the time of our visit fewer than a third of the patients on ward 8 were getting treatment. Ten were receiving the new tranquilizing drugs, and 10 were getting electroshock therapy (EST). Two were receiving individual psychotherapy—a 1-hour interview with the doctor once a week. Three were going to the occupational-therapy shop. And that was all. Why? The ward doctor would like to put more patients on the new drugs, but the hospital can't afford it. She gives electroshock to all she thinks would benefit. She has no time to give more individual psychotherapy—she takes care of three wards, 209 patients. (Hydrotherapy is no longer used at this hospital; the equipment took up space needed for beds.)

After breakfast, the attendants bathe the seclusion patients and see to it that other patients scrub the seclusion rooms, mop the hall, and clean the kitchen. They hurry; Dr. Esther Handcock is due at 8 o'clock to give electroshock.

"EST is still our mainstay," says Supt. M. R. Wedemeyer. A recent survey showed that 117 patients in the hospital were getting it. EST is a method of treating psychosis by inducing epilepticlike convulsions with electricity. Some hospitals also use insulin shock, and a few still use metrazol shock. Both have been abandoned at Columbus State. EST is cheaper than insulin and, according to most authorities, less dangerous and frightening than metrazol.

Patients at Columbus State get EST once, twice, or three times a week, and in a few cases oftener. A total of 300 shocks is not uncommon. One patient at Columbus has received 427. Too much EST can produce epilepsy. Some patients break bones during EST convulsions. About once in every 2,000 treatments, one dies. EST seems to work best on depressed manic-depressives and involutional melancholics. Nobody knows why EST works. Some doctors deny that it does work, and some regard it as torture. A few sanitariums refuse to use it.

EST is used principally for two purposes: To interrupt the psychotic process in acute new patients, thus permitting them to mobilize their own resources, and as a means of managing difficult chronic patients. It is this last use that is criticized. A patient may break furniture and hit people; shock quiets him. But this is not therapy, it is merely control. At its worst, EST is used as a punishment for misbehavior. It once was common gossip that "if you antagonize the attendant you go on the shock list." Increasingly, the new tranquilizing drugs are taking the place of EST for management purposes.

In some cases, doctors say, EST is a mind saver, even literally a lifesaver. It can break the tension that drives an acute depressed patient to suicide, or the tension that drives an acute excited catatonic into a frenzy that may end in death from exhaustion. Nonetheless, many doctors object to EST because they don't know precisely how or why it acts. Others object because it terrorizes the patient. At some private sanitariums and university hospitals, EST is given like surgery, with the patient anesthetized and specialists in attendance; and it is followed by intensive psychotherapy. But at most State hospitals this is a dream.

As Dr. Handcock greets Nurse Novak on ward 8 this morning, she has a set smile on her face. Dr. Handcock is a small thin woman in a long white coat. She has been a ward doctor here 15 years. She is a somewhat reserved person, keeping apart from the young residents.

The EST machine has arrived, a brown box on a wheeled cart. An attendant plugs it into a wall socket. Other attendants have put the 13 EST patients into 13 single rooms. (Seven on this ward are due for a treatment today; six have been brought here for treatment from other wards.) Now they are tying ankles to bedsteads, fastening strips of cloth to wrists, passing wide belts loosely across bellies. The cart halts at a doorway. Stretched out on the bed is a man of 21. Three male attendants sit on the edge of his bed. Nurse Novak smears paste on electrodes attached by wires to the EST machine. Dr. Handcock, her teeth bared in a set smile, sets the dials—300 milliamperes and two-tenths of a second. The nurse, who is wearing gloves, presses the electrodes to the patient's temples. One attendant seizes the patient's legs, another seizes one wrist; Stratton seizes the other wrist and claps a gag to his mouth.

Dr. Handcock pushes a button, but nothing happens, and she looks quizzically at the nurse, then back at the machine. She says, "Oh," and flips a switch, then pushes the button again. Instantly the patient stiffens, his toes straighten out, the cords in his ankles go taut, then his legs lock like iron, then his whole body locks, until his arms are stretched tight and his head thrown back and his neck corded. The timer ticks away, then stops.

The patient begins to spit foam from his mouth, and suddenly he jumps convulsively, rocking the attendants. Then, moaning and howling in muffled tone through the gag, he leaps convulsively again and again, his knees and elbows jerking, his back arching, while the attendants hold down on him with all their strength. Gradually the convulsions subside. He had stopped breathing for perhaps half a minute, but now he begins again, his breath coming in blowing gasps through the foam on his lips; and soon he is sleeping deeply, snoring. The attendants tighten his straps and go on to the next room, while the nurse pushes the cart.

In the office the phone is ringing, and from the porch comes the sound of a paddle hitting a table-tennis ball. The EST team goes from room to room. One room is empty; the patient has fled. An attendant brings him back, a trembling white-haired man who says, "Please, doctor, I wouldn't like to have a treatment, my heart isn't good enough."

Smiling, Dr. Handcock bends over the machine. "You say that every time."

His face is red. "But listen to it, please listen to it," he pleads, and the nurse says, "Maybe you could listen to his heart, doctor; it makes him feel better."

Dr. Handcock, resigned, puts on her stethoscope and, after listening, says, "It's perfectly normal and regular, so if I were you I'd just forget it. It's just nervousness."

"Well, give me the lightest you can, will you?"

"All right; now please die down." And the attendants take hold of him, and Dr. Handcock pushes the button. He shudders. But nothing happens. Dr Handcock looks the machine over while the nurse, holding the electrodes, watches impatiently. "I guess I

didn't throw it onto 'treatment.'" She flips another switch, pushes the button, and this time it works.

After EST, the ward settles down. A couple of patients are still banging scrub buckets in the hall. The library cart arrives, containing a few worn books and magazines, two or three patients stroll up to it. In the office, Atteudant Strattou, a Xentuckian of 47, formerly a construction worker, is hunched over a desk, making out his daily report on the condition of ward 8 patients. The nurse is working on her own records. On the wiudow ledge is a cigar box full of hypodermic syringes. On the door is a sign: "No patients allowed in this office unless called for. This means evcryone."

The admonition is futile. A gnarled little man bustles in and complains that his room hasn't been cleaned. Stratton says it has been. The patient, whom we shall call Theobald Tuttle, says, "You're a liar. You're the biggest liar this side of hell."

Stratton just looks at him. Tuttle goes out and sits on a bench in the hall, saying loudly to another patient, "He's the biggest liar in the world, and he's about to get it, too, buddy."

Theobald Tuttle has been in and out of mental hospitals for twenty-five years. Originally he was a college teacher. After each siege of illness, he descended to a simpler social level—high-school teacher, then factory worker, then gardener. Each time he managed to get along for a few years, but he always returned. Just now the ward doctor would like to give him EST, but he complains of pain in his back. She asked for an orthopedic examination a month ago, but has not yet received a report.

A patient's wife comes in for a special visit: She has a check for $2,100 she wants her husband to sign. He is a tall, worried Negro, and this is apparently his total wealth. He says, "I'm not going to do it." Stratton explains that the court has appointed his wife as guardian. The patient is psychotic, but he understands the matter and he is determiued. "She might skip town, check and all. If the court says she's my guardian, let her go to the court and get the check signed," Stratton sends her to the hospital's social service department.

By now the privileged patients have gone out. Only 12 are allowed to go unattended. Only half of these choose to leave, for there is little to do—go to the commissary and buy candy, wander around the grounds, sit on the benches. Three go to the occupational-therapy (OT) shop. OT is woefully inadequate. Psychiatrists believe that performing a simple task with the hands, such as weaving or carpentry, often restores a patient's contact with reality. But at Columbus, which holds 2,700 patients, not more than 60 or 70 go to OT regularly. There are not enough attendants to take them to OT, and there is only one trained occupational therapist. The superintendent considers OT at Columbus seriously weak. So is recreational therapy—dances, games, movies, roller skating, bowling, gardening. Day in, day out, the patients just sit on the wards.

Right now on ward 8 they are sitting on the enclosed porch, an attendant watching to prevent trouble. Dr. Mary Lou Hippert, the ward doctor, has said, "Probably at least half of these patients could go outdoors if there were attendants to take them. But there isn't. The patients get out two or three times a year, to a picnic and a couple of ball games, and that's all." Disturbed patients can't be left unguarded. On the porch, a single attendant can watch 100 men.

Now, at 10:30, Dr. Hippert arrives for her daily visit to the ward. She is an attractive blond woman of 38, married, a nurse who got her M.D., went into private practice, and came to Columbus State in 1954 for psychiatric training. This morning she finds a patient waiting for her at the office door. He is young, slender, with sensitive features, and he says, "Can you transfer me to ward 6, Doctor? I want to continue my schoolwork. I've got all my materials, but there's no place to keep them here, and it's so noisy I can't study."

"We'll see," Dr. Hippert says. "Wait till I get through here." She goes into the office and asks the nurse how he's been. Pretty well, the nurse says. With trembling hands the patient shows a sheaf of blueprints to the doctor. She promises to transfer him.

Dr. Hippert asks the nurse how EST went this morning. All right, the nurse says. The doctor orders one patient taken off EST. Then, accompanied by an attendant, she goes to the seclusion rooms. In one, a lumpy man in dirty underwear is sitting on the floor. Dr. Hippert asks, "How do you feel?" No answer. He is fooling with a strip of cloth. "What's that?" she asks. He starts to reply, but his voice fades; he walks to the barred window and stands, gazing out. The doctor moves on to spend a few minutes in the other seclusion rooms.

Back at the office, the young man with the blueprints is waiting. "Would it be all right if I went to ward 6 right now?" She tells him, "A little later." She asks the nurse about a couple of other patients, orders one sent to the clinic for tests aud hurries away to staff meeting, having been on the ward a half hour.

Lunch for the patients is beef, potatoes, tomatoes and gravy. After they have goue back to the porch, a studious-looking patient strolls into the office. Stratton hands him a list of things that patients want from the commissary. Once he was a brilliant law student; now he runs errands. He was studying for his bar examination 10 years ago when he made his psychotic break—wired his parents, "Her name is Judy and she loves me." There was no Judy. The hospital gave him insulin shock and EST, and a doctor invested an hour a week for more than 2 years in psychotherapy with him. All to no avail. He was a dangerous fighter. Lately Serpasil has calmed him, and the doctors think he might get along on it at home. But he has been here too loug; he is afraid to leave.

At 1 p.m. Attendant Cooley puts a folding screen across the hall, for it is visiting time, and soon the visitors come, a half dozen of them, and the patients who are their relatives are brought to sit beside them in the hall behind the screen.

The nurse is making out her EST report, interrupted by patients who come in to talk. One is a tiny, shriveled old man who waltzes in and says to the nurse, "Hello, sweetie."

She says, "Hello, sweetie, how are you?"

"Sick in bed. Can I have some tobacco?" She gives it to him.

Theobald Tuttle comes in. "Did you say I was going to the clinic at 1 o'clock? It's 1 o'clock now." The phone rings; a patient is being sent down from a chronic ward, No. 12, where he has been giving trouble. The nurse asks ward 12 not to fill the vacancy he leaves, and she and Stratton talk about whom they can send to 12. Dr. Hippert, of course, will decide.

An attendant brings in the patient from 12. He is a tense young man, a chatterer. "Hello, what's the story, what's cookin'?"

Strattou, eyeing him, says, "How are you?"

"Well as could be expected. I've got a new toothbrush. I brush my teeth three times a day with my feet. Don't mind my swearin', it's just shorthand." His sweater is bulging with his belongings. Stratton asks the attendant from ward 12 what's the matter with him.

"He wants to run off all the time. He's just a nuisance, and he torments the nurse to death."

Stratton tells the patient, "Go out in the hall and have a seat for a little while." He goes, but comes back "How soon can I get out of here?" Stratton waves him away.

At 2 p.m. the three afternoon attendants come to work—Delmar McClaskey, a slender, clean-cut young man; Alphas Shafer, a loud, good-natured man standing 6 feet 2 inches and weighing 230 pounds; and Robert Rurode, a smaller, younger man. The nurse and McClaskey complete the shift change—count the medicines together, particularly the narcotics. McClaskey and Shafer make up the eveuing medications. At 3 o'clock the loudspeaker booms, "Visiting hours are over." After a few minutes Shafer goes to the screen and says, "Time to go, folks."

Three Negro women get up, and the patient they have been visiting shuffles back to the porch. The old man who was afraid his heart couldn't stand EST kisses his wife goodby. As she reaches the door he calls, "Watch crossing the street," and waits to see the door close behind her. He looks happy.

Shafer goes into the kitchen. It is 3:20. He unlocks and raises a panel in the wall. It opens into a dumbwaiter shaft. He pulls a chair in front of the opening, and plants himself there, remarking, "Otherwise they'd crawl down aud get out. A fellow did that once."

A patient who works in the kitchen asks, "How's it going?" Shafer, big and comfortable, says, "Won't do no good to complain. How much bread we got?" "Six loaves," the patient says, counting. Shafer pokes his head into the dumbwaiter shaft and hollers down for more bread. He banters with a friend below. Four or five patients are clustered around him, enjoying the moment. With a clatter the food comes up—trays of bread and chocolate cake, battered canisters of beans and coleslaw and meat balls. All fall to work dishing up supper, attendants and patients alike.

The evening meal is over by 4:10. As the line of men comes down the hall from the dining room, Shafer plucks five patients from it and leads them into single rooms. He remarks, "The ones that go prowling around at night, we put them to bed right after supper, so they won't get hurt." The six seclusion patients have been sent to bed already, and a patient, a shuffling old Austrian, is putting their clothes away. He never gets the clothes mixed up. Nobody can get him to leave the ward. He has been here 33 years.

Shafer is scarcely back in the office when the new patient from ward 12 comes in, asking for bed sheets. "Aren't there none?" "Yeah, but they're filthy." * * * "OK, I'll get you some."

As he talks, Shafer is filling a syringe. Out in the hall an enormous globular patient, a feeble-minded schizophrenic, is yelling. Jimmy Fisher first came here in 1932. He had been going out with a girl, but a chiropractor told him not to marry for a while because he was "too weak sexually." This worried Jimmy, as sex always had worried him, and he became depressed and wept and pulled the buttons off his clothes and finally came to the hospital. When he got out, he married his girl. She bore him a son, but the infant died in a week. Then she divorced him, and soon he was back in the hospital to stay. A dozen years later a doctor noted, "There is no record of auy treatment and there is no mental improvement." Now Jimmy scrubs at the hospital and is paid $2 a month.

The kitchen work is done, and the kitchen workers are in the hall, watching television. Some patients think television controls their minds, and won't watch it. TV substitutes for recreational therapy to some extent, but it is so passive that many doctors consider it harmful.

McClaskey, watching the television fans, says, "A few years ago these places were snake pits. Attendants beat hell out of a patient if he didn't do what they wanted. Sometimes the only way you can run a ward is by strength. But most of the time, if you stay on one ward, you get to know your patients so well that you can tell if one is going to blow up—he'll start talking to himself, or take his clothes off, or pace the floor, or won't eat. If you can spot him and put him in a room, the whole place stays quiet. I've seen some wonderful recoveries on this ward."

Shafer says, "We had one guy, he was bad: we put cuffs on him, he busted the door, he lay on his back and kicked us. Well, he got shock treatment and in less than a week we had him working in the kitchen, then in the OT shop, and he's home now. It's a funny thing, the wilder they come in, the quicker they recover." McClaskey says, "When I see a patient coming through that door, I like to see him coming through fighting, tearing the hell out of this place."

It's time to take the patients to the movie. Only 8 or 10 wish to go; Shafer counts them as they are led out. Shafer, 39, a high-school graduate, got out of the Army in 1947 and bought a little farm near Gallipolis, an Ohio River town where the chief industry was a State mental hospital. But he couldn't make a go of farming, so he came to Columbus and, like many Gallipolis men, looked to the State hospital for a job.

Attendants get $50 a week. They work 44 hours. Some work here and hold down a factory job at the same time. This practice does not foster efficiency. A poor attendant can undo the work of a good psychiatrist. There are 248 attendants for three shifts on 40 wards—2 per ward per shift. More than half of them are women. Most of the male attendants are farmers or laborers. The hospital requires only that an attendant be a citizen, an Ohio resident and between the ages of 18 and 70. Not all can read and write. One is an exburglar, hired while on parole.

A little before 7 p.m., McClaskey and Shafer leave the office and walk around the ward. Out on the porch about 15 men are rocking or talking or staring into the night. In the kitchen everything is scrubbed and put away. McClaskey reaches behind the penicillin in the old-fashioned icebox and gets milk and cake for himself and Shafer. At 6:55 p.m. a buzzer rings, and Shafer lets the privileged patients come indoors; they're on time, as usual.

A patient comes to the office for a shot of insulin for diabetes. Another patient complains that someone on the porch is throwing the table-tennis balls out the window. The attendants put the offender in seclusion. The new man from ward 12 follows them back to the office and chatters until Shafer, tired of listening, says loudly, "I thought you wanted some sheets." • • • "I do." • • • "Well there they are," and Shafer points to the desk where he put them long ago. At 8 o'clock McClaskey calls the telephone operator to report all well, as he does every hour at night. If he weren't heard from, she'd send help.

McClaskey likes his work. "The big thing is not to make the patients afraid. When a patient first comes here, he's afraid of the hospital. Well, if he's beaten he gets more afraid. If a person's fear keeps growing bigger, all the treatments you can give 'em aren't going to make 'em any better. You know, after you work here awhile you get a feeling for these guys."

At 9 p.m. Shafer steps into the hall and yells, "Let's go, boys." Six men are still watching television. They go to the porch, Shafer and McClaskey following. Nearly everybody else is already in bed. Those undressing on the porch put their clothes in little heaps, then walk barefoot in their underwear to the dormitories. In the dim light the beds are ranked in long white rows. One patient has made a tent of his sheet, fastening it to the head of the bed, so that he is completely hidden.

The attendants check the seclusion rooms. The old Austrian is still puttering around in half-darkness. They leave him alone, and go back to the office to finish their reports. Except for the scratch of McClaskey's pencil, the ward is quiet. Outdoors the night is crisp. There is a haze in the air over the deserted hospital grounds, and on Broad Street night traffic rolls quietly by, and after a day on the ward it is the outside world which suddenly seems alien.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The Senate will be in order.

Mr. LONG of Louisiana. I thank the Presiding Officer for his kind consideration. I will not insist that there be no conversations in the Chamber. The able junior Senator from New Mexico is getting some last-minute information before we vote on the bill. I would be the first to agree that we need some information and that we should consult with the experts to find out what is in the bill. There are things in the bill that people do not know anything about. The trouble is also that there is a great deal of material not in the bill that should be in the bill, and about which the people do not know anything.

I very much appreciate the fact that the Presiding Officer is protecting me in my rights on the floor of the Senate. On the chance that some of the occupants of the galleries could not hear what I said above the hubbub of low conversation that has been going on, I wish to say that I am grateful to the Presiding Officer for protecting my rights on the floor.

That gets me down to the point that I wish to make about the poor workers in these institutions. They are not paid enough. It is fortunate, indeed, for the Nation that the senior Senator from South Carolina [Mr. JOHNSTON] is chairman of the Committee on Post Office and Civil Service. I had the honor and privilege of serving at one time as chairman of a subcommittee dealing with pay-raise legislation. The Senator from South Carolina entrusted me with that chairmanship. It was a great honor for me to serve in that capacity. I had something to do with the granting of a pay raise. At the time, the distinguished chairman wanted to do even more for the Federal workers than we were able to work out in connection with the pay raise. It was worked out between him and my Representative, Hon. JAMES MORRISON, of the Sixth Congressional District, my congressional district. They worked out the problem, and as a result Congress was able to overcome all the snares and pitfalls laid by the executive branch and, to a considerable extent, I might say, by the machinations of the rules of the House and the Senate, and they were able to fight through a pay raise, if I recall, of 7½ percent for all the employees of the Government.

Think how wonderful it is that we can get good Federal employees to work for the Government. We should thank the merciful Lord that we have someone looking out for the Federal Government and that the distinguished chairman, the senior Senator from South Carolina, is on the job.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator suffer an interruption at this time, with the understanding that he will not lose the floor? I ask unanimous consent that he may do so.

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

Mr. LONG of Louisiana. It is a great honor to accede to that request.

Mr. JOHNSTON of South Carolina. I have been listening to the address of the Senator from Louisiana. He is telling us about conditions in various mental hospitals of the country. I am glad that he has brought this matter to the attention of the Senate, and has dwelt on what we should be doing at the present time in each State of the Union.

As Governor of my State for two terms I tried to do my best to look into the situation, and I am glad to say that at the close of my term as Governor of South Carolina I left that institution in better condition than it was at the time I began my first term as Governor?

The same is true throughout the Nation. We are waking up to the fact that we must do more for the mentally sick people.

I agree with the Senator from Louisiana when he said a few minutes ago in his speech that mental sickness can be cured, just as any other sickness can be cured. We have sometimes looked at mental sickness as if it were a disgrace. It is not a disgrace. As was brought out a few minutes ago by the Senator, one member in every three families in the United States at one time or another goes to a mental institution.

Mr. LONG of Louisiana. If I might correct the Senator's statement slightly—and I am sure the Senator is using the same figures that I have used—I would say that one family out of every three families has a mental case in the family which has to go to a State institution.

Mr. JOHNSTON of South Carolina. That is true. I am glad the Senator has made that clear. We should remember, also, that if we leave the matter entirely to the States, I fear the job will not be done in the way it should be done. That is the reason the Federal Government is going into this field at the present time. The same thing is true with regard to the Senator from Louisiana. He has always tried to help old people. He has done it time and time again, and in many instances he has tried to help them without States having to match dollar for dollar. I remember that I joined him on an amendment.

Mr. LONG of Louisiana. The Senator joined me as a cosponsor on a number of occasions in trying to increase payments. We got it through and made it a law. In the past few years we have been losing in conferences. Senate conferees seem to be yielding to the House conferees. I have always felt that if I could only have with me a Stonewall Jackson like the senior Senator from South Carolina, we would get somewhere in conference, and be able to do something for the needy, the poor, and the underprivileged. But it requires a stone-

wall defense to win in conference, and come back to the Senate, to have the Senate back us up in the conference position.

We could have done this in 45 minutes or a half hour, and come back to the Senate, and asked the Senate to uphold our conferees and then invite the House to do likewise. That would have been my recommendation.

Mr. JOHNSTON of South Carolina. I am personally very glad to hear the Senator speak this evening and bring this matter forcefully to the attention of the Senate. I am glad he is telling the Senate what should be done in regard to a matter of this kind. I am sure it will have its effect in the future. I certainly hope so.

Mr. LONG of Louisiana. I am extremely grateful to the Senator. I cannot recall a time, when the Senator from South Carolina had a chance to do something to help the poor and needy and underprivileged or the little Government worker or some little fellow in trouble, that he did not do everything he could. I do not recall a time when the Senator from South Carolina ever turned his back on the least of them all. I well recall that in 12 years I have never been able to find a rollcall showing that the Senator was working in the wrong direction. There is one thing I cannot understand, and that is how a person can be right both ways. I cannot understand how a person can say that the Federal Government should do something and should not do something. That is what Mr. Flemming is doing. He said he would conduct a crusade to do something in the direction of having the Federal Government help with this situation; yet he is the man who is responsible for killing this provision.

There has never been any conflict of thinking in the mind of the Senator from South Carolina.

I am sure that those on the House side who said they would not even consider doing anything about the problem, and I am sure that the Director of the Budget, Maurice Stans, who did not say, "No," but—I cannot use words to emphasize it—a double no, or Mr. Fleming, after he changed his mind following his statement, quoted in the New York Times, that he would lead a crusade for these unfortunate people, all think they are doing the right thing in working toward what I consider to be the wrong direction.

As Herblock says, "They work so hard. Look how hard they work." There will be Senators here, I am sure by the time the reception for the majority leader is over, who will have come back, expecting to vote after a while, and people will say, "Here it is, 11 o'clock on Saturday night. Look how hard they work."

I am only fearful, Mr. President, that they are working in the wrong direction. But they are working so hard. I know every Senator is just as sincere as I believe myself to be. However, I think perhaps I have not tried enough. If I tried harder, I might be able to persuade them. I am fortunate, tonight. I see five Senators in the Chamber at 9 o'clock. They are hard-working Senators.

I should like to read for the benefit of Senators, to show how other people look at us, the reactions of the famous Washington cartoonist, Herblock. He writes, in his book:

> Every once in a while when a Congressman or an entire session of Congress is on the pan, somebody is sure to say, "But they work so hard" or "You don't know how hard they work."

Then he goes on to say:

> It's a busy schedule for all of them, even when they're not campaigning for reelection, and I respect their efforts as exhibitions of sheer physical stamina, if nothing else. But that's not what people mean when they rise to the defense of a Congressman by saying he works hard. They mean his work on legislation. And the answer to that is that there's no special virtue in working hard if they're not doing the right kind of work. Better that some of them should stay in bed. You and I work hard, too, and so do those people who engrave the Lord's Prayer on the heads of pins, a mysterious occupation that I've never quite understood, but which at least does nobody any harm.
>
> Unfortunately, some of the Congressmen do harm, and some of the worst ones probably work harder than many of the better legislators. You have to get up pretty early in the morning to fool 150 million people, and stay late at committee meeting, too, if you want to make sure that a good bill is stopped or a bad one is slipped through. And if you're serving some special interests, it probably can be quite a task to get them what they want and still make it look all right to the folks back home. But to the man who's been waiting for a housing bill, let's say, and who finds it still stuck in a committee room when the congressional quitting whistle blows, it's no consolation to know that somebody—or several somebodies—had to work hard to keep it there. And when he comes home to his one-room apartment, he does not tell the little woman and the kiddies, "My, but those poor fellows must have had to work hard to do us out of a better deal than this."

Mr. President, if we could only get together and work in the same direction, at the same time, in my judgment there would be real prospects concerning what we might do to improve the welfare of these people. However, I am fully convinced that if one group of Senators is perhaps working in the wrong direction, the duty is twice as heavy upon some of us to work twice as hard in the other direction to try to see that what we fight for prevails.

The Senate has worked long hours to pass a social security bill. The bill we passed provided $1,200 million of benefits in the social security sections. By the time we came out of conference and returned to the Senate, we had a bill which provided $250 million of benefits.

The House bill provided about $200 million of benefits. So whereas we had increased the benefits of that social security bill by a net of $1 billion a year, we surrendered in conference all but $50 million.

I believe that during the time we were in conference, a bill passed the Senate providing $550 million for Latin America and $100 million for the Congo and other newly independent countries, to assist when they became independent.

But see what we have lost. We have lost most of what the Senate produced. I think we came back with about 5 percent of what we provided in our social security sections. We dumped out one-third of all the improvements we were able to vote for in the public welfare sections of the bill. The part we dumped out was the most pitiful part of it all.

The distinguished Senator from Washington is present. He made a special study of these problems and tried to do something about them. It was largely due to his support that we managed to take the first stride toward doing something on this subject.

I regret that the Secretary of Health, Education, and Welfare, who announced that he would lead a crusade to solve this very problem, reversed himself and led a crusade in the opposite direction. If that had not happened, we might tonight be happily considering the prospects of doing something for the most pitiful cases of all, the mentally ill, just in the aged bracket—165,000 of them.

In my judgment, if we could ever get through the mental block that we must not do anything for anybody which will occasion a tax increase, we would not have to dump out the other 90 percent of benefits which would go to the people.

Senators will be interested to know—and I know some have not thought about it—that when they approve the conference report, they agree to an assurance that if the Democrats should lose the coming election—and that is a possibility—there will not be a social security bill on which to vote for 2 more years. That is one of the main reasons why the House committee did not want to have something in the bill which would require an increase in social security taxes. These bills must originate in the House. That would give the Senate an opportunity to amend the bill. If there is a Republican President, and he does not want to do anything about it, if it would require more tax money and it became necessary to increase the social security tax, that would offer a chance to fight again for the very things which were dumped out in conference.

So it stands to reason that there is logic in this view. If Senators want to have an opportunity to vote to do something about social security on the off chance that there will be a Republican in the White House again, they had better not approve the conference report, because that will be their last chance for 2 years.

Our Chaplain, Dr. Harris, delivered a beautiful prayer on Thursday of this week. I regret that so few Senators were present to hear it. I was in the lobby and someone said that a Presiding Officer was needed. So the junior Senator from Louisiana was designated to be the Acting President pro tempore for that day. That was very fortunate for me, because it gave me the opportunity to hear this wonderful prayer. This is what Dr. Harris said. This was the closing line of the prayer by Dr. Harris on last Thursday:

> Stay our hands when we attempt to postpone into the future the justice waiting to be done today.

To give a single example of how to stay our hands, on the Senate side, just as an offhand provision to give us bargaining power in the conference, we took

out a provision which would have made it possible for 200,000 low-income people to be covered by social security. Actually it was 600,000. But we took out the whole provision. It would not have been much of a trick then to have agreed to the House provision. There was no real conviction against it anyway to let those 200,000 people receive the benefits. Yet we took out the House provision, but all we would have to do would be to go back to the conference and take the House provision, and 200,000 more people would be benefited. One hundred and sixty-five thousand poor, wretched mental cases would be benefited.

We would benefit the man who works and makes a little money to supplement his income. What we brought back from conference cost 10 percent as much as what we took to conference. We took to conference a proposition that a man could make $1,800 a year without losing his social security income. We came back from conference with a proposal which provided that he could make another $300 above the $1,200 he is allowed to make under present law, but that the Government would get $150 out of the $300 on social security income. After that, every dollar he made would result in a $1 reduction of his social security benefits.

The distinguished Senator from Washington knows that that is exactly like taxing him at the rate of 100 percent. The only good purpose which I can think of that that would accomplish would be to enable one man to understand another man better. It would help the poor man to understand how the rich man feels when he has to pay a tax in the 90-percent income bracket. The poor man can understand it better because he has nothing more left, but he is working that way to save 90-percent cost of the benefits which the Senate had voted.

Of course, we extended the retirement age. I regret that the Senator from West Virginia has wandered from the floor. I saw him here a short time ago. He had a little provision that went into the bill.

I should like to ask one of the pages to have the Senator from West Virginia come to the Chamber to explain that provision. He had a provision to reduce to 62 years the retirement age for men. I had never really heard the argument as to why that provision should be included, but it was not really necessary for him to explain it to me, because previously he had talked to so many Senators and had worked so hard on the amendment that there were 20 cosponsors of it. So the committee took the amendment without the least resistance; but in the conference committee, the Senate conferees dropped it, also with about the same amount of resistance.

In the conference committee it was claimed that, according to the view of the Department, we were headed in the wrong direction. So the conferees agreed to drop the amendment. Then they sent for the Senator from West Virginia; and when he arrived, they explained to him why they had dropped the amendment. We sat there with him, and proceeded to explain the logic and the reason for taking out his amendment. And then, for the first time, I really had an opportunity to understand the force of his argument in favor of his amendment. But by that time it was too late, for by that time the amendment had already been dropped.

So, Mr. President, I think much could be accomplished if we really were adamant in our positions about some of these matters, and insisted that something constructive be done.

Mr. President, I have long felt that the provisions, in the Senate Manual, relating to conferees, have much logic and merit; and I regret that, despite their logic and merit, they have not regularly been followed in the handling of proposed legislation of a controversial nature when it reached a conference committee. I particularly have in mind the provision that "the majority party and the prevailing opinion have the majority of the managers."

I recall the situation some years ago, when the Displaced Persons Act was before the Senate. It was a very, very controversial measure. The late Senator Pat McCarran, of Nevada, was chairman of the committee. Mr. President, if ever there was a Senator who had strong feelings and would stand by them, it was the late Senator Pat McCarran, a truly courageous man of great determination. Even when one did not agree with him, one had to admire his terrific, bulldog tenacity in fighting for what he favored. He made as determined and as strong a last-ditch fight against the Displaced Persons Act as I have ever seen; and he was able to hold up that proposed legislation for a year, even though he was opposed by a majority of the committee. On the floor of the Senate he offered almost 100 amendments, even though practically none of them was adopted. When the debate was over and the bill was passed, he then moved for the appointment of conferees. But the late Senator Kilgore, of West Virginia, jumped to his feet and opposed appointment of the conferees Senator McCarran suggested, because Senator Kilgore felt that if such conferees were appointed, there would be little opportunity to get from the conference a measure which would represent the view which had prevailed in the Senate. So, finally, the Senate conferees who were appointed represented the prevailing view in the Senate, even though the appointment of those conferees involved some conflict with the seniority rule. Apparently the seniority rule is but a custom or habit, whereas the conference committee provision in the Senate Manual is regarded as a requirement.

I know that the distinguished chairman of the Committee on Post Office and Civil Service, the senior Senator from South Carolina [Mr. JOHNSTON], appoints subcommittees which study bills and do a great deal of hard work on them; and thereafter, when the time for the appointment of conferees comes, members of the subcommittees are accorded the honor of being appointed the Senate conferees. I remember that once I was accorded the honor of being appointed one of the conferees, because I had served on the subcommittee, and the chairman of the committee felt that one who had been a member of the subcommittee which had worked on the bill should be appointed one of the Senate conferees, even though such an appointment would represent somewhat of a departure from the seniority rule.

However, there is no doubt that the precedents indicate that it is proper and appropriate for a majority of the Senate conferees to be composed of Senators who have voted in favor of the position taken by the Senate.

A number of times I have been disappointed by the reports which have come from conference committees when a majority of the Senate conferees did not vote for the position I took. For example, Mr. President, the business of having the Senate conferees accede to the wishes of the House conferees in regard to revenue measures comes up every year, now, and each time what develops evidences more injustice toward the positions taken by this body. Such a situation occurred last year, when House bill 7523 was being dealt with.

That bill, as enacted into law, extended the corporate income tax rate of 52 percent, continued the excise tax rates on distilled spirits, beer, wine, cigarettes, cars, parts and accessories, reduced from 10 to 5 percent the tax on transportation, and repealed the tax on local telephone service—which ultimately was extended this year, rather than repealed. The Senate had added to the House version of the bill, two amendments, one being that of the Senator from Minnesota [Mr. MCCARTHY] to repeal the 4-percent tax credit on dividend income from domestic corporations. That amendment passed the Senate by a vote of 47 to 31. The junior Senator from Louisiana was successful in having adopted by a rollcall vote of 43 to 36 an amendment to increase the Federal share in public assistance payments to the States.

The Senate appointed as its conferees the Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. KERR], the junior Senator from Delaware [Mr. FREAR], the senior Senator from Delaware [Mr. WILLIAMS], the Senator from Utah [Mr. BENNETT], and the junior Senator from Louisiana. There were seven conferees from the Senate, three from the Republican side and four from the Democratic side; but of those conferees, only three voted for the McCarthy amendment when it was adopted by the Senate, and only three voted for the Long amendment when it was adopted by the Senate.

Therefore, when the bill got to conference, there was little hope that the two Senate amendments would be retained; and, in fact, in the conference those two amendments were not retained.

It seemed to me that the House conferees sensed from the very beginning that the Senate conferees were going to recede from the position taken by the Senate and would accede to the position taken by the House. At that time the House Ways and Means Committee had instructed the House, prior to the passage of the bill, that no amendment at all to the version which had been re-

ported by the committee would be accepted. A second reason why there was little hope that those two Senate amendments would be included in the conference report was that four of the seven Senate conferees had been opposed to the two Senate amendments when they were considered on the floor of the Senate, and in the conference they made little effort to support those amendments. This was an example of a case in which the wishes of the Senate were not represented by the conferees on these two important amendments.

There was a considerable amount of debate on the floor on this question, which, I think, was very illuminating. It helps to make clear the problem, particularly when junior members of the committee are confronted with a situation in which the senior members who voted against their position are in the majority.

The Senator from Louisiana and others gave their point of view to the Senate, and the CONGRESSIONAL RECORD, volume 105, part 9, page 12045, indicates what the vote was on that issue.

When these matters are lost in this fashion, the House, on these welfare amendments, has never permitted the House to vote on them. It has always been a matter of the House Members taking the attitude that under no conditions would they consider it.

I suppose the junior Senator from Massachusetts [Mr. KENNEDY] is confronted with that problem right now on the minimum wage bill.

But if one is confronted with the additional problem that the majority of the conferees did not vote for the measure to begin with, it tends to stand to reason that the House is inclined to feel that the Senate conferees are going to yield, and, it is my experience that they yield in short order.

The custom that was practiced on that occasion seems to me to be partly a matter of perhaps not habit, but more a matter of timidity. One dislikes to suggest that his amendment, and one for which he fought on the Senate floor, would have a better chance if conferees were not chosen strictly on the basis of seniority, but on the basis that the major differences between the two Houses should be handled by the majority representatives of the Senate to argue such matters.

Someone once quoted George Norris as having made the statement that a liberal government will never really exist in America until the liberals have been in power for 20 years at least, because it would take them that long to gain control of the Senate Finance Committee.

That is a very senior committee, a committee on which those who serve in senior positions generally continue to be reelected. It is a committee from which Senators are not likely to resign in order to shift to some other committee.

In conference on H.R. 12381, a bill to increase for 1 year the public debt limit and existing normal tax rates and certain excise tax rates, two Senate amendments were lost. One, proposed by Senator MCCARTHY, would have repealed the 4-percent dividend credit for domestic corporations. The conferees were Senator BYRD, KERR, FREAR, LONG of Louisiana, WILLIAMS of Delaware and CARLSON. Of these, only two—LONG and FREAR—had voted for the McCarthy amendment in the first place. The other four had voted against it.

The other amendment lost in conference was introduced by Senator CLARK. It would have disallowed as deductions certain expenditures for entertainment, gifts, club dues, and so forth. Again, only two of the conferees—LONG and FREAR—had voted for the amendment, while KERR had not voted, and the other three conferees had voted against it.

When Senator BYRD of Virginia moved to appoint conferees after the passage of the bill as amended, Senator CLARK had this to say:

Mr. President, I have no intention of objecting to the motion of the Senator from Virginia. However, I should like to read into the RECORD the procedures in this connection as stated in Senate procedure, page 172:

"Under rule XXIV, the Senate may elect its conferees, if it sees fit to do so. The Senate has a right to elect its own conferees. A motion to elect certain conferees is amendable by substituting other conferees.

* * * * * *

"The conferees in theory are appointed by the presiding officer but in fact are designated by friends of the measure, who are in sympathy with the prevailing view of the Senate, and with consideration of the usual party ratio. And the Senate, on motion, may elect its conferees as it sees fit."

I read from page 174 as follows:

"Senators have declined to serve as conferees in some instances because they were not in sympathy with the provisions of bills as passed by the Senate or, after a conference report was rejected, a Senator declined to serve on a second conference committee because of views not in harmony with the action of the Senate.

"Conferees have resigned because they were not in sympathy with the action of the Senate on the bill or opposed to the bill in question."

The distinguished Senator from Virginia, Mr. BYRD, has been kind enough to advise me the names of the Senators whom he has recommended that the Chair appoint as conferees. I shall not object to their appointment, although a majority of the conferees are not in support of the views of the Senate as expressed this afternoon. However, I have such confidence in the Senator from Virginia and in the other conferees that I shall not raise the point raised by the procedures I have just read. Accordingly, I have no objection to the motion of the Senator from Virginia. (P. 13392, RECORD, June 20, 1960.)

When the conference report was brought up for discussion, I stated:

Mr. President, the RECORD shows that of the six Senate conferees who were named there were only two who had voted for these two amendments. Those are the two amendments that were disagreed to by the conference. The Senate did not have on the conference committee a majority of conferees representing the prevailing position on those two amendments.

The rules of the committee provide for that almost, without saying so, because the Senate manual states that it is of course recognized that the prevailing view of the Senate will be recognized in the naming of conferees. That was not the case in this instance.

It is the position of the junior Senator from Louisiana that a Senator should not wish to serve on a conference under those circumstances. Certainly I would not wish to serve on a conference committee if I had to advocate a position which was contrary to my convictions. The conferees under such circumstances should be those who genuinely believe in the amendment. It was my feeling, as one conferee, that we should have gone back to the Senate and report disagreement and ask for instructions. I do not see how the House could have declined to do likewise. It may be that the result would have been the same. Nevertheless, it is my judgment that we will never have the point of view of the liberal Senators, who are in a substantial number in the Senate, prevail in conference when the House Members are unwilling to agree, unless we appoint a majority of the Senators who genuinely support and believe in what they are saying.

The concept that we should demand or expect a Senator to go to conference and fight diligently to the best of his ability contrary to his own conviction seems to me to be not a proper concept. The rules take it almost for granted that there could be no doubt about the fact that a majority of the conferees should represent the majority position of the Senate. In this case that was not so.

That will be found at page 14707 of the RECORD of June 28, 1960.

Mr. President, the policy committee of the Democratic Party has compiled certain voting records for the convenience of Senators, to analyze certain votes. I do not suggest any partisan implications. I merely find, for the purpose of convenience, that this is a simple way to describe what was the issue, and to show what were the votes on adopting conference reports.

Mr. President, I ask unanimous consent that in connection with both of these conference reports I have discussed——

Mr. BUSH. Mr. President, reserving the right to object, I wonder if the Senator would give us some idea of whether we are to be able to vote tonight on the pending question.

We were dismissed with the idea that if we came back at 9 o'clock there would be no vote before that time. It is now almost 25 minutes past nine. I ask the Senator, with all respect, whether it is his intention to continue his remarks for a good many hours, or whether we are going to be permitted to have a vote tonight. I think it is only fair that we should have some idea as to what is the Senator's intention.

Mr. LONG of Louisiana. Mr. President, it was not this Senator who moved that the yeas and nays be ordered. This Senator was quite content that the vote should come, after he had concluded his remarks, and after other Senators had concluded theirs, on a voice vote. The distinguished minority leader and certain other Senators desired a yea-and-nay vote. If that is how they wish to have it, they will have to be available when a vote comes.

Mr. BUSH. May I ask the Senator if he objects to a yea-and-nay vote?

Mr. LONG of Louisiana. Not in the least.

Mr. BUSH. Will the Senator give us some idea as to when we might be able to reach such a vote, which has been ordered?

Mr. LONG of Louisiana. Mr. President, any time a Senator stands up and raises his hand and demands a yea-and-nay vote, it is his problem to be present when the vote occurs. That is not my problem. I did not demand the yeas and nays. So far as I was concerned, if the leadership felt it had the votes, it could vote whenever it was ready to do so. If a Senator wishes to speak, the leadership must contend with that.

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

Mr. LONG of Louisiana. I yield for a question.

Mr. BUSH. The Senator knows as well as any Senator that so long as he has the floor the Senate cannot reach a vote. I wonder if the Senator will tell us whether he intends to hold the floor, so that we cannot vote, or whether he desires to have a vote at some appropriate time?

Mr. LONG of Louisiana. Mr. President, I wish to have a vote, but I am in no particular hurry about the matter. I have a few more words to utter.

Mr. BUSH. We realize the Senator is not in a very great rush.

In all kindness, of which I am sure the Senator's heart is full, I wonder if he would not give us some indication as to whether we might expect to vote tonight. If the Senator wishes to have the vote go over until Monday, that is all right with me.

Mr. LONG of Louisiana. Mr. President, I am perfectly willing to have it go over until Monday. I do not have control. I hope, if enough Senators can be kept in the Chamber, I may gain control. At present I am not very confident.

Mr. BUSH. The Senator is very modest about his appraisal in regard to control, because the Senator has the floor. It would be helpful if the Senator would indicate whether we are to be able to vote tonight or not.

I ask the Senator once more if he will indicate his pleasure.

Mr. LONG of Louisiana. It would be perfectly satisfactory to me to quit now, if the Senate is so disposed, but I am not ready to vote, and I have a few more things I should like to say. I hope the Senator will be available to hear my remarks. I do not care to impose too much on the Senate. If the Senator has heard enough and has been convinced, one way or the other, that is his privilege.

Mr. BUSH. I have been fascinated by the Senator's remarks and almost persuaded, but not quite, to his point of view.

Mr. LONG of Louisiana. The Senator encourages me to continue.

Mr. BUSH. I do not wish to encourage the Senator too much.

I know that many Senators who are present would like to be apprised of the distinguished Senator's feelings about the vote. If we knew the Senator would like to continue and intends to continue until we adjourn, at a late hour, until Monday, perhaps some of us could make plans to go home, to finish our homework, and perhaps go to bed. We would come in for a vote on Monday. Does the Senator really care to enlighten us about that? I ask the question in all seriousness.

Mr. LONG of Louisiana. Mr. President, it is my wish that the Senate reach a vote. I do not propose to talk indefinitely in regard to the report.

I am not at all prepared to indicate that my remarks will be concluded any time soon. It might inconvenience some Senators if I did so. Some Senators went to dinner, under the impression that there would not be an immediate vote, at places so far away it would require a half hour to return. I would not like to have the Senate come to a vote and find some of the votes on my side missing. I should like to persuade a few more Senators, for a while.

Mr. BUSH. I assume there was an agreement that there would be no vote before 9 o'clock. All of us were on notice that after 9 o'clock we might expect to have a vote.

Mr. LONG of Louisiana. Mr. President, since the Senator has mentioned the subject, I had intended to talk for a while, anyway, and I thought I could show consideration to other Senators by telling them that in my judgment they could very safely go to attend a reception given for the majority leader. The majority leader did not ask for that. One of the outstanding Republican's told me he would like to pay his respects to his friend on the other side of the aisle. I told him I felt confident that we would not have a vote before 9 o'clock, unless something unusual should occur—unless lightning struck the Chamber, or something like that.

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

That reception was only from 6:30 to 8:30. No Senator is so far away that we could not get him here in a hurry, if the Senator desires a vote tonight, of which I am doubtful.

Mr. LONG of Louisiana. I do not care to rush them, but when the Senators arrive I have some arguments to make, and I wish they were present to hear them.

Mr. MANSFIELD. To prevent the Senator from repeating those arguments, I wish to say that I have listened with a great deal of care and attention and, like the Senator from Connecticut, I have been almost convinced, but not quite. Even though I voted for the amendment of the Senator when it was presented to the Senate, and think it is a good amendment, under the circumstances I am not quite convinced.

If the Senator desires to talk all night and into the morning, would he be agreeable to a proposal that we vote upon the conference report at 12 o'clock on Monday, with 1 hour for each side in the intervening time on Monday morning?

Mr. LONG of Louisiana. Mr. President, I am not ready to enter into a unanimous-consent agreement.

As I told the Senator, I should like to have the bill passed. I am very frank to say that I should like to have it passed, but it is my hope and prayer that we can go back to conference and look after some of these poor unfortunate people whom we dropped out in the conference.

I am sure the Senator would not criticize anyone for working hard when he thinks he is working for a proper objective. I sometimes have the impression that some who are working in the opposite direction think it is more difficult to listen to a Senator say something with which they disagree than to get up and talk on the other side.

I am not prepared to enter into a unanimous-consent agreement at this time.

Mr. MANSFIELD. I appreciate the Senator's sincerity in this matter. As I told the Senator, I voted for his amendment. I did it in good heart.

Certainly, in view of the fact that we are coming to the close of this session, in view of the fact that we shall have to have some kind of a medical care aid bill, I shall vote for the conference report when the time for voting comes. I appreciate the Senator's sincerity. It is not something which has come up on the spur of the moment. It is a sincerity the Senator has had for a long time. His record will bear that out.

I am only sorry we cannot come to an agreement. I assume this means the Senator will talk for some minutes longer.

Mr. LONG of Louisiana. I expect to talk longer.

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

Mr. LONG of Louisiana. I yield.

Mr. DWORSHAK. The Senator from Louisiana is making a most persuasive presentation. I wonder if he would yield for a quorum call so that some of his colleagues might be called here to listen to his comments?

Mr. LONG of Louisiana. Some of my colleagues who listened for a while earlier are now at dinner, and I believe it would be a great imposition on them to drag them away from their friends their wives, and loved ones at this hour of the night. I plan to talk for a while anyway. That being the case, I think it would be just as well not to undertake to bring them in at this moment.

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

Mr. LONG of Louisiana. I yield.

Mr. BUSH. The tenderness in the heart of the Senator is suddenly coming into view. I wonder if the Senator would feel the same way about some of us who would like to join our beloved ones?

Mr. LONG of Louisiana. If the Senator wishes to leave, in a spirit of cooperation I shall assure him that we shall not vote right away.

Mr. BUSH. Yes, but I wish to say to my dear friend that, after all, if one goes home at this hour, one does not really hope to be called back when the Senator finishes his remarks around midnight. I do not know what his plans are.

May I ask one more question? Can the Senator give us an approximate idea of when he might conclude his remarks so that we may estimate whether there will be a yea-and-nay vote tonight? Is that difficult for the Senator to state?

Mr. LONG of Louisiana. It is difficult for me to arrive at that judgment right now.

Mr. BUSH. I certainly do not wish to tax the Senator.

Mr. LONG of Louisiana. I rather doubt that it would be appropriate to vote right away. That being the case, I should like to discuss the subject a while longer. I do not feel disposed to enter into a unanimous consent agreement at this time. Perhaps after I have an opportunity to discuss the subject and make the RECORD, I might feel that the RECORD has been adequately made; but such decision at this time would be premature.

Mr. BUSH. Mr. President, will the Senator yield for one more question?

Mr. LONG of Louisiana. I yield to my distinguished friend, the Senator from Connecticut.

Mr. BUSH. I hope the Senator will not consider that I was trying to hurry him at all.

Mr. LONG of Louisiana. I appreciate very much that the distinguished Senator from Connecticut does not desire to hurry me, and I believe I can give him the same assurance that he can go home.

Mr. BUSH. Mr. President, I appreciate that statement.

Mr. LONG of Louisiana. We will give him adequate notice before there is any vote.

Mr. BUSH. On Monday?

Mr. LONG of Louisiana. I cannot assure him that I shall still be standing here on Monday, but I can assure him that we shall not vote right away, and he will get some notice. He can remove his shoes and relax.

Mr. COTTON. Mr. President, will the Senator yield to me?

Mr. LONG of Louisiana. I yield.

Mr. COTTON. I understand the distinguished Senator from Louisiana to say a few minutes ago something to the effect that he thought we could vote without a rollcall, and he was not the one who had asked for the yeas and nays. I wonder if there is any reason why the Senator thinks it would be more desirable to vote without a record vote. Does he think there would be any more likelihood that he would prevail and send the bill back to conference if Senators were not put on record?

Does he mean that he would cease to speak if there were not to be a rollcall vote?

Mr. LONG of Louisiana. Oh, no; I did not mean that at all. All I meant was that on a great number of votes, when a question comes to issue, and the presiding officer puts the question, if the vote is likely to be close, any Senator who thinks he has an opportunity to win will demand a division. But if it looks as though he might lose overwhelmingly, then, of course, he is inclined to let it go without insisting upon a rollcall vote. It was upon that basis that I said I would not insist upon a rollcall vote, but apparently some Senator wanted one.

Mr. COTTON. I was the one who asked for the yeas and nays.

Mr. LONG of Louisiana. The Senator knows, since he himself is so conscientious about this procedure, how much Senators dislike to miss a yea-and-nay vote, even though their vote would not have made any difference since the winning side had plenty of votes available.

Mr. COTTON. Mr. President, may I finish my colloquy, if the Senator will permit me?

Mr. LONG of Louisiana. I yield.

Mr. COTTON. The Senator from New Hampshire asked for the yeas and nays. He asked for them for a reason with which I believe the Senator from Louisiana, with his deep feeling and profound understanding, would agree. This bill is one of the main bills for which we were brought back here into this session, and it seems to me that it would be highly inappropriate, in dealing with the final phase of this measure, if a yea-and-nay vote were not had. But I was a little concerned because I did not want to feel that I had contributed to the rather lengthy discussion of the Senator by merely asserting the right of asking for the yeas and nays, in which request a sufficient number of Senators joined so that the yeas and nays were ordered. I am relieved to hear the statement of the Senator from Louisiana.

Mr. LONG of Louisiana. If there is any doubt whatsoever in the mind of the Senator from New Hampshire, insofar as the Senator from Louisiana is concerned, on the subject of yea-and-nay votes, I have never in my life asked to be excused from the privilege of being recorded on a vote. The junior Senator from Louisiana started his public experience as a minute clerk in a State legislature where there were voting machines, and a legislator's vote is always recorded for the record. A legislator never voted in any other way. I believe machine voting is the practice in most State legislatures.

Mr. COTTON. I wish the Senator to understand that I was not even suggesting the point he mentioned. I wanted to know, to put the question bluntly, whether the Senator intended to indicate that his speech would be any less extended if there were no yea-and-nay vote rather than if one were requested. I did not want to feel that I had caused the Senator to speak longer than he intended. That was all.

Mr. LONG of Louisiana. No, I did not have that point in mind.

Mr. BUSH. Mr. President, will the Senator yield for one more question?

Mr. LONG of Louisiana. I yield to my distinguished and amiable friend from Connecticut.

Mr. BUSH. The Senator is in good mood. I should like to make a proposal to the Senator. Would the Senator be agreeable to a motion to recess, in compliance with the previous order, until 10 o'clock on Monday, with the understanding that the Senator would resume the floor, and that he would have the floor upon the conclusion of the morning hour on Monday?

Mr. LONG of Louisiana. Of course, I am always happy when someone wishes to show me the supreme consideration of according me the floor when I desire it. However, I should be happy to ask for it and take my chances of getting the floor when we meet on Monday. I have heard Senators on occasion, when they had something that could not wait, ask that at a certain hour they be recognized to speak, but this Senator does not feel that way.

I waited until every other Senator got his speech out of the way before I undertook to make my speech, as the Senator will recall, and I have tried to yield to all others. I knew very well that if I had started to speak while there were perhaps 30 Senators who wanted to make 5-minute speeches, they would come in and want to interrupt my remarks. I wanted to have continuity to my speech.

Mr. BUSH. I am sure the Senator has not given me the impression of a man who is in a hurry. I have not thought he was in great haste. I understand the Senator does not wish to consider my suggestion.

Mr. LONG of Louisiana. So far as the Senator's suggestion is concerned, I have no objection whatever to it. I just do not feel like entering into a unanimous consent agreement at this time.

I think we have made a mistake to have so many unanimous-consent agreements. In the old days of the Senate—and yet not a very long time ago—the Senator from Oregon came here at the time—we would debate. The practice had some good points to it. We would debate, and Senators would be present, because when debate ended, Senators knew they would vote. The minute the hot air stopped, the voting started. So Senators would be present, and a Senator who wished to speak would have others to listen to him.

Now a unanimous-consent agreement is entered into which may provide that in 2 hours there will be a vote, and the time for debate is divided. Every Senator leaves. They all have something else to do. One has a luncheon engagement, another has some letter_writing to look after; others go elsewhere.

Citizens come to the Senate and sit in the gallery and wonder what in the world is the matter with this place. They wonder why more Senators do not come to listen to the one who is speaking. If the folks in the gallery attend, why do not Senators come to hear what is taking place?

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

Mr. LONG of Louisiana. I yield.

Mr. JORDAN. I have been here since 10 o'clock this morning.

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

Mr. LONG of Louisiana. I yield.

Mr. MORSE. Am I correct in my understanding of the Senator's colloquy with the Senator from Connecticut [Mr. BUSH] that the Senator from Louisiana would be perfectly willing to have the Senate recess now and reconvene on Monday morning at 9, 9:30, or 10 o'clock, and take his chances of getting the floor in the course of time on Monday?

Mr. LONG of Louisiana. I should be very pleased to do that. Now that there are many more Senators in the Chamber than before, I would like to make this point: If the bill is sent back to conference, I am sure we can get a better bill than we have before us. I am not opposed to anything in the bill. I would

vote for it standing alone. There are a number of measures in the bill that represent good legislation. I do not mean that there is only one good thing in the bill. There are perhaps a dozen good items that I consider to be good legislation. Some of them are major progressive steps themselves.

However, I am satisfied that if we pass the conference report, unless we get a Democrat in the White House next year—and I am not certain that that is going to happen—it will be 2 years, in all probability, before we will get a chance to do anything for these miserable wretches who need our help. I am not speaking only about the poor wretches in the mental hospitals. I am talking also about the man who hopes to retire at age 62, and who is not classified as totally disabled but is unable to do work to a substantial extent.

I am talking about the man who is making $150 a month, and whose check is cut, as a result, at the rate of $1 for every dollar he makes, with the result that he is, in effect, paying a 100-percent tax. I am talking about the man who had 90 percent of his benefits taken away in the conference. I am talking about the House provision which provided that 200,000 additional people would be covered, as compared with what we have provided, for a man who must have worked one quarter in every four since 1954. Of course, only a small payment is involved, but that is of some benefit.

All this we can do by going back to conference, if the Senate will take that action. Here is an opportunity for us to be of great help to millions of people, most of them in the low-income brackets, who deserve retirement.

If we do not start fighting for some of these things—I note that the Senator from Oregon is nodding his head, and he has been here much longer than I have been in the Senate—we will never have a chance to pass a social security bill except in an election year. Of course I have tried to do it every year. As much as I have tried to do this sort of thing, when witnesses come before us in committee, we always hear the statement made that we can do this sort of thing only in an election year. Those who make that kind of statement act as though they do not take an interest in this subject except in an election year. I do not believe that a Senator would be interested in this subject only in an election year, although some would seem to indicate that there was some doubt about their being reelected otherwise. Of course there is no doubt about the House Ways and Means Committee not wanting to bring a social security bill to us next year. They will not bring out a bill if we accept the conference report. If we turn down the conference report, and do what they do not want to do, by passing a bill which will cost some money, next year they will have to send us a bill providing for a tax increase. Then we will have an opportunity to offer amendments in the Senate. That cannot be done in the House. I ask Senators to inquire of Mr. FORAND if that can be done over there. However, we can offer amendments on the bill, which will do some additional good for the needy and the poor and the underprivileged.

The House conferees made the point to us that they could not consider any tax increase because they did not have such a provision in the bill when they sent it to us. They said that under the House rules, if we voted to increase a benefit, a single objector in the House could prevent the bill from being considered. I did not think much about it until tonight, but we can see what that means. It means that if the House sent us a bill with $200 million of benefits in it and if we increased it by $50 million, it could not be considered under the rules of the House. A single objector in the House could stop it. That is why they did not vote for a tax increase.

Let us suppose that we had approved the Anderson amendment. Of course, I voted against it, but let us suppose that we had added the Anderson amendment. The House could have stopped it on the point of order that they cannot consider a tax increase if the bill is not a tax bill at the time it is sent to us.

The House sent us a bill which contained modest benefits.

They are now in the position of retaining complete control over social security bills for the next year. They can wait for a couple of years before they will let that kind of bill come over here. I am not an expert on the rules of the House, but it seems to me that these are some of the implications we vote for when we vote for the conference report. I am delighted to see on the floor the Senator from Tennessee. He is an expert on the House rules. I may not be an expert on the rules of the House, but I am an expert on knowing how hard it is to get the House conferees to agree on something after we do something on the bill. We voted to give veterans a chance to convert their life insurance policies, only to have that great statesman from Virginia, HOWARD SMITH, and his Rules Committee bottle up the bill in the Rules Committee. That is the end of it under the rules in the House. In that way one person can keep the House from voting on the bill, unless the Rules Committee is discharged, which is unlikely to happen.

Of course, there is a difference of philosophy between some of us. The great State of Virginia is very selective. It has a $1.50 poll tax, to assure the fiscal responsiblity of those who vote. They are interested in keeping the taxes high and the benefits low. We in Louisiana are going in somewhat the opposite direction, and I am one who has helped to make it that way in Louisiana. Approval of the conference report would nail things down for 2 more years, and it would be difficult to get much in the way of additional social security legislation.

I note that there is a different group of Senators in the Chamber than there was in the Chamber when I began my talk. For their benefit, I say again that we should look after these underprivileged, poor people. We should help these people to be covered by social security. We should make it possible for a person who thinks he cannot work any longer to retire at reduced benefits. We should permit a man to make a little extra money. I am sure we can convince the House that we mean business. I do not think that thus far the House really believes that there is any strong prospect of the Senate holding out for a bill that would do the needed job.

I had digressed from my remarks when I had reached the pay problem, at the time I mentioned that the Senator from South Carolina [Mr. JOHNSTON] had done so much in behalf of adequate pay for Federal employees.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. JOHNSTON of South Carolina. I wonder if the fact that all those inmates have no votes might have some effect on their not getting proper consideration.

Mr. LONG of Louisiana. The thought has occurred to me that when we lock these people up by the thousands—8,000, 10,000, or 20,000—pushed together for treatment—some of them being locked up for a week without anyone taking care of them—of course they cannot vote. Many of them are in mental institutions for their entire lives. Not only will they be unable to vote at this election; they will never be able to vote unless someone helps them to recover.

Their families vote. One family out of every three is confronted with the situation of having some poor member of its family either in a mental institution or who will have to go to a mental institution at some time during his life.

Mr. JOHNSTON of South Carolina. I believe the Republicans have in their platform a plank to the effect that if a person finishes the sixth grade, that is all the education he needs to qualify him to vote. That might qualify some persons in such hospitals to vote.

Mr. LONG of Louisiana. The statistics show that between 20 and 50 percent of these poor, miserable creatures could be restored to health if funds were made available to treat them. Of course, I suppose that is what the Secretary of Health, Education, and Welfare, Mr. Flemming, was proposing in that rash moment when he said he would start a crusade in this field.

Mr. JOHNSTON of South Carolina. What caused him to make the flip backward so quickly?

Mr. LONG of Louisiana. If he had ever started a crusade to look after these poor, miserable creatures, he is crusading twice as hard now in the other direction. That is why we are here with the conference report, as to which a majority of the conferees are asking the Senate to back down from a position which would have extended the hand of aid to poor, suffering humanity—those who are suffering most of all, those who are treated worse than the inmates of criminal institutions, and people who have less hope.

I am glad to see that I have a new listener on the floor, in the person of the Senator from North Carolina.

The indications are that if a person is in a mental institution for one year, his chances are 50–50 to get out. He may

be sufficiently cured in one year to be able to go home. After the first year, the chances are 16 to 1 that he will never get out. After 5 years, the chances are 99 to 1 that he will remain in the institution for his lifetime.

The various groups which have investigated these conditions, such as the grand jury in Baltimore, and similar groups, simply cannot continue their trips through such institutions. It is too nauseating to see the conditions under which these poor creatures are compelled to live.

Imagine locking them up for a lifetime, with none of them receiving any substantial treatment at all. They may receive a few drugs and a little attention, but not much.

Responsible persons in my State tell me that if they could get attendants, get help, get the where withal to do the job, they feel confident that they could restore at least 20 percent of these people to good health, and could make the rest of them comfortable, at least, if they could not do any better.

The Senator from South Carolina referred to voting. I know that the families of these poor inmates would be grateful beyond belief to know that their relatives were at least comfortable and had hope.

Some of the articles I have read have told how the inmates of mental institutions do not want to move or get away. They hope to die. Why should they not hope to die, if they believe they will never get out? The conditions under which they live are conditions of such filth, and are so inhuman in many cases, that there is not much hope for them.

Mr. McGEE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield, provided I do not lose the floor.

Mr. McGEE. Who did the Senator say was not going to get out?

Mr. LONG of Louisiana. Most of the people in State mental institutions.

Mr. McGEE. But not the Senator's colleagues?

Mr. LONG of Louisiana. The Senator from Wyoming is a free man, so far as I know.

Mr. McGEE. I simply wanted the record to be straight.

Mr. LONG of Louisiana. So far as this Senator is concerned, he is not trying to detain anyone. He simply wishes to address himself to this subject a while longer. The Senator from Wyoming is a delightful listener and is very attentive.

Mr. McGEE. A delightful listener; not a delighted listener. [Laughter.]

Mr. LONG of Louisiana. I have the greatest admiration for the Senator from Wyoming. I can only think how fortunate the students were at the University of Wyoming to have had him as a professor to instruct them for a number of years before he came to the Senate.

This Senator wishes that he had had the pleasure of listening to some of the lectures of the Senator from Wyoming, because his speeches on the floor are most interesting.

I would not want to impose on the Senator, but I am delighted to see him here. I had not expected as much.

Mr. MORSE. Mr. President, will the Senator yield, provided he does not lose the floor?

Mr. LONG of Louisiana. I yield.

Mr. MORSE. Is it the opinion of the Senator from Louisiana that the chances are most remote that we can get the House to accept the amendment for which the Senator from Louisiana fought so valiantly in the Senate, and which would have provided at least some assistance to the mentally ill?

Mr. LONG of Louisiana. I believe that if we could go back to conference, we would have a chance. I believe we would also have a chance with respect to the social security improvements. Some of those which were dumped out were the very provisions of the House itself.

Mr. MORSE. Did not the Senator from Louisiana indicate a few minutes ago that under the rules of the House one Member of the House could raise an objection which would, in effect, defeat the Senator's proposal, even if it went back to conference?

Mr. LONG of Louisiana. No; the Senator from Oregon misunderstood me.

What I said was that the House conferees took the position that we should not vote any benefits beyond a certain point, because if we did, that would create an imbalance in the long-range collections and disbursements of the fund. But between now and January, many of the improvements we have in mind for social security would not even go into effect until the first of the year. For example, the most expensive provision is the one which increases the earnings limitation. So there is no requirement for an immediate increase for the protection of the fund.

However, it would be necessary for the House to send us a bill next year, if it maintains its present thinking that the fund should not be permitted to be reduced. Then it would be necessary for the House to send us a bill sometime next year to provide an increase of one-eighth of 1 percent in the social security tax, to offset carrying the cost of the benefits for which we would be voting. In other words, it would be the same as if a tax increase were included in the bill. It would be subject to a point of order in the House. But a tax increase really is not necessary until next year.

Mr. MORSE. Mr. President, will the Senator from Louisiana yield, with the understanding that in doing so, he will not lose his right to the floor, even though I proceed for more than 1 minute to make an observation in regard to the situation which confronts the Senate?

Mr. LONG of Louisiana. I yield, if it is understood that in yielding for that purpose, I shall not lose the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MORSE. I wish to say to the Senator from Louisiana that undoubtedly a considerable amount of printers' ink will be spilled, over the weekend, in publishing newspaper accounts in regard to the procedural problem which confronts the Senate at this time. I am sure the Senator from Louisiana is aware that many of those accounts will not give sufficient attention to the importance of the matter to which the Senator from Louisiana is addressing himself, and will not take advantage of the opportunity to discuss critically this situation.

I wish to speak briefly in support of the cause about which the Senator from Louisiana has been talking, for I hope some will give heed to the great social need the Senator from Louisiana is discussing.

Before I went into the law, I did considerable work in the field of clinical psychiatry, and I was well on my way to making that my profession when I made the switch to the law. In fact, I did work in psychiatric hospitals and mental hospitals, including the one on Ward Island, in New York City.

I wish to pay this highly deserved tribute to the Senator from Louisiana for making use of the floor of the Senate, tonight, in an effort to direct the attention of the American people to one field about which the people of our Nation have been disgracefully neglectful. I refer to the failure of the American people and their representatives to support a program which will result in bringing humaneness into the treatment of the mentally ill and, in that connection, will bring into practice the spiritual values we profess. Certainly that is the situation in regard to the entire field of mental care, as dealt with in our country. As a people, we have been shamefully neglectful of the very sad plight of the thousands and thousands of the mentally ill in the hospitals in our country, to whom the Senator from Louisiana has been referring tonight.

I do not like the present parliamentary situation any more than do many of my colleagues who also would like to have the Senate adjourn at an early hour tonight. Yet, Mr. President, after listening to the Senator from Louisiana make his plea that the Congress take action to remedy the sad plight of those who are mentally ill and are confined in hospitals in our country, I feel compelled to rise to support the position the Senator from Louisiana has taken.

I am a realist; I am satisfied that a further conference would not result in a better bill. In fact, I am satisfied that if a further conference were held, there would be a complete blockage by the House conferees.

But I raise my voice in defense of the procedure the Senator from Louisiana has followed. I think there are times when each of us, as an individual, must decide to make use of his parliamentary rights on the floor of the Senate, in order to focus attention, as the Senator from Louisiana has done tonight, on a serious problem.

Tonight the Senator from Louisiana has focused attention on one of the most serious of all the social problems which confront the American people; and I congratulate the Senator from Louisiana for what he has done. I believe he has accomplished most of his purpose. I hope that as a result of what he has done, some of the publications in the country will proceed between now and Monday to enlighten the American people on the subject matter to which

the Senator from Louisiana has been devoting his efforts. Therefore, I believe we might do well to take a recess from now until Monday morning. In that event, I believe that not many hours after the session on Monday convenes, this measure would be disposed of, and the Senator from Louisiana would have accomplished the major purpose he intended to accomplish by making his speech.

So I hope the Senate will consider the suggestion I shall make in a moment, in view of the procedural situation which has developed here and in view of the fact that tonight the Senator from Louisiana has performed a great educational function.

Therefore, I suggest that the Senate now take a recess, and resume on Monday the consideration of the conference report, and then proceed to vote on it. I make that suggestion to the leadership.

I say to the Senator from Louisiana that I believe he has done well to call the attention of both the Congress and the entire country to the plight of the mentally ill in this country, inasmuch as today thousands and thousands of them are receiving most inadequate treatment, as the Senator from Louisiana has stated tonight. I hope that in the not-too-distant future the Congress will recognize its great moral obligation, to come to the assistance of the mentally ill, who are pretty much the forgotten people in America.

Mr. LONG of Louisiana. Mr. President, I am most grateful to the Senator from Oregon. He is more kind to me than I deserve, by any standard. But I appreciate very much his remarks.

As I have said, I feel just fine. I do not insist that the Senate remain in session; but if the Senate does remain in session, I will be here.

Mr. ERVIN. Mr. President, will the Senator from Louisiana yield to me, in order that I may make some observations, if it is understood that in yielding for that purpose, the Senator from Louisiana will not lose the floor?

Mr. LONG of Louisiana. Yes, Mr. President, if it is so understood.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ERVIN. Mr. President, I am very much interested in the problems of the mentally ill; and I wish to associate myself with the remarks which have been made this evening by the Senator from Oregon.

I live in a town where one of the great institutions in my State for the care of the mentally ill is located. I have been familiar with the comparative neglect that the persons in that unfortunate condition have suffered at the hands of the public, in the past. As a member of the North Carolina State Legislature for three terms, I fought for larger appropriations for the State hospitals for the mentally ill.

As the Senator from Louisiana has pointed out, these institutions have few alumni; and those alumni do not ordinarily occupy positions of influence in the lives of the States.

I think there is need for great service in this field. I am inclined to think that the best area for service is increased congressional appropriations for the study and the investigation of mental diseases, in the hope that eventually we shall find a cure for many of the types of mental illness for which today there is no cure.

I share the opinion of the Senator from Oregon that there is not much possibility that the Senator from Louisiana will win his valiant fight on this particular conference report. As a matter of fact, I think the best way we can proceed with this subject is to provide increased appropriations for research in this field.

I wish to commend the Senator from Louisiana for dramatizing this problem; and I assure him that I will welcome an opportunity at any future date to join him in seeking to obtain larger appropriations for research into the causes and the cure of mental illness, because mental illness constitutes one of the greatest and most distressing problems of our day.

Mr. LONG of Louisiana. I am very grateful to the Senator from North Carolina.

I notice, from information compiled by the Interstate Clearinghouse on Mental Health, Council of State Governments, that North Carolina has in recent years made a rather consistent increase in the amount of funds available. The per patient cost at this time is $4.24, which is somewhat above the national average. It is higher than the average in Louisiana, and to that degree I salute the Senator. However, I regret to say it is in line with the woefully inadequate appropriations that exist nationwide for this type of care.

Some persons may say, "We do not want Federal Government interference." But the hospitals are not complaining about this bill. In Louisiana, we spend $15 per patient per day in our State general hospitals, the charity hospitals, as they are called in New Orleans. Yet, in the mental institutions our expenditures as I recall, are around $3, or even less than $3, which is exceedingly small.

Of course, that was not the only item that was lost in this conference report. My guess is that if we go back to conference we can get some of what was lost. As one who has been in conference a couple of times and has seen us lose what we fought for and adopted in the Senate, it seems to me maybe we do not fight hard enough; maybe we die too easily, after we have fought for something on the Senate floor and had it prevail in the Senate. What has happened rather frequently is that in a number of instances Senators who voted to place a certain provision in the bill, feeling they had done all they could do, gave up. The Senator from New York quoted a song; he said they felt they had gone about as far as they could go and nothing much more could be done.

Frankly, it seems to me we make the conference report more difficult to agree to when we drop out of the conference report provision for the unfortunate and the underprivileged. It makes it hard for conference reports to prevail when that happens.

One of these days we may be able to do something about it. Perhaps we can this time. As a matter of fact, I think there is some chance of achieving something now. A book entitled "As a Man Thinketh" has always been an inspiration to me. The book states it has been usual for a man to say that many are slaves because one is the oppressor; let us hate the oppressor. Now there is a tendency to reverse the judgment and say one man is an oppressor because many are slaves; let us despise slaves.

As one who has lost a number of times, who is trying to do something for the most distressed people of them all, this Senator feels we ought to try harder. If there are two different points of view, maybe we can make our position prevail. If not this time, perhaps next time.

I recall that some time ago someone told me, in a joking way, "Well, Senator, you are not going to do anything for old grandma." I said, "Well, it is a cinch I will not do anything if I do not offer an amendment."

So it is now. I see nothing to be lost by trying to do something for the suffering, wretched humanity of this Nation, the most neglected of them all; and this conference report will leave them out.

That is only a part of it. It would be a fine thing to enable persons to earn $150 a month and still continue to receive their social security benefits. It would be a wonderful thing if we could get it by rejecting the conference report. I believe it could be done. I believe there is a good prospect of doing something about the other provisions.

As a matter of fact, we could very well adopt one provision that the House sent to us and we took out. I refer to the provision which would have benefited workers who did not have enough quarters to come under coverage, and had only one quarter of coverage for every two quarters that had expired since 1952. They would have been covered if they had worked 2½ years in covered employment in the last 10 years. We could take that provision. It would be a big improvement. It would benefit 200,000 people in this country.

What happened in this conference report was that the House had some good provisions in the bill that the Senate knocked out, and the Senate had some good provisions in the bill that the House knocked out. I think the compromise should have been, "We will take the benefits you gave to the rank and file of the people, and you take the benefits we gave, and we will agree on it."

That is what I thought we were doing when we took out the provision relating to the quarters of coverage, so we could get the House to agree to some of our provisions. Instead, the compromise was that if the House would drop out what they did for the people, we would drop what we had done for them. That is what happened.

We pared the provision on earnings to the point where only 10 percent of the benefits were left in the bill. Then we proceeded to tear down what the House had put in for increased coverage

of persons, and we knocked out the benefits that 200,000 people would have received. We knocked out the provision enabling persons who are not disabled, but are still unable to work any longer, or who cannot get a job any longer, to retire at age 62.

We lost on those provisions.

Mr. President, let me stress this. On the social security benefits, whereas the Senate had provided $1 billion of benefits, the conferees bring back to the Senate benefits of $50 million—5 percent of what the Senate put in the bill for the benefit of the working people, the conferees are bringing back to the Senate.

We could get much more than that. We could get more than that just by taking in full measure what the House put in the bill. The House would have to agree to it. The rank-and-file of the people would be better off than they would be as a result of the bill which the conferees have brought to the Senate. Think what a fine thing it would be, if the bill were passed and if the President signed it into law, if we merely put back into the bill what the conferees took out, the provision that a man could make $150 a month and still draw his full social security benefits. What a fine thing it would be when the President signed the bill into law. The Vice President could say, "Look what we did for the workingmen of the country. It happened during our administration."

A number of Senators sponsored it. I remember at least two Republican Senators who fought vigorously for it a long time, not to mention outstanding Democrats. But the administration, if it signed it into law, would get some credit for it. Think what a fine thing it would be to put those items back into the bill. Instead, we have yanked out all the good parts. We did bring back the Kerr amendment. There was never any controversy about it. That had been cleared from the Bureau of the Budget right on down—I cannot say this with certainty, but I feel it is the case—to the Senate committee.

There was no doubt that that would be the case. We did not discuss the House language on that point. That was agreed to before the conference started. That is a fine thing, because it will be a major improvement in public welfare.

Out of all we had to work on in the conference, we brought very little back in other respects. In my judgment, we could have done quite a bit about other things.

Mr. ALLOTT. Mr. President, will the Senator yield to me for some observations?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield to the Senator from Colorado for 1 minute or 2 minutes, protecting my right to the floor.

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

Mr. ALLOTT. I wish to congratulate the Senator on the fine speech he has made. I should like to have him listen to me, because I think it is particularly fine that he would take all this time to make the speech.

Mr. LONG of Louisiana. Mr. President, I was glad to yield to the Senator, but his leader, whom I dearly love, as much as I love the Senator from Colorado, was trying to tell me something at the same time the Senator was speaking. I beg the Senator's pardon. I shall devote my attention entirely to him.

Mr. ALLOTT. I said I thought it was fine the Senator would do this, particularly in view of the fact that last night we faced the situation that the Senator said he wished to speak at great length. Today and tomorrow his leader is resting.

I am sure I am not in a different situation from many other Senators. It simply happens that this is the one night in the year I have my entire family together. The Appropriations Committee met all day today, from 10:30 a.m. until 6 p.m.

I think it would be fine if all Senators could be treated in the same way. I think it would be fine if we could also go off on vacations. I do not desire a vacation. All I should like is to be treated as a gentleman.

I think it is very generous of the Senator from Louisiana to cover so much ground and to speak so long while his leader is off having a vacation these 2 days, when many of us are paying great personal penalties—not penalties otherwise, but forfeiting great personal privileges—in order to be present to attend to the Senate's business.

I simply wished to make that remark, because I think we have a right as Senators to be treated as Senators and as gentlemen. I do not think we are being treated that way when we are held in the Senate hour after hour after hour without any idea or concept as to when we may reach a vote.

I thank the Senator. I know he is not in accord with my remarks, but I thank the Senator for yielding so that I could make them.

Mr. LONG of Louisiana. Mr. President, I would not wish to inconvenience the Senator for a moment. I have a speech to make. I told some of my friends in this body that if they wished to leave and to attend some function between 7 o'clock and 9 o'clock I expected I would talk beyond 9 o'clock and, lest there be any doubt about it, I assured them I would not conclude my speech before 9 o'clock.

I assure the Senator that if he wishes to go home for a while, we will give him adequate notice so that he may return. I did not demand a yea-and-nay vote.

Mr. ALLOTT. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I will let the Senator know that I expect to finish some time after a while.

Mr. ALLOTT. Will the Senator yield for a question?

Mr. LONG of Louisiana. I am glad to yield.

Mr. ALLOTT. Will the Senator yield to me so that I may suggest the absence of a quorum?

Mr. LONG of Louisiana. Mr. President, I could only do that with unanimous consent. I would be reluctant to impose that request upon the Senate at this particular time. It seems to me that it would be a little premature. I have a few more things to say which are not as interesting as some of the things I hope to say later this evening. That being the case, I would say that if we are to make other Senators come to the Chamber it will be better to wait a short time, perhaps about a half hour or so. Then if the Senator wishes to make the suggestion again, if he is still in the Chamber, I shall be delighted.

Mr. CASE of South Dakota. Mr. President, will the Senator yield to me?

Mr. LONG of Louisiana. I yield for a question.

Mr. CASE of South Dakota. Mr. President, will the Senator yield to me with the understanding that he will not lose his right to the floor?

Mr. LONG of Louisiana. I will yield to the Senator, if I have an understanding that my right to the floor is protected.

The PRESIDING OFFICER. Is there objection to the request of the Senator? The Chair hears none, and it is so ordered.

Mr. CASE of South Dakota. I was quite interested in the suggestion made by the Senator from Colorado about joining his family. I was wondering if that was prompted by an article which appears in the Washington Daily News for Saturday, August 27, which is headed "KENNEDY Relaxes."

The article reads:

HYANNIS PORT, MASS., August 27.—Senator JOHN KENNEDY settled down today to a final weekend of relaxation at his summer home on Cape Cod before embarking on his full-scale campaign for the Presidency.

Senator KENNEDY flew here last night, accompanied by his brother and campaign manager, Robert, and a group of aids.

Pierre Salinger, the Kennedy press secretary, said Senator KENNEDY planned "a 100-percent vacation" of swimming and boating. He is to return to Washington Monday after a stopoff at Boston for a private fundraising lunch.

Mr. President, the junior Senator from South Dakota has been around here a little while. He finds it difficult to recall any incident when the Senate of the United States has been treated as it is being treated tonight.

I am not referring to the speech of the able Senator from Louisiana. I think the Senator from Louisiana has a right and certainly a privilege to dwell upon the points in the conference report as long as he desires to do so. With respect to many of the points the Senator has made, I think I would find myself in considerable sympathy.

I do think, Mr. President, that it is a hypocritical thing when Senators are present in the Chamber making the kind of fight the Senator from Louisiana is making tonight, when other Senators try to have the country think they are leading a battle for a medical care program and in some way absent themselves and enjoy privileges denied to other Senators who try to stay here in order that the Senate can accomplish its business.

I hope that some way may be devised so that some time before midnight, at

least, the Senators who are present and whose families are in town can join them, before Sunday morning arrives. With respect to those of us whose families are not in town, but who are some distance from home, at least we could get to bed before Sunday morning breaks.

Mr. LONG of Louisiana. Mr. President, the Senator can go home now if he wishes to. I am going to talk for a while. I have a few more things to say. I do not care to inconvenience the Senator.

Mr. CASE of South Dakota. The Senator from South Dakota wishes to be present if there is going to be a vote tonight. Can the Senator say there will not be a vote tonight?

Mr. LONG of Louisiana. I think I can assure the Senator that it will be a while before we vote tonight. I am not insisting on a vote tonight. I do not see the necessity for it.

Mr. CASE of South Dakota. The yea-and-nay vote has been ordered.

Mr. LONG of Louisiana. I did not ask for it. I did not insist upon it. I took the attitude I was not going to demand one. Other Senators insisted on that. They had to have it that way. If other Senators wish to insist that Senators be present until we vote, they can abide by their own decisions. I did not insist on it.

I rather felt at the time that I finished saying what I had to say we would vote. If it did not look as though I would win the vote, I thought perhaps I would not insist on a yea-and-nay vote. I believe the Senator himself has offered amendments in that way a great many times. A Senator would like to win. I did not insist on the yea-and-nay vote.

Mr. CASE of South Dakota. The Senator from South Dakota is not quarreling at all with the right of the Senator from Louisiana to take all of the time he desires. The Senator from South Dakota was wondering, in view of the fact that earlier in the evening the Senator from Louisiana did give assurance there would not be any vote before 9 o'clock, if the Senator might give assurance there would not be any vote before midnight.

Mr. LONG of Louisiana. Yes, I think I can assume that responsibility.

Mr. ALLOTT. Mr. President, will the Senator yield to me?

Mr. LONG of Louisiana. I yield.

Mr. ALLOTT. Could the Senator give us some assurance there will not be a vote before 6 o'clock in the morning?

Mr. LONG of Louisiana. Mr. President, that is a little too much to ask. I have never talked that long, to the best of my recollection. I have a few more things to say. I can assure the Senator he is safe until midnight. I can imagine he could be assured of a half hour's notice, or an hour's notice.

How much time does the Senator need to get down here?

Mr. ALLOTT. The evening with my family is now wasted, and I do not wish to stand on personal privilege. However, I do say that I object. This happens to be the one night in the year that I could have spent with my entire family. I object to spending it here, when the so-called leader of the other party is spending 2 days on vacation.

Mr. LONG of Louisiana. I think the Senator ought to be with his family, and I urge him to go now. Go. I wish him a good rest. When the time arrives when I feel I have said all I wish to say on the subject I will undertake to see that the Senator is notified that we are preparing to vote. What could be more fair than that? Very few Senators would give me that consideration. Many times the Senate votes on an important issue without waiting for me to return from Louisiana or somewhere else. What greater cooperation could the Senator from Colorado ask?

Mr. ALLOTT. What the Senator has mentioned has happened to all of us. If the Senator wishes to talk, I have no quarrel with his talking. So far as his interest in mutual health is concerned, he does not enfold this concern alone in his own bosom. Many of the rest of us have fought this fight for many years in different ways. I do not quarrel with his right to talk. I do quarrel about the creation of a situation which holds 96, 98, or 99 Senators here while one Senator is taking a 2-day vacation.

Mr. DIRKSEN. Mr. President, will the distinguished Senator from Louisiana yield, without losing his right to the floor?

Mr. LONG of Louisiana. I ask unanimous consent that I may do so.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, I should like to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. As I understand, an order was entered earlier in the day that when the Senate recesses, it recess until 10 o'clock on Monday morning.

The PRESIDING OFFICER. The Senator is correct.

Mr. LONG of Louisiana. Was not the agreement that when the Senate concludes its business today that it stand in recess until Monday?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Assuming the distinguished Senator from Louisiana, and my very distinguished and amiable friend, continues his discussion, it will not be necessary to have regard for the clock or the calendar or to push the clock back, and whenever the Senator concludes his discussion the Senate will still be in a position where it can vote, in view of the fact that the yeas and nays have already been ordered.

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Notwithstanding the fact that we may arrive at the hour of midnight, or any hour beyond midnight, the order for the yeas and nays will still obtain, and if the Senate is in session, it is still under a mandate, so to speak, to vote under the yea and nay order?

The PRESIDING OFFICER. The question would recur when no Senator desired to speak further.

Mr. DIRKSEN. Mr. President, a further parliamentary inquiry, only for clarification.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Therefore it does not make any difference how much discussion there may be, whether it be an hour, 2 hours, 3 hours, or 4 hours, once the discussion has languished, and no other Senator seeks recognition, at that point the question recurs on the conference report?

The PRESIDING OFFICER. The Senator is correct.

Mr. LONG of Louisiana. Mr. President, do I correctly understand that notwithstanding the agreement that when the Senate concludes its business at 12 o'clock tonight, the Senate would conclude its business today and stand in recess until 10 o'clock on Monday? That was the agreement. I believe it is written down somewhere, but the Senate does not conclude its business when this day has expired, does it?

The PRESIDING OFFICER. When the Senate concludes its business today or tonight, it will recess until 10 o'clock on Monday morning, but that does not mean that it must adjourn at 12 o'clock.

Mr. LONG of Louisiana. I thank the Presiding Officer. Then we shall not conclude at 12 o'clock.

There is an article that I believe would be of great interest to Senators which appeared in Harper's magazine, issue of February 1959, which discusses the subject of mental illness. It is entitled "A Better Break for the Mentally Ill," and was written by John Bartlow Martin. It reads as follows:

> Until quite recently, most States locked up their mental patients in the most horrifying kind of madhouses, and forgot about them. But today these hospitals are changing dramatically and fast—while new methods of treatment offer fresh hope for coping with our No. 1 health problem.
>
> Today more Americans are in hospitals for mental illness than for polio, cancer, heart disease, tuberculosis, and all other diseases combined.

Mr. President, I hope Senators who are in conference on the other side of the aisle will hear what I have to say.

There are more patients in mental hospitals today than there are in hospitals for all other diseases combined, more than all of them put together. We are asked to approve a conference report providing aid for the aged to help them pay their medical bills. Yet here are poor, suffering, pitiful, wretched creatures, who constitute more than half the people who are in hospitals.

What are we going to do for them? Zero.

Notwithstanding the fact that the great Secretary of Health, Education, and Welfare informed us only last year that he had started a crusade to do

something about the problem, that the program was rolling, and that help was on its way to these poor wretches, the same Secretary of Health, Education, and Welfare said that he would have to recommend against the program. He threatened the conference report with a veto if we do anything to help these poor wretches who are living an existence that is really not good enough for lowly animals.

Half the space in all American hospitals is taken up with mental patients—some 850,000 of them. It has been estimated that, as things stand now, 1 of every 12 American children born today will spend part of his life in a mental hospital.

Think of that. If he is there for 1 year, the chances are 50–50 that he will never come out alive. If he is there 5 years, the chances are 16 to 1 that he will never come out alive. If he is there for 10 years, the chances are 99 to 1 that he will never come out alive. That is one of out every 12 born today that we decline to do anything about with this conference report.

Mental illness is unquestionably America's No. 1 health problem.

We propose to do great things about the No. 2 problem, the No. 3 problem, the No. 4 problem, and the No. 5 problem, but the No. 1 health problem, which is the most neglected of them all, is the one that we shall do the least about.

They were usually prison-like, walled-off from the community. People viewed them as places to be shunned and, if possible, forgotten.

But today for the first time there is real hope that all this may change. So far it is only a hope; but it has solid foundations—new discoveries, new ideas, and an awakened public concern.

People will not think that we have an awakened public concern if we vote for the conference report, and thus march down the hill, after having marched up the hill.

Why do we have State hospitals at all? How are they changing? Why? What is likely to happen to them?

Dr. Benjamin Kovitz, clinical director of Columbus State Hospital, in Ohio—one of the thousands of devoted unsung doctors who have treated the mentally ill during the years when hope was slender indeed—recently said:

"The first reason mental hospitals came into existence was that we had to have a place for people that just couldn't fit in. They had to go somewhere. The State hospital started a hundred years ago, when it was realized that local county homes and jails could seldom do an adequate job. So one thing the mental hospital does is to give the community some place to send a person who is disturbing, incomprehensible, fighting, and so on.

"Then, from the start, it was observed that patients get better simply by being sent into this kind of place. In the last part of this last century the emphasis changed. Freud came along, and dynamic psychiatry, and we began to make an effort to really understand what was before considered meaningless. And we began to try to apply this understanding in therapy. In this century the somatic therapies came along—hydrotherapy, insulin, and metrazol shock, electroshock, and now the new drugs—and the hospital came to be viewed as a place to help people get well.

"In addition, we now want to make a hospital serve as a place where people can do research. And at the same time we can train new doctors in psychiatry. And so the third hospital function has developed—research and training.

"The State hospital has worked, it has served some social need, as has the penal system, but it needs a lot of overhauling and a lot of its time-honored conceptions challenged."

THE STATES ATTACK THE SNAKEPITS

Primary responsibility for the care of the mentally ill has traditionally rested with the States. Until a few years ago the States discharged their responsibility poorly. Almost any State hospital presented a picture of falling plaster, leaky plumbing, hopelessly overworked doctors, and utter neglect of the patients. The States were trying to "care for" mental patients for an average of $1.74 per patient per day (88 cents in Tennessee). But a few years ago major reform began in the States. Its impetus came from the Federal Government.

During World War II the rejection and discharge of soldiers for psychiatric reasons made the Nation realize its stake in mental health, and in 1946 Congress passed the National Mental Health Act. This act established the National Institute of Mental Health at Bethesda, Md., one of seven Institutes concerned with various diseases. The Institute conducts research of its own at Bethesda. It also grants money to researchers elsewhere, to medical schools for training more psychiatrists, and to States for community mental health services.

After the passage of the act of 1946 the States bestirred themselves. They started to build buildings. They hired more doctors, nurses, and attendants and raised their salaries. They matched Federal grants. They reorganized their mental health departments. They established preventive programs—community clinics, child-guidance clinics, outpatient clinics. By 1953 the States were spending three times what they had spent on their State hospitals 9 years before—half a billion dollars a year. Some States had multiplied their expenditures fantastically during that same period—Kansas by 610 percent. Capital outlays become enormous—New York alone spent $350 million building hospitals. New research and training centers were set up. Salaries were increased until in some States mental health officials were earning more than Governors. State spending far outran Federal.

Why all the sudden interest? Citizens' groups, such as the National Association for Mental Health and the National Committee Against Mental Illness, helped arouse it. So did journalists. As the stigma of insanity began to diminish, it became possible to discuss insanity publicly. Governors discovered that mental health had become the third biggest item in their budgets, exceeded only by schools and roads. About the same time the new psychiatric drugs came along, encouraging citizens to believe that psychotics can be cured—that pouring money into State hospitals isn't pouring money down a rathole. Finally, during the prosperous postwar years, the country could afford to attend to the sick.

Not only is public interest higher; public understanding is more sophisticated. Not many years ago public interest could be stirred only by exposés of firetrap buildings or brutal beatings in State hospitals. Today people tend to take it for granted that buildings must be satisfactory and care humane; they want to know what is being done to treat the patients, for they have come to realize that if nothing is done for patients they are not much more likely to get well in a gleaming new building than in a rotting old one—that brains are needed as well as bricks. Two alternative ways of dealing with an overcrowded hospital present themselves: Get more of the patients out, or prevent new ones from going in.

Getting more out means curing more. This means primarily more doctors, nurses, and attendants. They do not exist. So the States have turned to spending money on training them. It also means finding new treatments, for if a pill should be found that was specific for schizophrenia—a possibility so remote that most psychiatrists consider it an idle dream—the hospitals could be half emptied overnight. So the States have turned to spending money on research.

Preventing patients from entering the hospital means better community outpatient clinics, which would find and treat mentally ill persons early, and it means keeping patients who don't need mental hospitals out of them, such as some aged persons. The State hospital becomes more and more a link in a chain that includes school, clinic, court, aftercare homes, and rehabilitation services.

DOES GETTING OUT MEAN GETTING WELL?

At present, State spending on hospitals has reached a high plateau. Some Governors feel that the mental health program has been running away with the State budget and the time has come to stabilize.

Traveling around the country, one gets the impression that the State hospital programs of Kansas and Massachusetts are among the Nation's best. These programs owe their superiority in no small part to being integrated with the programs of the Menninger Clinic in Kansas, and Harvard University and other colleges in Massachusetts. The same kind of thing has been done in several other States. But all too often State hospitals have remained isolated, backward snake pits scorned and shunned by psychiatrists in the ivory towers of universities and private clinics.

At the end of 1956 there was startling news: For the first time ever—except for a slight decline in 1943—the number of patients in our State hospitals declined. Since 1945 the number of patients had been increasing by about 10,000 a year. But by the end of 1956, 34 States had discharged as many patients as they took in that year—or even more—and the U.S. total declined by 7,000. This was true even though in 1956 first admissions rose to their highest point in history.

In 1957 the State hospital population dropped another 3,000, and the 1958 drop has been estimated at nearly that of 1956. Why?

Nobody was sure. Several factors seemed to be involved.

By 1956 the new psychiatric drugs were controlling patients and enabling many to leave the hospital who could not have left without them. The new atmosphere of hope among patients, doctors, attendants, and relatives helped some patients recover.

Mr. President, I digress to say that that is a very important item in the whole picture—hope. The fact that people can have hope that something will be done for them, and that eventually they will be free to lead normal, happy lives again, has much to do with the possibility of restoring them to health.

The number of hospital employees—doctors, nurses, attendants, others—had doubled in 10 years. Nursing homes, "halfway houses," after-care clinics, vocational rehabilitation, and other devices helped bridge the gap between the hospital and the community.

Doctors in private practice kept some patients out of State hospitals by treating them with the new drugs. New psychiatric

wings in general hospitals were having the same effect. Early diagnosis in community clinics sometimes prevented hospitalization. But these factors apparently had not yet stemmed the tide of new admissions. The new State programs to train their own psychiatrists—mostly 5-year plans—had not yet been felt much in State hospitals. Therefore, further reductions in State hospital populations may still be expected.

Now, statistics and predictions in this field must be viewed with much caution. Criteria for discharge vary widely from place to place and from time to time. Moreover, the increase in readmissions suggests the possibility that more patients were being discharged on the new drugs only to relapse and return. Improved social services arranged homes and jobs for patients, thereby getting them out of the hospital but not necessarily in any better health. Finally, the States have spent so much money that their officials feel obliged to show results, and so they devised all sorts of means to get patients out of the hospital—several States, for example, have begun moving aged patients out of the hospital into nursing homes, which cuts down the hospital's residents but may or may not be good for the patients: cleaning up one snakepit by creating a hundred new smaller ones doesn't help.

Nevertheless, even a skeptic must admit that the care of the mentally ill in America has improved considerably in the last 10 years and that—barring a serious economic collapse or other national emergency—the prospects for further improvement have never been better.

MONEY AND PSYCHIATRISTS

What do we need for further improvement? More psychiatrists and more knowledge. Only about 2 percent of American doctors are certified psychiatrists. There are in the United States only 11,000 psychiatrists (approximately half of whom are fully-trained and certified by the American Board of Neurology and Psychiatry). Only about 9,500 doctors are in mental hospitals, and not all of them are psychiatrists. It has been estimated that the country needs between 10,000 and 20,000 psychiatrists. But our training institutions are turning out not more than 500 new ones a year.

To produce more psychiatrists, Dr. Daniel Blain, medical director of the American Psychiatric Association, has suggested that it may prove necessary to help medical education more. Dr. Bernard H. Hall of the Menninger Foundation wrote a few years back: "The training in psychiatry in many medical schools is inferior to the training in all other specialties." Even though the States are expanding their training programs, nearly a third of the residencies in the country are unfilled today. For young doctors do not seem to want to become psychiatrists. Many consider that psychiatry is antireligious, accomplishes little and confines its practitioners in gloomy State institutions. Such attitudes begin as early as high school.

But even if all the psychiatrists in the United States were put to work in a single hospital, they would not cure everybody there because they simply don't know enough, any more than all the cancer specialists in the country could save the lives of all the patients in a single cancer ward. The causes of the major psychoses remain to this day unknown, and so does the cure. The great need is for research. Yet the amount spent on research has been pitifully small. Until a few years ago the sum was usually figured at about $6 million a year, nearly all provided by the Federal Government (which, incidentally, spent vastly more for research on hoof-and-mouth disease).

Mr. President, that is interesting. Half the people who are in hospitals in the United States are in mental institutions. Yet we spend more money on research for hoof and mouth disease, an animal disease, than for research to try to assist the wretched creatures whom the Senate proposes to ignore again tonight. I continue to read:

Today the States alone are probably spending in the neighborhood of $15 million and important private money has become available. The total national expenditure on research is probably close to $30 million a year.

Nevertheless, it is not a large sum compared to what is spent for research into other diseases. It is far less than the $53 million spent on cancer research.

Mr. President, I will appreciate the attention of the Chair, because I am getting ready to make a very important point.

The PRESIDING OFFICER (Mr. ENGLE in the chair). The Senate will be in order.

Mr. LONG of Louisiana. I was afraid the Chair was about to miss this point. I am perfectly prepared to suspend my remarks until the Chair is prepared to hear what I am about to say.

The PRESIDING OFFICER. The Chair is prepared. The Senate will be in order.

Mr. LONG of Louisiana. The point I make, Mr. President, is this: We spent almost $30 million—State, private, and Federal—for research. Incidentally, the Federal Government spent more money for research on hoof and mouth disease, as of the date of the article, than it did to relieve mental illness, although half the patients in American hospitals are mentally sick.

Mr. KEATING. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG of Louisiana. First, Mr. President, I desire to bring this point to the attention of the distinguished Presiding Officer. That $30 million may seem to be a large expenditure; but at that point we were spending $53 million on cancer research, even though—as the article states—that was one-tenth of what Americans spent for chewing gum. Imagine that, Mr. President.

Now I yield to the distinguished and able Senator from New York.

Mr. KEATING. I wished to be sure the Senator from Louisiana was not casting any aspersion on the distinguished occupant of the chair, the Senator from California [Mr. ENGLE]. I wished to be sure that none of the remarks of the Senator from Louisiana could be construed as an indication by him that he thought the Presiding Officer was incapable of understanding the point the Senator from Louisiana was making.

Mr. LONG of Louisiana. Mr. President, I would never make such a suggestion. Certainly the distinguished Senator from California can understand something in half the time it takes me to say it.

But the problem was that the Presiding Officer was being informed of something else by a Senate staff member. Unfortunately, the Senator from New York has just entered the Chamber, and does not understand fully the point I was making. Nevertheless, I am glad he is here to listen to what I have to say.

Mr. KEATING. I am always glad to be here to listen to the Senator from Louisiana.

Mr. LONG of Louisiana. I regret to observe that evidently the Senator from New York cannot remain to hear the rest of what I shall say.

Mr. President, I return to the article, and now read further from it:

Some experts believe that so much money is now available that it is embarrassing—it can't be spent because of the shortage of laboratories and trained research personnel.

But the fact is, Mr. President, that much less than that is available for use in the field of mental illness.

I read further:

HOW REAL ARE "CURES" BY DRUGS?

Much of the research being done today revolves around the new drugs. Since ancient times when men have known that certain drugs influenced the human mind: alcohol, hashish, opium, peyotl, others. But drugs played little part in modern psychiatric practice until 1953, when Thorazine and Serpasil came along. Since then, the drug houses have marketed a large number of drugs, and more keep coming. Doctors used them eagerly, and they wrought an almost miraculous change in State hospitals—screaming died out on disturbed wards, patients kept their clothes on, restraint virtually ended, the use of electroshock declined dramatically.

Studies are also being made of another class of drugs, the psychotogens, which seem to produce symptoms of insanity. Many of these are very ancient—peyotl, derived by the Aztecs from a cactus; teonanacatl, the sacred mushroom of the Aztecs; caapi, a drug prepared from a jungle vine in the rain forests of the Amazon; and others. Some are modern synthetics—mescaline, the active substance in peyotl, which produced the visions and hallucinations of the peyotl eater, and a new synthetic, a d-lysergic acid diethylamide tartrate, called LSD-25, perhaps the most powerful of all the psychotogens. Investigators have thought that could we but learn how LSD-25 and mescaline produce "psychosis," we might know what causes schizophrenia.

Mr. President, imagine what could be done if sufficient funds were available.

Mr. COOPER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. COOPER. I voted for the Senator's amendment; and he has made here, tonight, a very powerful argument for it. I wonder whether he made the same argument to the conferees.

Mr. LONG of Louisiana. I made it for as long as they would listen, but they would not listen for longer than 3 hours. So then I decided to come here and present it to the Senate.

Mr. COOPER. But we cannot do anything about it tonight.

Mr. LONG of Louisiana. If the Senate rejects the conference report, something can be done about it. But if the Senate agrees to the conference report, I agree that nothing can be done about it until another year.

Mr. COOPER. What answer did the conferees give to the Senator's argument?

Mr. LONG of Louisiana. Well, although the Senate had voted to include mental illness under the program, the conferees voted to drop my amendment.

Only a year ago the Secretary of Health, Education, and Welfare said he was starting a crusade, because of the disgracefully deficient hospitals, which operate on a custodial basis, for the care of these wretched souls. But when the time came to vote to assist in the treatment of these poor people—and the States are spending only $4 a person for their treatment, although $15 a person is being spent in the general hospitals—then the Secretary of Health, Education, and Welfare actually hinted that he would have to suggest that the President veto the bill, although the Secretary himself had previously said he was conducting a crusade to accomplish the very thing for which the Senator from Kentucky and I voted. And let me say that I am most grateful to the Senator from Kentucky for voting for it.

So I am confident that we can accomplish our purpose if we insist on it.

Incidentally, I was the only one of the six Senate conferees to vote for that amendment. But after those 3 hours in the conference committee, one of the conferees moved to drop the amendment, and I was voted down. Confidentially, let me say that I could see it coming, and so could they. As a matter of fact, they called in the Senator from West Virginia, to give him the bad news about his amendment. And when he was leaving, they said to him, "You might as well take the Senator from Louisiana along with you." The House conferees could see that the Senate conferees were about ready to yield, insofar as insisting on the inclusion of my amendment was concerned.

In fact, the last three times I had anything to do with presenting to a conference committee an amendment to help needy, underprivileged people, regardless of their category, it seemed that the majority of the Senate conferees had voted against the provision or the amendment when it was before the Senate; and, in the conference committee, in very short order they voted to recede from the position the Senate had taken, and to accept the position taken by the House. I believe that demonstrates my point that the Senate conferees simply do not fight hard enough for these things. When we appoint conferees, we should insist on the appointment of conferees who have voted for the provisions the Senate has decided to include in the bill.

It seems that in this particular conference, the other conferees thought that 3 hours was all that should be allowed me to present to them my argument in favor of the amendment. Evidently they thought that 3 hours was sufficient. However, they are having to work harder and longer now in order to try to get the conference report approved here.

Mr. President, if our conferees would work and would fight as hard as they should, we should be able to accomplish what we favor. But in view of what is done, that seems to happen very seldom.

That being the case, I believe our conferees should work and should fight much harder than they generally have been. I do not believe in giving up easily. I believe in trying and trying, and trying again. And even if there is little or no chance of winning, I still believe in trying, because it is a cinch that we never can win unless we try.

Mr. President, I read further from the article to which I have been referring:

State hospital doctors are inclined to be a trifle indifferent to research on causes—and no wonder, confronted as they are with vast assemblages of psychotic patients. Nobody knows why aspirin works, but it does; nobody knows how anesthesia works, but it does. The new drugs work; enough.

No definitive evaluation of the drugs has yet been made. Dr. Nathan Kline's original study at Rockland State Hospital in New York showed that 22 percent of the patients who received Reserpine were able to leave the hospital. But how many relapse and return? Nobody is sure.

Dr. Kline has said: "Cures? We don't even talk about cures. We can't. If you'll tell me what schizophrenia is, then I'll tell you when we've cured it. I've seen patients on drugs who were symptom free. Is that a cure? I don't know. In many fields of medicine, we're satisfied if we patch up a patient so he has only a limited disability. In surgery, for instance—an amputee isn't cured, but he can function to a limited extent. Only in psychiatry do people insist on total cures."

The new drugs are not accepted universally. Some doctors deny they are any good. According to one doctor, "All we really know is that they keep the patient quiet without putting him to sleep." A canvass of leading investigators for the New York Annals showed that, while most considered the drugs efficacious, a minority did not and said so vehemently. For a time nearly everybody agreed that if the drugs did nothing else they at least facilitated psychotherapy; but recently even that has been questioned.

Dr. L. G. Abood, a biochemist who heads the research work at Illinois University's Neuropsychiatric Institute, has said: "The new drug therapy is not as good as was thought at first. Of course, the drugs have done a lot of good. You don't see the disturbed patients now that you used to. Instead of being in a locked seclusion room they're staring at the TV set in a stupor. It's easier on the attendants and the psychiatrists. Whether it's really easier on the patients is a doubtful question. Every new therapy produces a sudden improvement in the hospital. EST did, metrazol, insulin, everything. But then it levels off. We feel this is happening with the drugs."

Dr. Abood went on: "Today in the rush to find new drugs we've lost sight of the fact that the real value of Thorazine and Reserpine lies in their experimental value. How are they active? Where? . . . You can't get around the fact that the real answer lies in understanding the chemistry of the brain. If you make an application for a grant today and say you're trying out drugs on patients, fine, you'll get the grant. But all the time, what you should be doing is trying to understand the chemistry of the brain and the chemistry of these drugs."

Dr. Abood said, "All around the country we have good laboratories, but there isn't enough basic work being done. For example, when you stimulate a nerve, what happens to the energy mechanism? We're studying the link between function and chemistry. I think this is where the ultimate secret of life itself lies."

For many years there was a great shortage of doctors, nurses, and attendants to care for tuberculars and epileptics. But suddenly major discoveries were made in how to treat both. And immediately the tuberculosis sanitoriums and epileptic hospitals began to close, and there was a surplus of personnel. Today we have a great shortage of doctors and nurses in mental hospitals. It can only be relieved, in the long run, by some major scientific breakthrough. And increasingly it appears that in this field such a breakthrough depends upon basic research.

What is the future of the State mental hospital? "The big State hospitals are bankrupt without exception," Dr. Harry Solomon of Boston Psychopathic said a while back. "What will come to take its place I don't know."

Mr. BUSH. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. For a question.

Mr. BUSH. I wonder if the Senator would be kind enough to indulge me for a moment to allow me to insert in the RECORD a telegram which some of his frends sent to the Honorable JOHN F. KENNEDY a few moments ago? It has some bearing on the situation we are in at the moment. I would not want to put it in the RECORD unless the Senator was agreeable to it.

Mr. LONG of Louisiana. I do not think it belongs in my remarks.

Mr. BUSH. It should not be identified with the Senator's remarks. I am sure of that. I would not ask that it be incorporated in the Senator's remarks. In fact, I would be glad to consent that it appear at the conclusion of the Senator's speech. Simply as a matter of interest to the Senator, we have wired our distinguished colleague asking him if he would not help us bring this matter to a close, and I thought the Senator would be interested at the moment in what some of us had wired him.

Mr. LONG of Louisiana. I regret that we do not have the Vice President in the chair. I have not seen him since I came here at 11 o'clock this morning. I had hoped I would have an opportunity to speak to the Vice President, because, after all, he is the Presiding Officer of the Senate. Think of the opportunity I would have if I could have him sit in the chair and hear this problem as I have outlined it for the last several hours.

Mr. BUSH. The Vice President is available. If we could just come to a vote, he would be here to break a tie if there should be a tie.

Mr. LONG of Louisiana. The Senator encourages me when he says this looks like a tie vote and that the Vice President will be in his chair.

Mr. BUSH. I would never have mentioned it if the Senator had not suggested there would be that close a vote.

Mr. LONG of Louisiana. I did not have that in mind. My thought is that somebody is going to be elected President. I think it will be either the Senator from Massachusetts or the Vice President of the United States. My reaction is that I would have had a good prospect if I had the Vice President hear this speech on a great unmet problem.

Mr. BUSH. The telegram was sent in good spirit by several friends of the Senator from Massachusetts. We joined in apprising him of this situation. I think the Senator would be interested in what we said to him.

Mr. LONG of Louisiana. I think it should go in the RECORD, but I am reluctant to yield for that purpose, because once in a while a Senator is associated with certain sentiments. I have not seen the wire. Perhaps if I saw the telegram I would be more disposed to having it in the RECORD.

The Senator knows that during the McCarthy discussion some years ago, on the question of whether a Senator should be censured——

Mr. BUSH. I can assure the Senator there is no censure matter involved here.

Mr. LONG of Louisiana. Since the Senator placed in the RECORD a statement reflecting discredit on his colleagues, it was suggested that he should be censured for it.

I would not wish to be associated with anything like that.

Mr. BUSH. I will say to the Senator, that is not in any way a censure. This is a sort of plea for help; that is all.

Mr. LONG of Louisiana. Mr. President, I cannot agree to put the telegram in the RECORD.

Mr. BUSH. Very well. I withdraw the request.

Mr. LONG of Louisiana. The Senator suggests that I am waging a filibuster. Perhaps by the Senator's definition I am. There was a great Republican Senator who, fortunately, is still living, who served in this body. I refer to former Senator George Malone of Nevada. I served with him on the Committee on Finance for a number of years. He had a definition of a filibuster with which I agree. He said that a filibuster is a long speech with which one does not agree. If one agrees with it, it is a profound debate.

Mr. BUSH. Mr. President, I withdraw the request. I thought if we referred to the Senator's remarks as being a filibuster it certainly would not hurt him in the State of Louisiana. If the Senator prefers, I shall certainly withdraw the request.

Mr. LONG of Louisiana. Mr. President, the Senator would be inaccurate if he said I was filibustering, by my definition. I do not intend to prevent this from coming to a vote. My feeling about a lengthy speech is that if the purpose of the speech is to prevent the issue ever coming to a vote it is a filibuster. However, if the maker of the long speech does not so intend, it is not a filibuster.

I tell the Senator in all conscience, for what is in the bill I would like to see the bill passed. I am hopeful we shall be able to get more. That is why I wish to go back to conference, in the hope of getting more. I do not think we run much risk of losing what we have, so I am advocating that we follow this procedure.

The purpose of the speech is that I hope to persuade some Senators to go along with me. Even if I do not persuade a single Senator, at least the speech is worth the effort, so far as this Senator is concerned.

Of course, that is what makes one person think another person is conducting a filibuster. If one does not agree with the speech, one does not think it is very profound. That being the case, such a person thinks, "It is a filibuster, because I do not agree with it."

George Malone, so far as I know, was the author of that definition. I know the distinguished senior Senator from Nevada recalls it was George Malone who many times stood on this floor and said exactly that. He was one of the great Republican Senators of this body.

A number of times I observed George stand on the floor of the Senate and makes his position well understood, although it took a little time to do it. I also say that I am not approaching any of George Malone's records. I have a long way to go to get to that. I am not really trying to.

Mr. MORSE. Mr. President, I raise a point of order. The Senator from Louisiana has not yielded for a question.

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. MORSE. Mr. President, I am making the point of order as to whether the Senator from Louisiana is out of order.

Mr. LONG of Louisiana. Mr. President, I do not yield for a point of order. I shall continue with my statement.

The PRESIDING OFFICER. The Senator from Louisiana has the floor, and can yield only for a question.

Mr. MORSE. Mr. President, I can raise a point of order at any time, if the Senator is out of order.

Mr. LONG of Louisiana. Mr. President, I shall continue my speech. I do not care to yield the floor. If some Senator cares to make a speech, I shall be glad to cooperate with him, perhaps by unanimous consent.

I am sorry I have not been able to agree with other unanimous-consent requests.

Mr. KEATING. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. Mr. President, I will yield for a question. Mr. President, I must ask the Presiding Officer to protect my rights to the floor, because I can only yield for a question. I know the Presiding Officer has been diligent. I will say that he has been one of the most diligent Presiding Officers I have ever seen. I am pleased to say that the great junior Senator from North Dakota [Mr. BURDICK] has heard almost my entire speech. He has sat and presided over the Senate all this time. My guess is that he will soon break the great record established by the Senator from West Virginia [Mr. BYRD], who at one time set a fantastic record for presiding over the Senate for a long period of time.

Mr. President, I now yield for a question to the distinguished able, talented, clever, and brilliant Senator from the State of New York.

Mr. KEATING. Mr. President, does not the distinguished, able and brilliant Senator from Louisiana feel that the Presiding Officer is entitled to our commendation—indeed, to our sympathy?

Mr. LONG of Louisiana. Mr. President, when it comes down to considering a speech with which one disagrees it is easier to make a speech with which another disagrees than it is to listen to a speech with which he himself disagrees.

Mr. KEATING. Mr. President, will the Senator yield for a further question?

Mr. LONG of Louisiana. That has been my experience. I yield for a further question, Mr. President.

Mr. KEATING. Would the Senator from Louisiana have any objection to having printed in the RECORD the telegram mentioned by our distinguished colleague from Connecticut, at the end of his remarks?

Mr. LONG of Louisiana. Mr. President, when I yield the floor any Senator can ask for recognition. As a matter of fact, some Senator suggested a while back that perhaps we ought to quit until Monday and then permit the junior Senator from Louisiana to be recognized. It seems to me that it would be most immodest for me to insist upon something like that. I think every Senator has a right to ask for recognition and to speak.

Mr. KEATING. Mr. President, will the Senator yield for a further question?

Mr. LONG of Louisiana. Mr. President, I yield for a question.

Mr. KEATING. Would the Senator be able in any way to advise us or to give us any guidance as to the hour at which he might terminate his remarks?

Mr. LONG of Louisiana. Mr. President, I thought I gave the Senator some assurance that he could depend upon my remarks not being terminated before 12 o'clock. I am surprised the Senator is present now.

Mr. KEATING. Will the Senator yield further?

Mr. LONG of Louisiana. I yield for a question, Mr. President.

Mr. KEATING. Was it not the understanding given by the distinguished Senator from Louisiana that he would speak at least until 9 o'clock? Was 12 o'clock mentioned in our conversation?

Mr. LONG of Louisiana. Mr. President, I do not know what the Senate is going to do. Some Senator might wish to recess, or something. One never can tell.

Some Senators wished to attend a party. I desired to make a speech. Therefore, I was perfectly willing to assure Senators there would not be any vote before 9 o'clock. For the further assurance of certain Senators who wished to go home and be with their families, I assured them they could depend upon there being no votes before 12 o'clock.

Mr. KEATING. I thank the Senator.

Mr. LONG of Louisiana. I am willing to give the Senator that assurance.

Mr. COTTON. Mr. President, will the Senator yield to me for a question which has nothing to do with the telegram?

Mr. LONG of Louisiana. Mr. President, I yield to the Senator for a question.

Mr. COTTON. I note the Senator referred to the record established by the great Senator from West Virginia as to presiding in the chair.

Mr. LONG of Louisiana. Yes, I did refer to that.

Mr. COTTON. May I ask the Senator who the Senator from West Virginia was? I am much interested in these historical matters.

Mr. LONG of Louisiana. I believe the Senator from West Virginia [Mr. BYRD] has been known to preside continuously over the Senate for a longer period of time than any other Senator has sat continuously in the chair. I believe it was nearly 24 hours—22½ hours. I think that is quite a feat.

Mr. COTTON. The record of the Senator from West Virginia [Mr. BYRD] is now in danger, is it?

Mr. LONG of Louisiana. I do not know that that is the case, since the Senate went into session only at 11 o'clock this morning.

Mr. President, I return to the article about a new hope we have for doing something for the mentally ill.

Mr. McGEE. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG of Louisiana. Hope is a very important thing. It is a sign of encouragement for one family in three which either has or will have a member of the family in a mental institution at some time during the life of the family members.

I continue to read from the article to which I have referred,

Dr. Solomon mentioned certain currents you can see now: (1) large numbers of private psychiatrists treating patients in their offices and keeping them out of hospitals—

I suppose those would be the very fortunate people—

psychiatric pavilions in general hospitals—

Incidentally, that is one result of the bill. While we have all sorts of mental institutions, at least for 42 days we would be able to treat a mental patient in a general hospital; but if he were admitted to a hospital designed to treat psychiatric cases, then the State would lose the Federal matching funds. To that degree, at least, general hospitals, or certain parts of general hospitals could be converted into hospitals for psychiatric care. If the conference report were to be adopted, by the very force of it, it would compel the conversion of hospitals all over the nation from general purposes into psychiatric purposes, so that patients would get the benefit of the 42 days of care that we voted, and as surely as people would start to get the benefit of the provision, one of these days we will increase that feature, unless we decide to go after the poor masses who are huddled in the present institutions, the 850,000, 165,000 of whom are over age 65.

(3) more university hospitals; (4) the trend toward day hospitals—patients sleep at home at night but spend their days in the hospital.

Hospitals appear to be moving toward greater freedom and closer ties with the community.

Mr. ERVIN. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I yield.

Mr. ERVIN. I have been listening to the distinguished Senator's explanation of the provisions of the bill. I should like to ask him if he does not agree with me that the people of whom he is speaking have one advantage over Senators in that they can go to bed when the sun goes down?

Mr. LONG of Louisiana. Yes, I would imagine that is probably the case. They can. Let me say to the Senator, however, that the Senator can go to bed any time he wants to. It is all right for the Senator to leave and go to bed. He could be in bed now. I would be willing to vote for a recess. However, if the leadership wants to remain and Senators also want to remain, I am flattered that they would wish to do so in order to hear my poor remarks. Nevertheless, it is fine to know that some Senators are sufficiently interested to listen, because this is an area that in my judgment really needs some care and attention.

Hospitals appear to be moving toward greater freedom and closer ties with the community through outpatient and aftercare clinics, home-care plans even for acute patients, vocational guidance, halfway houses, day hospitals, night hospitals, unlocked wards, and so on. The community, not the hospital, ought to be the place for prevention, prehospital treatment, short-term care.

The State hospital is the place for patients needing longer treatment.

Dr. Henry Brill, of the New York State Department of Mental Hygiene, told me on a visit to Rockland State Hospital: "Because of the drugs and other things, these hospitals will change their nature. Their tremendous rate of growth will cease. We'll come to a stabilized population or a gradual decrease. The tremendous accretion of chronic schizophrenics will gradually dissolve. But because of the growing total population, they will be replaced by other elements of the population, other unsolved psychiatric problems." He did not say so but may have had in mind alcoholics, the aged, and narcotics addicts, among others. "None of this is going to happen tomorrow," he went on. "In New York we're still overcrowded, and our admission rates are still going up. But patients stay a shorter period of time.

"The drugs had an effect on our building program. In some buildings we built wards for disturbed patients, then the drugs came along, and now we have to take out the inside security screens—we don't need them any more. There's been a tremendous and a rapid change."

At the same time that the new drugs, the open hospital, and other innovations have generated a great ferment in the care of the mentally ill, American medicine has undertaken a nationwide survey of every aspect of mental illness—a survey which may become a landmark in medical history. Such a study was recommended in 1953 by Dr. Kenneth E. Appel, then president of the American Psychiatric Association. In January of 1955 under the leadership of Dr. Appel and Dr. Leo Bartemeier, chairman of the Council on Mental Health of the American Medical Association, the AMA and the American Psychiatric Association established a Joint Commission on Mental Illness and Health. Other national organizations joined.

Congress appropriated $1,250,000 for a 3-year study; States and private sources supplied more. The Joint Commission opened an office in Cambridge, Mass., and set to work under the direction of Jack Ewalt, Massachusetts commissioner of mental health.

It began major studies of various aspects of the care of mental patients and of the manpower available in the mental-health field. It undertook a nationwide sampling to find out what kind of troubles people have and how they handle them. It began smaller studies of non-psychiatric mental-health resources, such as schools and churches of the epidemiology and etiology of mental disease, and the economics of mental illness.

Dr. Ewalt has said: "We're not trying to paint a picture of the average hospital. We're trying to pick out the best things and see what makes them the best, so that we can tell a superintendent how to improve his hospital. In general, we're trying to figure out what should be the future of these mausoleums, the big state hospitals—trying to figure out where we are now and what we ought to do next."

The Commission will make recommendations to Congress and to the States in the summer or fall of 1959. Its report may at last provide a rational basis for a national mental-health policy.

THE IDEAL HOSPITAL

Already, in a report for the World Health Organization, more experts on psychiatric care have envisioned an ideal hospital. They decided that most Western countries probably needed at least one bed per thousand population, but in rural tropical Africa a tenth as many was enough. (Most Western countries now have about three beds per thousand.)

The next step, however, should not be to build more beds, as has been done in the past. Rather, as soon as the hospital can provide essential custodial care, its staff members should reach out into the community and devote a third of their time to a community mental-health program. They should inform the public about the hospital and the nature of mental illness. They should encourage private physicians and general hospitals to deal with simple psychiatric conditions and promptly recognize those beyond their scope. They should set up an outpatient service and a day hospital. They should set up special clinics for special problems, such as alcoholics, epileptics, and children. And they should form clubs of patients who have been discharged from the hospital and direct their activities.

The experts argued that the amount of money spent does not alone test a hospital's quality. Quality is better measured by the average length of stay, the ratio between the number of patients admitted and discharged, the capacity the hospital has to absorb patients from society and take care of them, the percentage of discharged patients who relapse and return, and, above all, the atmosphere of the hospital. On this last intangible point the experts wrote, "Too many psychiatric hospitals give the impression of being an uneasy compromise between a general hospital and a prison. Whereas, in fact, the role they have to play is that of a therapeutic community."

The atmosphere of a hospital can be evaluated in numerous ways. How good are the relations between the medical director and the doctors under him, between the doctors and the attendants, between the attendants and the patients, among the patients themselves?

Does the hospital preserve the patient's individuality? ("In too many psychiatric hospitals still the patient is robbed of her personal possessions, her clothes, her name, and—should her head be lousy—even her hair. Every step, therefore, that can encourage the patient's self-respect and sense of identity should be taken.")

Does the hospital assume that the patients are trustworthy? ("The locking of wards creates the urges to escape; the removal of knives and other elaborate and insulting precautions have provoked many suicidal attempts. High walls, bars, armor-plated windows, bunches of keys, uniform clothing,

and all the other paraphernalia of prison make modern psychiatric treatment impossible.")

Does the hospital reward patients' good behavior rather than punish bad? Is it, for that matter, punitive at all? Does the hospital encourage patients' initiative and responsibility? Does it encourage visitors? Does life inside the hospital resemble as closely as possible life in the outside community? ("In a Western country where men and women mix freely at work and in recreation, it is obviously desirable that they should do so when in the mental hospital.") Are the patients active—not merely busy, but busy at planned and purposeful activity?

Once the proper atmosphere of the therapeutic community has been established, the WHO experts wrote, the staff can build upon it specific types of treatment. They merely mentioned electroshock; they emphasized much more occupational and recreational therapy. They stressed group activities of all kinds, ranging from habit training for grossly deteriorated patients to art and music for others.

"In their gradual return to social effectiveness, patients often seem to need to recapitulate, not only the development of the interests and activities of the human being from childhood to adult life, but also the development of the human race itself. The group activities must, therefore, cover the scale from the archaic and primitive to the cultural and technical"; and they pointed out that for some patients "sand and water play * * * provides a more therapeutic occupation than any technical or craft activity." Patients must be given responsibility. During the greater part of the day, the patients will be away from their own sleeping quarters. However, patients should not be locked out of their wards any more than into them, for if they need solitude and rest they should have it.

There should be 1 doctor for every 150 patients; 1 nurse for each 5 or 6 patients. More use should be made of group psychotherapy. Not many patients can be helped with individual psychotherapy. As for full-scale classical psychoanalysis, it is probably never justified except for research purposes, the experts thought. Each patient, however, should "feel that there is one doctor who is his—one doctor who knows him well and whom he knows."

When a new patient is admitted, "everything" should be done to make him feel at home—he should be given a guidebook and a map and should as a right, meet the medical director personally.

Let us contrast that with conditions which exist in so many mental hospitals in America. Making patients feel at home and comfortable—nothing of that sort do we have in most of these hospitals.

Leaving the hospital, he should be prepared by gradual trial visits and numerous interviews and be helped by social workers to find a job and home. The hospital building should not dwarf the individual by its size and by herding patients together in thousands in giant monoblock buildings.

No hospital should contain more than a thousand patients.

Let us compare that with many hospitals in which have 3, 10, and 15 thousand patients for the mentally ill.

(The experts doubted that large hospitals are cheap to operate.) No hospital should be built to last too long: "Many countries will be burdened for a long time to come with large obsolete mental hospitals built years ago to fit a conception of the role of the mental hospital which is now completely rejected." New hospitals should be designed to become obsolete in 20 or 30 years, and their interior walls should be movable. The hospital should be composed of several small buildings, not of a single large building. Enormous existing hospitals could be improved by breaking them up administratively into units of 400 to 700 patients, each complete in itself with its own medical director and staff.

Finally, the experts warned, the psychiatric wards of general hospitals are not necessarily the best places for psychiatric care. Too often they keep patients in bed and emphasize neurological diagnosis. Sometimes they are also "very detrimental" to the community mental hospital, because they treat and return to society all patients capable of early recovery and send to the community hospital only grossly disturbed or chronic patients. "There is no more certain way of turning the community mental hospital into a madhouse and depriving it of its role of a therapeutic community."

Mr. KEATING. Mr. President, will the distinguished Senator yield for a question?

Mr. LONG of Louisiana. I yield for a question.

Mr. KEATING. Was the distinguished Senator aware of the fact, which I shall presently state to him, and after stating it, does he not feel it should be a cause for celebration, in the form of a comment on this legislation, which I read from the UPI ticker——

Mr. MORSE. Mr. President, I raise a point or order. The Senator from New York is not in the process of asking a question; he is, in fact, making a statement. I make the point of order that the Senator from New York is out of order.

The PRESIDING OFFICER. The Senator from New York has the right to propound a question.

Mr. KEATING. I am propounding a question, namely, whether the Senator from Louisiana is aware of what I am about to say.

Mr. MORSE. That is not propounding a question. I raise the point of order that the Senator from New York is out of order; and if the Senator from Louisiana persists in yielding to the Senator from New York for that purpose, I shall raise the point of order that the Senator from Louisiana is out of order.

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

Mr. KEATING. Mr. President, may we have a ruling?

Mr. LONG of Louisiana. Mr. President, I decline to yield further. I do not wish to be declared out of order. I do not care to yield the floor; and I would yield the floor if I yielded for this statement.

Mr. KEATING. I understand.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield for a question.

Mr. JOHNSON of Texas. I wonder if the Senator anticipates that we could reach a vote on the conference report this evening?

Mr. LONG of Louisiana. I do not know. I simply do not know. I am prepared to speak a while longer on the subject.

Mr. JOHNSON of Texas. We talked about it last evening, and I had the feeling that perhaps the Senator would speak for an hour or two, and that the Senate might be able to reach a vote. It is now 10 minutes of 12. I have a responsibility. I do not want to make any suggestions which may be embarrassing.

If the Senator would prefer to go over until Monday, although it would be embarrassing to me, I would be willing to do almost anything in order to accommodate my colleagues, and particularly my friend from Louisiana. On the other hand, I do not want to interrupt him in his speech.

If we could vote tonight, I should like very much to do so, for reasons of which the Senator is very well aware. An appropriation bill is scheduled for consideration on Monday, and several other conference reports will be ready.

However, if the Senator feels that it will be possible to vote this evening, I shall be glad to ask Senators to stay here. If the Senator would prefer to go over until Monday, I would be willing to work out an agreement with him to vote early on Monday. I want to be cooperative and understanding; at the same time I had the feeling that perhaps we could vote today. If we cannot vote today, I will understand it, and shall ask the Senate to go over until Monday. I should like to be guided by the wisdom of the Senator from Louisiana.

Mr. LONG of Louisiana. I think it would be well to go over until Monday. I have covered much of what I wanted to say, but there are many things I should like to make a part of the RECORD before the debate is concluded. I am prepared to go over until Monday; then I would be prepared to support the motion.

Mr. JOHNSON of Texas. Might we have some agreement as to when the Senate would vote on Monday?

Mr. LONG of Louisiana. I told the Senator from Texas that I would not conduct a filibuster on this question, but that I would have to define what a filibuster is. The Senator knew that.

Mr. JOHNSON of Texas. I do not question the Senator's statement.

Mr. LONG of Louisiana. I assure the Senator that I do not propose to defeat the bill. I had hoped the Senate would vote down the conference report. I want the bill to become law, but I should like to see a better bill than we have now. The Senator knows that.

Mr. JOHNSON of Texas. I understand.

Mr. LONG of Louisiana. I am reluctant at this time to enter into a unanimous-consent request; but I agree with the Senator that the bill should be passed, and I should like to cooperate with him.

Mr. JOHNSON of Texas. I know that.

Mr. LONG of Louisiana. I shall be glad to discuss that question with him when we meet the next time, or between now and the next time we meet, but I do not feel like entering into a unanimous consent agreement at this time.

Mr. JOHNSON of Texas. I was hopeful that if the Senator would agree to have the Senate recess tonight, we might have an agreement on the time the Senate would vote on Monday, without leaving the question open.

Mr. LONG of Louisiana. I am not prepared to agree to that; but if the Senator wants to keep us in session all night, he can.

Mr. JOHNSON of Texas. I shall not press the Senator. I understand his position. I shall cooperate with him.

Mr. LONG of Louisiana. Mr. President, I wish to conclude the article from which I have been reading:

A PANE OF GLASS

Unhappily only a few of our very best private hospitals as yet approach this ideal. Yet these few may point the way to the future. Dr. Brill of New York State believes that in not many years the State hospital as we know it today will be remembered as a curiosity in medicine's history. And he puts it:

"A hundred years ago or more the movement to get the mentally ill into hospitals began. We organized hell out of mental illness—developed enormous collections of mental patients before we had any effective methods of treatment. That's how the problem developed that we call the State hospital problem—not for a lack of finances and personnel, but because we collected all these people—for the best motives—before we knew what to do for them. Now at last we do know. I feel that we're at a new threshold in psychiatry."

Psychiatry can work no miracles. Serious men in the field fear that the hopeful public may vote them all the money they ask but then, if they fail to empty the hospitals quickly, turn on them indignantly, with the result that psychiatry will be set back many years.

Hope should not blind us. Despite all advances, so recently as the end of 1957 Dr. William Menninger of Topeka called government-run hospitals a disgrace, "human warehouses." "Sixty percent of their population never comes out alive." Money, personnel, research, and public understanding—these, he said, are what we need today to make them what they ought to be.

A schizophrenic patient, trying to explain his condition, once said, "There is a pane of glass between me and mankind." All lunatics and their asylums have traditionally been blocked off from the rest of the world by an invisible barrier. The task of psychiatry is to smash the pane of glass. That goal, like man's ancient dream of reaching the moon, seems less wild a dream than ever before.

Mr. President, now I should like to discuss conditions which exist in some of the hospitals to which I have made reference. I should like to discuss an article entitled "Springfield Hospital Overfull; Staff Short." The article reads:

Seated elbow to elbow along a narrow porch in Springfield State Hospital, two long rows of elderly women mutely faced each other.

In an adjoining dormitory their beds were stacked four rows deep and barely inches apart. The scene: ward F of Springfield's "continued care" section for female patients.

Cast adrift from families unable or unwilling to care for them, these elderly chronic patients are rapidly becoming the biggest single headache of Maryland's biggest public mental institution.

But they still comprise only part of the overall problem.

Squeezed into Springfield's 35 patient buildings are 3,312 mentally disturbed men and women.

The hospital is licensed to hold only 2,966.

Springfield's overflow of 326 patients is large enough to fill six average-sized hospital wards.

Instead they are packed into gloomy basements, reconverted porches and the aisles of already overcrowded dormitories.

Despite this crush of patients an overworked staff of nurses and hospital attendants manage to keep beds, floors and ward rooms in a state of amazing cleanliness.

The 64-year-old institution occupies 1,400 acres of rolling farm land 40 miles north of Washington.

It is supposed to treat insane white patients from half of Baltimore City and eight western Maryland counties, including nearby Montgomery.

Yet Springfield is fighting dirt and overcrowding as hard as it is fighting insanity.

Some 2,200 men and women, roughly two-thirds of its patients, live in acutely cramped quarters.

Most of them are housed in seven buildings of pre-World War I vintage, some dating back to the turn of the century.

No part of the structure is fireproof. Yet in event of fire, most of the patients would have to be carried or helped to safety.

In D building, Springfield's long-term colony, 93 chronic male patients jostle one another in space planned for 60.

Beds are crammed so close together that patients must dress and undress in the aisles. There is no place here for personal belongings.

In M ward an employee cafeteria has been transformed into a 36-bed dormitory.

In an adjoining ward beds are lined up head to foot in what once served as a day room.

Seventy-six elderly men were penned in a gloomy basement ward, once a storage area, intended to house slightly more than half the number of occupants.

In another ward of Springfield's epileptic colony 67 patients are sardined into space licensed for 41. Only one attendant is on hand to supervise this group.

Springfield's nurses, in some cases, have dipped into their earnings to buy furniture, curtains, or TV sets.

Since 1949 when public awareness was first aroused to the plight of Maryland's mentally ill, the State has spent $9.8 million to renovate and expand Springfield's plant.

Although it may have fared better dollarwise than Spring Grove, it had to spread its income over a bigger patient population.

There has been a steady drop in both funds and public interest during the past 10 years.

Since 1949, when an aroused legislature earmarked $6 million in construction money to Springfield alone, this has been the trend: 1951, $1.2 million for capital outlay; 1952, $500,000; 1953, $800,000; 1954, $500,000; 1955, $350,000; 1956, $140,000; 1957 no construction money; 1958, $40,000.

Last August the Joint Commission on Accreditation of Hospitals refused to renew the accreditation of both Springfield and Spring Grove.

In Springfield's case, the reasons were overcrowding, fire hazards in seven buildings, and shortage of professional and nursing help.

Springfield has 26 doctors of whom 22 give direct care to patients. Its budget provides for 28.

The American Psychiatric Association, which lays guidelines for public and private institutions, says it needs 35.

It has 22 registered nurses, although its budget calls for 25. The APA says Springfield should have 196 registered nurses.

Just as at Spring Grove this combination of overcrowding and understaffing means that patients able to benefit from psychiatric care are sinking further into chronic insanity.

Instead of returning to their homes and communities they are becoming lifetime wards of the taxpayer. Some have spent 40 to 50 years at the institution.

Since 1953, Springfield's population of patients over 65 years of age has climbed from 22 to 36 percent.

Today the aged account for 27 percent of all new admissions, compared with 14 percent 6 years ago.

Many of these patients are senile men and women beyond psychiatric help who could be cared for just as well in nursing homes. Nevertheless, as soon as they are certified as psychotic, Springfield must find room for them.

This constantly rising burden of custodial care diverts staff and space from those who who can benefit from treatment.

Springfield this year opened the first section of a cheerful, modern geriatrics building for elderly patients able to respond to medical or psychiatric help.

Mr. President, certainly it would be fine if more geriatrics units were opened in many of the hospitals in this country, so aged people could be treated decently, instead of being confined in the dreadful type of facilities to which I have been referring.

I read further from this article, Mr. President:

Although there is now space for 140 in the new structure, there is an immediate need for 400 beds. But no money is on hand to expand the new facility toward an already authorized goal of 260 patients.

Even if the legislature approves funds for the additional 120 beds next year. It could not admit its first patient until 1962.

Springfield's $1.7 million medical and surgical building is a showplace. It is filled with gleaming up-to-date equipment.

But because of the low salaries Maryland pays psychiatrists, physicians, and nurses, Springfield's administration is worrying whether it will be able to keep staff enough to run the facility.

Maryland now ranks 45th among the States in what it pays senior assistant psychiatrists, according to an APA survey last September. Its starting pay for assistant psychiatrists is lowest in the Nation.

Mr. President, I should like to discuss with Senators an article from the Washington Post of Wednesday, November 26, 1958, entitled, "Overcrowded Hospitals."

OVERCROWDED HOSPITAL "LOSES" CURABLE PATIENTS—LACK OF STAFF AT CROWNSVILLE PUSHES THEM TO CHRONIC STAGE

(By Laurence Stern)

Troubled by nervousness and loss of self-confidence a young Prince Georges County lawyer voluntarily entered Crownsville State Hospital 12 years ago.

Instead of getting help, he was "buried" behind a stone wall in gruesome "A" building of Crownsville's backward section.

Overcrowding, lack of medical attention, and the squalor of his physical surroundings quickly transformed this young man into a chronic mental patient.

Morose, withdrawn, and shrinking from any human contact, the attorney was considered a hopeless case for most of his 11 years at Crownsville.

Last spring, however, he was "found."

An alert attendant persuaded him to talk to Crownsville Superintendent Charles S. Ward. The patient was put to work in the hospital's medical records section. Three months ago he was discharged.

On Monday the attorney will argue his first case since returning to law practice.

FEARSOME BACK WARDS

Crownsville's staff has no idea how many others like the young man there may be in the hospital's fearsome back wards.

Today in "A" building 535 male patients of all ages and all types of mental disorder are jumbled into space for 280.

Epileptics, hopelessly senile patients, low-grade idiots, and psychotics were packed in two gloomy day rooms during a tour Monday.

Since there weren't enough seats, many patients huddled in corners or milled aimlessly in crowded aisles.

There is a skyscraper aspect to the overcrowding at Crownsville.

In one reconverted porch, 75 men sleep in 2 banks of double-deck beds. The place should have held half as many.

More than 300 of Crownsville's patients, many of them acutely insane, still sleep in double bunks.

Crownsville is Maryland's answer to the needs of its mentally ill Negro population.

Integration has come to only one of the State's five mental institutions, Rosewood Training School for the Feebleminded.

FOR WHITES ONLY

Spring Grove, Springfield, and Eastern Shore State Hospital are for whites only.

At Crownsville, 2,375 mentally disturbed men and women are squeezed into space which the State health department has licensed for only 1,985.

Most of these patients are housed in six old buildings which date back as far as 1912.

Those considered most hopeless are penned, as was the young lawyer, into Crownsville back ward section.

"Our typical back ward patient doesn't come to us in that condition," said Dr. Ward. "He becomes that way in the institution after being buried behind a brick wall.

"The worst thing you can do to a sick person is close the door and forget about him."

Since his arrival at Crownsville 18 months ago, Dr. Ward has been opening doors. "We literally unlock the ward and lose the key," he explained.

In July 1957, "A" building held 750 patients—about 250 percent beyond its licensed capacity. Since then, three of the building's four levels have been unlocked.

As a result, Crownsville has sent 75 once-chronic patients home from "A" building; another 65 are in convalescent cottages, getting ready to leave the institution.

"Not a damn thing has changed in that building except what has been going on between folks," said Dr. Ward.

In his soft, Georgia drawl Crownsville's superintendent has been goading an understaffed team of doctors and attendants to make up in spirit and initiative what they lack in bricks, bed space, and pairs of hands.

NO ONE LIKE HIM

One attendant, a veteran of 20 years at Crownsville, said of the Atlanta-born superintendent.

"I've never seen anyone like him in all my years here. When we were snowed in last winter, he was out there running a tractor. If patients could be reached only by foot, he carried the food over himself. I don't think he slept for a week."

Ward has twice requested space for 300 additional beds at Crownsville. He has twice been turned down by the State's planning commission.

Under the steady impact of rising admissions, chronic cases multiply in the back wards.

Because Crownsville does not have enough nurses, doctors, rehabilitation therapists, and social workers, many will be doomed to sink further into insanity unless they are "found" by an alert attendant.

Supervisor of Nurses Sydney Scott, an Englishman who came to Crownsville 3 months ago, led a reporter through a teeming, foul-smelling day room for so-called chronic cases.

He pointed to one patient after another: "He shouldn't be here • • • nor should he • • • or that one" Scott repeated in clipped, determined tones.

COULD CURE MANY

Crownsville could be moving from 300 to 400 of its patients homeward if it were functioning with maximum staff, hospital officials estimated.

More than 400 of its patients are senile men and women over 65 who are beyond psychiatric help. As at Springfield and Spring Grove, many of them could be cared for just as well in nursing homes.

Meanwhile they are occupying bed space that could be used for mentally disturbed patients who might be restored to sanity.

In Crownsville's criminally insane ward, the scene of numerous riots in past years, dangerous patients are locked in a poorly ventilated cellblock structure with primitive sanitary facilities.

Fortunately for Crownsville, 100 of its maximum security cases will soon be moved to the new Institute for the Criminally Insane at Jessups.

In one windowless, basement room 40 working patients live under a tangle of hot water pipes.

Since 1949, when a shocked State administration was made aware of the condition of Maryland's mental institutions, some $13 million has been spent to expand Crownsville's physical plant.

Today the old buildings have been supplemented by a $900,000 medical and surgical building, six new convalescent cottages, and an admission building.

Nevertheless, because of the burgeoning numbers of mentally ill, Crownsville is today 31 beds more overcrowded than it was 9 years ago.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield to the Senator without prejudicing my rights to the floor.

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

Mr. JOHNSON of Texas. I wonder if we could reach an agreement whereby we could notify absent Senators that we shall vote later in the evening, or, if the Senator is not disposed to vote this evening, but would like to carry it over until Monday, I wonder if we could reach some kind of agreement to vote on Monday, either Monday morning or Monday afternoon, at some particular time? We could come in Monday at 9 o'clock, have the morning hour, and then vote sometime in the afternoon.

I do not want to be overly persuasive or crowd the Senator, but a good many of his colleagues who are his friends, and who want to be cooperative, are prepared to vote this evening in an hour or two. We are now into Sunday morning.

I would be willing to work out an agreement to vote later, an hour or two from now, or go over until Monday, and come in at 9 o'clock, and allow 2 or 3 or 4 or 5 hours, whatever would be agreeable to the Senator and whatever he thought reasonable. Could we work out that kind of arrangement?

Mr. LONG of Louisiana. I do not know that I will require that much time on Monday.

Mr. JOHNSON of Texas. We could yield the time back if we did not need it.

Mr. LONG of Louisiana. I would like to continue my speech longer, but I do now know that I would require that much time on Monday.

Mr. JOHNSON of Texas. I would be willing to agree that the Senator could continue to speak as long as he wanted to this evening, and we could have 3 hours on Monday; and if we did not need that much, we could yield it back. If the Senator wanted more time, we could agree to more. I want to cooperate.

Mr. LONG of Louisiana. I have been perfectly willing to cooperate with other Senators. I wanted to speak against the conference report, and the Senator knows it, but I did not want to stop the Senate from coming to a vote. For the convenience of Senators who sat around here all night, I told them if they wanted to go home, they could. I did not demand the yeas and nays. They were demanded by one of our Republican friends, who perhaps wants to take the attitude, "Well, we are going to vote tonight."

Mr. JOHNSON of Texas. That is not the attitude of the majority leader.

Mr. LONG of Louisiana. The Senate will not vote tonight. It might vote sometime tomorrow, but not tonight.

Mr. JOHNSON of Texas. That is not the attitude of the majority leader. I want to be cooperative with the Senator, if he will tell me how much time he would like to have, so I can, in a way, explain to my colleagues on both sides. Would the Senator be willing to vote after 4 hours on Monday, if we recessed tonight?

Mr. LONG of Louisiana. If we are going to have a limitation on Monday, I do not feel like recessing now, even though I may be talking to an empty Chamber. I have not insisted on any Senators staying here. This Senator was on a committee that, for the third time, saw amendments he had offered, in which he conscientiously believed, thrown out without as much consideration as they deserved.

Mr. JOHNSON of Texas. I sympathize with the Senator's position. Let us assume the Senator speaks as long as he wants to tonight. It is now 12:20 a.m. Assuming we continue as long as the Senator desires to speak, would the Senator be willing to come in at 9 o'clock on Monday, with the understanding that we have a vote at 1 o'clock on Monday?

Mr. LONG of Louisiana. I think 10 o'clock would be a better hour at which to meet on Monday.

Mr. JOHNSON of Texas. Very well. We would come in at 10 o'clock and vote at 2 o'clock in the afternoon.

Mr. LONG of Louisiana. I would be willing to agree to a 4-hour limitation. I do not know that I will need that much.

Mr. JOHNSON of Texas. Time can be yielded back.

Mr. President, I think the Senator from Louisiana is being very considerate and reasonable; and I ask unanimous consent that we continue this evening as long as the Senator from Louisiana may desire; that there be no rollcalls; that the Senate convene at 10 o'clock Monday morning; that we vote at 2 o'clock in the afterncon on the conference report, agreeing or not agreeing to it; and that the time be equally divided between the opponents and the proponents, the time in opposition to be controlled by the Sen-

ator from Louisiana [Mr. LONG], and the time for the proponents to be controlled by the majority leader.

The PRESIDING OFFICER. Is there objection?

Mr. SCOTT. Mr. President, reserving the right to object, am I to understand that there would be a vote at 2 o'clock?

Mr. JOHNSON of Texas. Yes.

Mr. SCOTT. I have no objection.

The PRESIDING OFFICER. Is there objection to the unanimous-consent proposal? The Chair hears none, and the agreement is entered.

The agreement, as subsequently reduced to writing, is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That during the further consideration today (Sunday, August 28, 1960) of the conference report on H.R. 12580, the Social Security Amendments of 1960, no roll-call vote shall be had; that at the conclusion of its proceedings today the Senate take a recess until 10 a.m. Monday, the 29th instant, and vote on the question of agreeing to the report at not later than 2 p.m. on said day; and that the intervening time be equally divided between the proponents and the opponents and controlled, respectively, by the majority leader and Mr. LONG.

Mr. JOHNSON of Texas. Mr. President, I wish to express my deep gratitude to the Senator from Louisiana for his cooperation, as well as to the members of the staff of the Senate and to my colleagues, who have been cooperative and helpful. We have an understanding now that we shall have no votes this evening. We will come in at 10 o'clock on Monday morning. We shall vote not later than 2 o'clock. The time between 10 a.m. and 2 p.m. on Monday will be divided between the Senator from Louisiana and the Senator from Texas.

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

Mr. JOHNSON of Texas. I yield.

Mr. MORSE. I wish to say to the Senator from Louisiana that I deeply appreciate the cooperation he has extended to the majority leader. I also wish to give him my very high commendation again. I did earlier this evening, but I do so again. I intend to listen to all his remarks.

Mr. LONG of Louisiana. The Senator had better not make any rash commitments.

Mr. MORSE. The Senator deserves our commendation for focusing the attention of the American people on what, as I said earlier, is one of the most deplorable situations existing in our body politic. The attention the Senator from Louisiana has brought to the plight of the mentally ill in this country, in my judgment, is really a great public service, if people will take the time to study the substance of the speech the Senator from Louisiana has made in the last several hours before the Senate.

The Congress of the United States in the next session has a great moral obligation to see to it that we adopt a program which will give to the States the assistance they need to help these fellow Americans of ours who are mentally ill, who are living under such deplorable conditions in so many mental hospitals in this country.

The Senator has brought out many facts in his speech. This has really been a great seminar on the mental health problems of this country. I commend the Senator highly.

I know the criticism the Senator is going to receive from some quarters for the course of action he has taken. Sometimes people must have the courage to do what the Senator from Louisiana has done in addressing the country from his seat in the Senate about one of the great social problems which confront us. I thank the Senator as a colleague and as a friend for the decision he has made, in offering to vote on Monday at 2 o'clock because, frankly, I think the lesson has been taught. I think the Senator has made the record, in addition to what he will make on Monday in regard to the problem. The Senator is to be commended for what he has done.

Mr. LONG of Louisiana. Mr. President, I thank the Senator very much. I have not felt disposed to demand that Senators be present. I wished to make a speech. It was the decision of other Senators that they demand the yeas and nays. They placed themselves in the position that they would have to answer a call of the roll, so as to make themselves stay. So far as this Senator is concerned, I should like to talk a while longer. I did not insist that there be a yea and nay vote on the question, but I should like to discuss it.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. I do not desire the yeas and nays. I do not see any reason why they are imperative. Unless we wish to be cruel and brutal, unless somebody insists on them, I do not see any reason why we should have them. I would ask unanimous consent——

Mr. LONG of Louisiana. Mr. President, I am perfectly willing to have the yeas and nays.

Mr. JOHNSON of Texas. I know the Senator did not demand them and is willing to have them. Mr. President, I ask unanimous consent that the order for the yeas and nays be withdrawn.

The PRESIDING OFFICER. Is there objection?

Mr. SCOTT. Mr. President, I object. We have been here all day. We can vote Monday.

Mr. LONG of Louisiana. Mr. President, I would be delighted to have a record vote. I say to my good friend from Pennsylvania that I am delighted to vote on the record in favor of what I am going to say for a few more hours tonight.

This is a problem which deserves attention. I am delighted to have a vote on it. If I am the only Senator who votes my way, I shall be delighted to do so.

I honestly feel this way about the matter. Any Senators who have kept themselves here needlessly did not do so at my request. Other Senators wished to have a yea-and-nay vote. If they stay until midnight, or will stay until daybreak, that is perfectly satisfactory with me, but I was not the Senator who insisted upon the vote.

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

Mr. LONG of Louisiana. If Senators wish to hear me, I am delighted to have them listen, but I regret very much to hear any Senator complain he has been required to be present. This Senator will cooperate.

Mr. DIRKSEN. Mr. President, will the Senator yield to me, with the understanding he will not lose his right to the floor?

Mr. LONG of Louisiana. I yield to my able friend from Illinois.

Mr. DIRKSEN. Mr. President, the Senator knows very well that there is no substance to the observation that no Senator has to stay. The minute the Senator takes his seat and there is no further recognition of a Senator for debate, since the yeas and nays have been ordered Senators would be expected to be present to vote. The Senate could not function without some Senator sitting in the majority leader's chair and some Senator sitting in the minority leader's chair, representing this side of the aisle and the other side of the aisle. The Senator knows that.

I try to be as fair and equitable as possible. What should we do? No one knew. I tried to ascertain from the Senator privately and publicly what were his intentions. I asked, "How long are you going to talk?" The Senator did give me an assurance he would speak until 9 o'clock.

The Senator did give us that assurance. Beyond that we had no assurance. I thought perhaps the Senator would talk until midnight, but now it is Sunday. I share the feeling of the majority leader that it is not a very happy commentary upon the United States Senate that it should remain in session into the Sabbath, with the discussion still going on.

The fact of the matter is that if the Senator had at any time taken his seat and no other Senator had asked for recognition there would have been a vote, unless the vote were postponed. Then what would we have done? We would have had to call Senators from wherever we might find them, on a quorum call, to get a vote. The Senator knows that.

I am not intent on belaboring the matter, but I do not wish to have the RECORD show that we have not been quite inconvenienced, because Members of the Senate have been. They do not feel too kindly about it.

Mr. LONG of Louisiana. Mr. President, now that we have settled that——

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

Mr. LONG of Louisiana. I am not going to yield to the Senator now. I do not wish to argue with the Senator.

Mr. SCOTT. I am asking the Senator to yield——

Mr. YOUNG of Ohio. Mr. President, I demand the regular order. The Senator from Louisiana has the floor.

Mr. LONG of Louisiana. Mr. President——

Mr. YOUNG of Ohio. I think the Senator from Louisiana is rendering a real and needful public service.

Mr. KEATING. Mr. President, I demand the regular order.

Mr. YOUNG of Ohio. I want the Senator to proceed.

Mr. KEATING. Mr. President, the regular order.

Mr. LONG of Louisiana. Mr. President, I, too, should like to see the regular order followed. I do not yield at this time.

I wish to undertake to present to the Senate some information which I came upon relating to another example of the problems, troubles, and difficulties which face people in the field of mental illness, which I very much fear the conference report will prevent us from reaching effectively for a long time to come.

Mr. LAUSCHE. Mr. President, before the Senator proceeds——

Mr. LONG of Louisiana. Mr. President, I wish to say, for the benefit of Senators present, that we agreed to vote on Monday. I agreed to that We will have a vote on Monday. Any Senator who feels that he is being kept here waiting for a vote against his will need have no further worry about it. We shall vote on Monday. We are not going to vote tonight. I have agreed to that, and other Senators have.

Mr. JOHNSON of Texas. Mr. President, may we have order?

Mr. LONG of Louisiana. I now wish to direct myself——

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

Mr. LONG of Louisiana. Does the Senator wish to have me yield for a question?

Mr. LAUSCHE. For a question; yes.

Mr. LONG of Louisiana. I yield for a question.

Mr. McGEE. Mr. President, may we have order, so that we can hear the question?

Mr. LAUSCHE. The report on the Senate bill——

Mr. McGEE. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senator will suspend. Senators will take their seats. The Senator from Louisiana has the floor.

Mr. LAUSCHE. The report on the Senate bill, which I have in my hand, which deals with those phases of the conference report which are not covered by social security, shows that the cost will be $200 million and that the State of Louisiana will receive $13 million of the $200 million; is that correct?

Mr. LONG of Louisiana. The Senator is correct.

Mr. LAUSCHE. The chart further shows that the State of Louisiana would put up $48,000 to receive $13 million. The record so shows; is that correct?

Mr. LONG of Louisiana. In that respect I fear the report is very misleading. The State would put up about an amount equal to one-third of that—let us say $5 million.

To a considerable degree the chart to which the Senator is referring is extremely misleading. It assumes, insofar as Louisiana is concerned, that the Federal Government would match funds for the elaborate program that we already have down there for general hospitals. The Senator knows that we are not talking about mental hospitals; we are talking about the New Orleans Charity Hospital, the Confederate Memorial Hospital at Shreveport; the Huey Long Hospital at Alexandria; and the E. A. Conway Hospital at Monroe, the Lisle Camp Hospital at Independence, and the Lafayette Hospital. I can show the Senator from Ohio that the State is spending $21 million in those hospitals at the present time. They are entirely State hospitals.

At least 10 percent of the beds in those hospitals are occupied by persons over age 65. Therefore, upon that basis the State would be entitled to matching funds for that much money under this bill. I do not know whether the State needs that much money, to be frank. We have an elaborate program in our State. I know we could be more effective than we are, but I seriously doubt that Louisiana needs the matching provision for what they are already doing. In the mental hospitals I would say we could use the funds very effectively.

Mr. LAUSCHE. The Senator states that the report is incorrect in that, in fact, we would be putting up $5 million to get back $13 million.

Mr. LONG of Louisiana. The $5 million is already up.

I suppose when the Senator from Ohio was Governor of his State he had a highway program prior to the time the Federal Government started to match funds for the construction of highways. When the Federal Government started to match funds, perhaps one State might not have had a highway program, and another State might have put into the program a larger amount than another. When the Federal Government started to match funds, they must have matched the funds of the State that was spending in that field just as they matched the funds of the State that was not.

If the Senator will look down the chart further he will see that it indicates that Mississippi would have a substantial amount of money. It is assumed that that State would put up $1,112,000, which funds would be matched by $4 million of Federal money. In my judgment, it is extremely doubtful that Mississippi will put up that amount of money. They are receiving 80 percent now and not matching all the Federal money.

Mr. LAUSCHE. To clarify the point, considering the items contemplated in the program of financing, and forgetting the larger items on which the Senator says he spends money, the fact is that his State would put up $48,000 and receive back $13 million. Is that not correct?

Mr. LONG of Louisiana. I think it is an unjustified assumption that we shall put up $48,000, because the State is putting up so much now, it might very well reduce its contribution to the program. In other words, on these aged people in Louisiana State hospitals we are spending an amount that averages $15 per patient per day.

Mr. LAUSCHE. That is in the general hospitals.

Mr. LONG of Louisiana. Yes, that is correct. The chart does not relate to mental hospitals; it relates only to general hospitals.

Mr. LAUSCHE. That is correct.

Mr. LONG of Louisiana. The chart refers entirely to general hospitals. It has nothing to do with mental hospitals.

Mr. LAUSCHE. That is correct.

Mr. LONG of Louisiana. In a State in which half the patient-days are spent in State general hospitals, at State expense, when one undertakes to match funds on a 3-for-1 basis, it is very doubtful that the State could justify contributing as much as it is now.

So the probabilities are that instead of contributing more, if a matching program is to go into effect, the State might very well be contributing less.

Mr. LAUSCHE. Does the Senator concede that the State of Louisiana would get $13 million?

Mr. LONG of Louisiana. If the State of Louisiana continued to make the same effort that it is presently making in providing as much medical care to the aged as it is providing now, the amount that would be available on a matching basis, as indicated in the chart, would be somewhere in the vicinity of $13 million.

Mr. LAUSCHE. Then the whole program would cost $200 million, and the State of Louisiana would receive $13 million of the $200 million; that is correct, is it not?

Mr. LONG of Louisiana. According to that chart, that would be correct.

Mr. LAUSCHE. Getting to the $120 million that the mental health program would cost, would the State receive back the same proportion of $13 million to $200 million, or 13/200ths, or whatever it is, of the $120 million that the mental health program would cost?

Mr. LONG of Louisiana. The matching ratio would be the same. I ask the Senator to keep in mind that our State expenditures in Louisiana for mental health are only about one-quarter of what the expenditures are for the other hospitals.

Mr. LAUSCHE. For general hospitals?

Mr. LONG of Louisiana. For general hospitals. In Louisiana the real great need, if there is to be a great matching program, would ordinarily seem to me to be more preferably in the area where the care is the least and the situation is worst.

Mr. LAUSCHE. However, it would follow that if the State were receiving $13 million out of $200 million, the same proportion would prevail in the distribution of the $120 million that the mental health and tubercular programs would cost, would it not?

Mr. LONG of Louisiana. I shall try to compute for the Senator if I can the proportion, because I should like to try to give him an honest answer.

Mr. LAUSCHE. Perhaps he can do so on Monday.

Mr. LONG of Louisiana. My guess is it would be about——

Mr. LAUSCHE. Six percent?

Mr. LONG of Louisiana. $6 million or $7 million.

Mr. LAUSCHE. It would be $7 million. I think that is it. So the State of Louisiana would get $13 million plus $7 million, which is $20 million, out of a total distribution of $320 million. Therefore the State of Louisiana would receive one-sixteenth of the total expenditure made by the Federal Government, and the other 49 States would receive $300 million. That is, Louisiana would receive $20 million out of $320 million, and the other 49 States would receive $300 million.

Mr. LONG of Louisiana. I should advise the Senator to work out any matching program for public welfare, hospitals, or care for the aged, and with the possible exception of care for the mentally sick, where Louisiana is about as bad as every other State or a little bit worse, I defy him to work out a program on a matching basis in which Louisiana would not be one of the States most benefited. I show him a chart showing the per capita effort toward public welfare. The Senator will notice that figure. This is welfare, but the same interest tends to be parallel for hospital programs.

Colorado comes first on per capita effort with $21.80 per capita; Oklahoma comes next with $18.64; Washington State comes next with $16.16; Louisiana comes next with $11.82. While we would appear to have only half the per capita effort as Colorado, Louisiana is one of the lower States in per capita income, for we have more poor people.

Mr. LAUSCHE. That is correct.

Mr. LONG of Louisiana. We have more poverty to contend with than does a high-income State, and yet we have more interest in those people than does the average State. We can demonstrate that point.

If some of the States were to repeal their poll tax, there might be as much interest shown in these programs as there is in Louisiana. The way it stands today, if it is put on a matching basis, it is unfortunate that some of the States will not put up the money to match.

Mr. LAUSCHE. That is why I voted for the financing of the plan through social security. When we put it on a matching basis, at least in looking at the figures, they seem grossly disproportionate. It may be that it is justified in Louisiana, but I felt, in voting for the social security system financing, that the general program would be put on a more equitable basis than these figures indicate. I will pursue the matter further on Monday.

Mr. LONG of Louisiana. Louisiana would not be the State most favored so far as the matching formula is concerned.

Mr. LAUSCHE. California gets $19 million, and puts up only $750,000. I cannot believe that that is an accurate statement. I cannot understand it.

Mr. LONG of Louisiana. I believe it would be well to put this chart in the RECORD at this point. I ask unanimous consent that the chart may be printed in the RECORD at this point.

Mr. LAUSCHE. That is page 11 of the report.

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

TABLE B.—*Estimated annual 1st-year costs under proposed program of medical assistance for the aged and for additional matching for vendor medical care payments under old-age assistance*

(All figures in thousands)

	Medical assistance for the aged [1]		Additional OAA vendor medical costs		Additional cost—both programs			Medical assistance for the aged [1]		Additional OAA vendor medical costs		Additional cost—both programs	
	Federal cost	State and local cost	Federal cost	State and local cost	Federal cost	State and local cost		Federal cost	State and local cost	Federal cost	State and local cost	Federal cost	State and local cost
United States	$60,000	$55,837	$142,175	$3,873	$202,175	$59,710	Missouri	$175	$152	$4,582		$4,757	$152
Alabama	34	9	4,155		4,189	9	Montana	30	26	186	$158	216	184
Alaska	1	1	52	52	53	53	Nebraska	944	545	712		1,656	545
Arizona	12	6	635	370	647	376	Nevada	47	47	187		234	47
Arkansas	27	7	3,308		3,335	7	New Hampshire	854	620	404		1,258	620
California	750	750	18,365		19,115	750	New Jersey	4,879	4,879	1,362		6,241	4,879
Colorado	361	314	3,627		3,988	314	New Mexico	9	4	877		886	4
Connecticut	3,318	3,318	1,039		4,357	3,318	New York	13,416	13,416	5,919		19,335	13,416
Delaware	33	33	41	13	74	46	North Carolina	62	18	1,807		1,959	18
District of Columbia	75	75	46		121	75	North Dakota	245	85	773		1,018	85
Florida	296	199	3,354		3,650	199	Ohio	1,336	1,336	6,430		7,766	4,336
Georgia	14	5	4,804	984	4,818	989	Oklahoma	1,318	633	8,699		10,017	633
Hawaii	43	43	28		71	43	Oregon	1,719	1,550	1,064		2,783	1,550
Idaho	34	17	673		707	17	Pennsylvania	2,451	2,451	3,601		6,052	2,451
Illinois	5,911	5,911	3,905		9,816	5,911	Rhode Island	896	895	485		1,381	896
Indiana	3,013	3,013	594		3,607	3,013	South Carolina	6	2	1,623		1,629	2
Iowa	98	57	3,120		3,218	57	South Dakota	8	3	419	186	427	189
Kansas	1,052	678	2,485		3,537	678	Tennessee	22	7	1,934		1,956	7
Kentucky	15	4	2,795	572	2,810	576	Texas	79	50	6,891	426	6,970	476
Louisiana	123	48	12,970		13,093	48	Utah	34	18	741		775	18
Maine	156	83	731		887	83	Vermont	43	22	206		249	22
Maryland	822	822	384		1,206	822	Virginia	503	266	331		834	266
Massachusetts	4,751	4,751	5,663		10,414	4,751	Washington	2,491	2,491	3,517		5,998	2,491
Michigan	1,778	1,778	4,405		6,183	1,778	West Virginia	75	28	557		642	28
Minnesota	2,612	1,848	3,943		6,555	1,848	Wisconsin	2,980	2,478	2,770		5,750	2,478
Mississippi	6	2	4,638	1,112	4,644	1,114	Wyoming	53	52	238		291	52

[1] Because of the newness of this program, it is extremely difficult to estimate exactly which States will participate and to what extent, especially in the 1st year after enactment.

NOTE.—Estimates were not made for Guam, Puerto Rico, and Virgin Islands, which can participate in these programs; any additional expenditures for these jurisdictions would probably be relatively small.

Mr. LONG of Louisiana. The chart is subject to a great deal of misunderstanding and misinterpretation, so much so that I feel it should have been drawn in a completely different fashion to convey the information it purports to convey. The chart undertakes to show how much additional it is believed the States will put up.

Actually no one has any way of knowing what the situation will be. In most cases when there is an increase of the Federal matching, the States have not even passed the whole thing through. The last increase in the Federal matching for public welfare purposes saw the States reduce their effort by about 10 percent. That is because some States feel that they have advanced their program as far as they think they should go with it, and they intend, perhaps, to cut it back somewhat with Federal matching money.

The last increase in the matching formula was to the benefit of Mississippi. When I looked up the situation in Mississippi 2 years later, it was putting up less money, instead of more.

Mr. LAUSCHE. There is only one fact about the figures which is definite, and that is that of the $202 million which will be paid out of the general taxpayer fund, as distinguished from the social security fund, Louisiana will get $13 million. Is that correct?

Mr. LONG of Louisiana. That is based on the assumption that Louisiana will continue to make the same amount of effort that it is making in this field so far as the aged are concerned. I personally have some doubt that it will do so. I will tell the Senator why. We need more money for schools, and we need more money for certain other things, and we spend so much money in our hospital program now that, while a certain amount of matching is needed—and we want to be treated as well as the

next State, of course—Louisiana is far ahead of the average southern State in hospitalization, and by that I mean general hospitalization—and the big distinction is in mental institutions, and that is true of Louisiana and most other States, including the Senator's State. I have some doubt that Louisiana will continue to spend as much money as it is spending now. It might be better for Louisiana to reduce its expenditures for hospitals in view of the high amount of Federal matching.

Mr. LAUSCHE. That would mean that because the State of Louisiana is getting money from the Federal Government, it will reduce its own expenditures, is that right? The Senator does not mean that, does he?

Mr. LONG of Louisiana. That oftentimes happens when a Federal aid program is started for States which have their own large programs. The State of New York is an example. New York has a very large elaborate general hospital program now. I do not mean it will have it 10 years from now. It has it now. It has a very progressive program today. If I recall correctly, they plan to improve it with their own funds, even if they do not get Federal matching funds. When a State is doing a good job, it is not going to turn down Federal matching funds. We hope that the program will result in a big increase in the States which are doing little, because it will be a tremendous incentive for them.

Mr. LAUSCHE. In the States doing little, does the Senator believe there will be an increase, and in the States which are doing much, there will be a decrease?

Mr. LONG of Louisiana. Perhaps it is just as well that this point should be brought out. In the $202 million to which the Senator has referred, $78 million is what we call free money. It means that the States which are going beyond anything that is matched by the Federal Government can continue their existing programs, on the one hand, or they can shift funds to something else and continue the same degree of care that they are presently providing.

That is because some States—and Louisiana is one of them—even with the Federal matching up to $65 for aged, are going beyond that. The same thing is true in Colorado, and it is true in 23 States. Therefore, in those 23 States there is what is described as free money, and in which the program is adequate. Therefore, they can reduce the State contribution.

Mr. LAUSCHE. Would the deduction be made because of the Federal money that is coming in?

Mr. LONG of Louisiana. Yes; it would be. I would say that for Louisiana it will be a decision for the State hospital board and the State welfare department to make. They are more familiar with it than I am. I know there is a need for improvement in some respects. However, my guess is that there might be some reduction in the expenditures.

Mr. LAUSCHE. Would that not mean that the obligation of financing is shifted from the State level to the Federal level? If the program is to be reduced on the State level because the Federal Government is putting up the money, would that mean that there would be more shifting of responsibility?

Mr. LONG of Louisiana. Insofar as that occurs—and it can occur—to the extent of the $78 million in the bill.

Mr. LAUSCHE. Of free money.

Mr. LONG of Louisiana. Yes; that can happen.

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

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that, without prejudicing my rights to the floor, I may yield to the Senator from Minnesota.

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

SOCIAL SECURITY AMENDMENTS OF 1960—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12580), the Social Security Amendments of 1960.

Mr. LONG of Louisiana. Mr. President, I have been wanting to get around to discuss what I believe is a very fine article entitled "Nine Hundred Are Jammed in Squalor at Dismal Spring Grove," written by William Talbott, and published in the Washington Star of November 23, 1958.

Again I say that such conditions as those referred to in the article exist throughout the United States. I would not be discussing them otherwise. I read from the article:

CATONSVILLE, Md., November 22.—High on a hill here stands an old, cavernous building where 900 victims of mental illness are jumbled together in revolting desolation.

This chamber of horror is Spring Grove State Hospital's Old Center Building, the object of derision and criticism from Maryland's mental health officials for the last 10 years.

Yet still it stands, defiant against time, just as it was when built at the beginning of the Civil War, almost 100 years ago.

Constructed with several additions over the years to house 586 patients, Old Center contains almost 400 more than that.

THEY LOLL ABJECTLY

These afflicted people, who have committed no crime, are condemned to loll abjectly in the structure's dark corridors for the rest of their lives, hardly able to move without disturbing deranged companions.

Last month the Baltimore City grand jury found conditions at Old Center "shocking beyond belief" and accommodations for criminals in the penitentiaries "palatial in comparison."

That was a Baltimore City grand jury investigating the condition of people who had committed no crimes. The grand jury said that the accommodations for criminals in the penitentiary were palatial in comparison. I continue to read:

Last month a Baltimore City grand jury found conditions at Old Center "shocking beyond belief" and accommodations for criminals in the penitentiary "palatial in comparison."

These people, the jury said, "are sick and helpless and doomed to remain forever in those nauseating surroundings, for no one could recover under such conditions."

Old Center is one of the reasons for the refusal last summer by the Joint Commission on Accreditation of Hospitals to renew Spring Grove's accreditation.

GENERAL OVERCROWDING

A survey team found general overcrowding and a serious shortage of personnel at Spring Grove as well as Springfield State Hospital at Sykesville.

The withdrawal of these two institutions from accreditation lists leaves Maryland without a mental hospital meeting standards set by the American Medical Association, the College of Surgeons, and the American Hospital Association.

Visitors to Old Center are taken by a white-uniformed attendant through locked, metal doors and down dark, unpainted corridors until they reach a long, narrow "dayroom" where they meet at last with the blank, ghastly stares of the insane.

The "dayrooms" on each of three floors are dark with only two narrow, castlelike windows at each end. The only furniture is a television set and benches along each wall where patients sit in oblivion, waiting for the sun to set.

HERDED BY ATTENDANTS

Then they are herded by attendants into wardrooms off the dayrooms where beds are 3 inches apart. Mattresses, rolled in corners during the day, are placed on the floor at night so all can bed down.

In some sections of Old Center there is only 1 attendant for 75 patients.

In another section, 103 patients must use 3 lavatories. Water fountains were installed just recently so patients would not have to drink from washbasins.

Barefoot patients claw at unpainted walls, lie on shower room floors, sleep slumped against each other or just sit pulling at their pajama uniforms.

"WHAT ELSE CAN WE DO?"

"What else can we do with them?" the attendant asks hopelessly.

Mr. President, at this time I wish to repeat a line from the prayer delivered by the Chaplain of the Senate on Thursday, August 25:

Stay our hands when we attempt to postpone into the future the justice waiting to be done today.

Mr. President, I read further from the article from which I have already read a part:

"We have no place in the building to give these people adequate recreation. We have so few attendants that the patients rarely even get outside for walks."

R. Kenneth Barnes, assistant superintendent at Spring Grove, estimates that from 10 to 20 percent of the patients in Old Center are capable of rehabilitation.

"We can do little more for them than administer tranquilizers to keep them quiet.

"If a doctor sees a patient once or twice a month he is lucky. We have an average of 2 doctors for 900 patients.

LOSE ALL CONTACT

"These people," Mr. Barnes said, "lose all contact with reality when housed in Old Center because there is no way we can treat them adequately."

C. D. Wagoner, maintenance superintendent, said he receives $34,000 yearly for the upkeep of buildings and grounds.

"Of this, we pour $10,000 yearly into Old Center alone. And you can't see it. About one-third of our patients are housed in a building 100 years old. Where else can you find a facility still in use today that is 100 years old?"

But this is only one of the socially crippling problems at Spring Grove and Springfield where, although buildings are less antiquated, overcrowding, personnel shortages and lack of modern facilities retard the return of the mentally ill to a normal life.

At Spring Grove where patients outnumber the staff 3 to 1, there are 2,775 patients crowded into buildings licensed to accommodate 2,293. This is approximately 500 more than minimum standards.

THIRTY-ONE DOCTORS ON STAFF

The institution's staff includes 31 doctors, 12 less than the need.

Mr. President, it has been my impression of these mental institutions that they are not in a position to pay anything like the amount that a good psychiatrist could earn in private practice—or, in fact, the amount an accredited psychiatrist would expect to earn in outside practice. The result is that the doctors in these mental institutions tend to be rather elderly, and usually there are only a few reasonably young doctors on the staffs, because the pay is usually very low; and—with few exceptions—the better doctors are in private practice, treating a very small number of patients, instead of working in these mental hospitals.

I read further from the article:

Only 26 of the physicians work with patients. The rest are engaged in administrative duties. Fifteen of the practicing physicians are still in training, thus they work with patients only two-thirds of the time.

Attendants, including licensed practical nurses and psychiatric aides, total 499. An additional 50 are needed to provide even the minimum care and recreation required for the mentally ill and senile confined day after day within bare walls.

Spring Grove has 24 registered nurses, 113 less than the number required by nationally accepted standards.

Social workers, who play a large part in rehabilitating patients and serve as contacts with their families, are scarce, able to fulfill only part of the job they would like to do.

PROBLEM THE SAME

At Springfield the problem is the same.

This institution serving parts of Baltimore City and County and all of western Maryland, including Montgomery County, has a rated capacity of 2,968 patients.

It has 3,317 patients being cared for by a staff which also falls below standards.

Dr. Robert E. Gardner, superintendent, said Springfield has 26 doctors compared with a need of 35.

The number of attendants meets standards, but there are only 22 registered nurses compared to the 190 needed.

"There is no question about it," Dr. Gardner said. "Overcrowding impairs treatment. The close contact of patients disturbs them."

Dr. Gardner said "the main problem, becoming more acute all the time, are the aged who could be cared for in nursing homes but who have no place else to go."

About 38 percent of the patient population at Spring Grove is 60 years of age or older. Officials estimate that half of these don't belong at the institution, but once admitted on the certificate of two private doctors, there quite frequently is no way to discharge them.

The majority live their lives out at mental institutions although all they need is nursing care.

Although Maryland has spent $44 million on capital improvements at mental hospitals since 1947, there still is a lot to be done.

WHAT REPORT SAID

A recent report of a special joint legislative committee studying mental hospitals had this to say about the need for better facilities:

"Treatment on an intensified basis is the key that opens our hospital gates.

"Aside from the primary goal to be achieved, the hard economic fact is that Maryland taxpayers pay about $1,400 per year to maintain one patient in a State mental hospital.

"Multiply this by a total patient population in our 5 State mental hospitals of about 12,000, subtract a permanent patient population of about 7,000 and the realization comes readily that nearly 5,000 patients could be discharged with intensified treatment."

At Crownsville State Hospital, the committee found an excess of 350 patients. High priority recommendations were a 200-bed building for continued-care patients and a building for the intensive treatment of patients.

There are about 2,350 patients at Crownsville and only 27 physicians.

The committee found Eastern Shore State Hospital at Cambridge "definitely understaffed in medical and psychiatric personnel."

The committee found a need for a 200-bed geriatric building, which was approved 2 years ago but never built, and additional psychiatric treatment and maintenance equipment.

Rosewood State Training School for Children near Baltimore was found "faced with the need for adequate personnel both in number and caliber." The remodeling of a cottage there, approved "some time ago," still has not been started.

Mr. President, it might be well to take a look at what is being done in some of the States of the Union about mental care.

SOCIAL SECURITY AMENDMENTS OF 1960—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 12580 the Social Security Amendments of 1960.

Mr. LONG of Louisiana. How much time remains on the conference report?

The PRESIDING OFFICER. The Senator from Louisiana has 1 hour and 48 minutes remaining; the opponents have 33 minutes remaining.

Mr. CLARK. Mr. President, will the Senator yield 10 minutes to me, or would he prefer to do so later?

Mr. LONG of Louisiana. I shall be glad to yield in a few minutes. The junior Senator from Louisiana is often struck by the discrepancy between that for which we pray in the morning, when the Chaplain guides us in prayer, and that which we vote for during the day; just as he has been impressed by the discrepancy by what we put into our platform and in public pronouncements to the press and the public, as compared with what we actually vote for when we have an opportunity to carry out some of the pronouncements on the floor of the Senate.

The other day I was presiding over the Senate as the Acting President pro tempore when the Chaplain of the Senate, the Reverend Frederick Brown Harris, offered the prayer:

> Stay our hands when we attempt to postpone into the future the justice waiting to be done today.

Only a few Senators were in the Chamber at that time, but I am sure many of them would like to subscribe to the sentiments of that prayer:

> Stay our hands when we attempt to postpone into the future the justice waiting to be done today.

I would urge, as we vote on the conference report, that we follow the sentiments of that prayer, because the conference report before us surrenders back 80 percent of what the Senate voted for when it voted that justice be done to the least of them, all our people. Justice for these people can be obtained if we have the courage to reject the conference report and ask for a further conference.

Earlier today, when the Senate convened, a visiting chaplain offered the prayer. He is Dr. Lawrence D. Folkemer, minister of the Lutheran Church of the Reformation in Washington. He prayed:

> Open our eyes to see the wrongs and the woes of our land that cry out to be put right. Give to us a vision of our land as Thou wouldst have it be and as Thou alone canst fashion it.

It would be a sad response to that entreaty to vote today to accept a conference report which surrenders most of the justice, righteousness and charity that the Senate voted for only a few days ago.

In doing so, the Senate would place itself in line with the previous action of the Senate at least three times when it voted to agree to certain welfare amendments, which would have done something for the needy, the poor, the depressed, and later voted to accept a report from the House-Senate conference which dropped out these amendments.

The conference committee has brought back a report which surrenders and strikes out the kind of justice for which the Senate voted. Unfortunately, many of the same Senators who voted to do this justice will proceed to vote to accept the conference report.

It comes with ill grace from some of our Democratic Senators to talk about a Republican-Dixiecrat coalition, because if they vote for the conference report they will be voting for the attitude of some of our more conservative friends plus the view of some of our Republican friends, the most conservative ones of all, when they vote to accept the report, which strikes out about 80 percent of what the majority voted for on the Senate floor.

A Senator this morning quoted a familiar and apt passage from Shakespeare:

> The fault, dear Brutus, is not in our stars, But in ourselves, that we are underlings.

The fault is in ourselves that we do not make progress, because too many of us are faint of heart when we fight for what we believe in, and when we send our conferees to conference knowing that we have no strong reason to believe that the conferees will make an all-out fight for it.

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

Mr. LONG of Louisiana. I yield.

Mr. CLARK. What percentage of the benefits given by the House bill were cut out in the conference report?

Mr. LONG of Louisiana. The House bill did not give many benefits, to begin with. So they are not much reduced. The best provision in the House bill, that was a subject in conference, was over the provision that would have reduced the required number of quarters for coverage. It would have made it possible for persons who had worked only one quarter out of every four quarters between 1950 and the present time, or a total of 2½ years, to have been covered under social security. That provision was stricken by the Senate committee and the conference agreed that we include a provision calling for one quarter in every three quarters. By doing so we eliminated from coverage 200,000 people out of 600,000 to whom the coverage would have been extended. In doing this, we eliminated the neediest of the 600,000 people to be included.

In my judgment, the conference report moves entirely in the direction whereby we economize at the expense of the neediest and the most pitiful of all. The House-Senate conference did some fancy economizing here. The bill has been described by Representative FORAND as a sham and a delusion. I will quote from the author of the amendment, describing the bill in the House debate, when he said:

> Personally, I think it is a sham; I think it is a mirage that we are holding up to the old folks to look at and think they are going to get something. I say that because they have to depend upon 50 State governments to enact legislation to authorize them to handle the program that is listed there.

That is the kind of description we have of it. We can with better grace criticize the final product here in the Senate than on the House side, because at least most of what was in the House bill was retained, while most of what was in the Senate bill was taken out.

We heard much talk in the Senate about how we would make it possible for a man to retain what little earnings he made under social security. It sounded good. The bill went to conference, providing that a person could earn $150, a month, whereas previously he could earn only $100 a month, and still retain his social security benefits.

We brought back from conference a measure which would cost 10 percent of what it would have cost to let the person keep some additional earnings. In other words, from a cost point of view, 90 percent of the benefits were extracted by the conference. The report we brought back provided that a person could make an extra $300 per year, provided his social security benefits were reduced by half that amount; and that thereafter every dollar he made would result in a $1 reduction of his social security benefits. So, in effect, he would be working, 100 percent, for the Federal Government. It would amount to the same as a Federal tax of 100 percent on a poor man, for every dollar a person earned over $1,500.

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

Mr. LONG of Louisiana. I yield.

Mr. TALMADGE. I commend the Senator from Louisiana for bringing out that point. Is it not true that the Committee on Finance voted unanimously to permit persons who are retired and are drawing social security to earn up to $1,800 annually rather than the $1,200 which is permitted at present?

Mr. LONG of Louisiana. The Committee on Finance so voted unanimously,

and the Senator from Georgia was one of the Senators who voted that way.

Mr. TALMADGE. Every Democrat and Republican on the Committee on Finance so voted; did he not?

Mr. LONG of Louisiana. The Senator is correct, and there was not a vote against that plan on the Senate floor, unless it might be construed that the two Senators who voted against the passage of the bill were against that provision.

Mr. TALMADGE. As I understand, the conference brought back a compromise which permits a person to earn between $1,200 and $1,500 annually, but will force him to relinquish $1 of every $2 he earns.

Mr. LONG of Louisiana. Out of the first $25 a month he makes he will be required to relinquish $1 out of every $2. Thereafter, he relinquishes it all.

Mr. TALMADGE. Under the terms of the conference report, what will be the maximum a person will be permited to earn now and still draw social security?

Mr. LONG. If we eliminate some of the complicated technicalities under which a person might be able to obtain a little more, the figure would be $1,500. He could earn the first $1,200, as under existing law, and keep that; and he could earn $300 more and keep $150 of that.

Mr. TALMADGE. In other words, a man could earn $1,500 and still receive social security?

Mr. LONG of Louisiana. No. If he earned $1,500, he would be permitted to keep $1,350.

Mr. TALMADGE. Actually, then, the amount limit on earnings of those receiving social security benefits is raised from $1,200 a year to $1,350?

Mr. LONG of Louisiana. Yes.

Mr. TALMADGE. I am glad that the conference did not entirely eliminate the increase. However, I would have much preferred the $1,800 for which the Committee on Finance unanimously voted and which the Senate approved.

I commend the Senator for bringing this point to the attention of the Senate.

Mr. LONG of Louisiana. It is a matter of opinion. Some Senators, including a Senator for whom I know the Senator from Georgia has high regard, said that if this was all we could give the poor old people, then we might just as well have forgotten the whole thing.

If we are simply changing the law to a degree where the employees of the social security program have to stand behind people with a pencil and pad to take its cut every time a person earns 50 cents, we might as well forget the whole thing anyway.

Mr. TALMADGE. I know that many people in my State, in the Senator's State of Louisiana, and in all other States of the Union, who are retired and are drawing modest social security retirement checks, find those amounts are insufficient to live upon. They want to work and perform duties in honest toil so as to increase their income. I cannot understand why Congress will not permit them to do so.

Mr. LONG of Louisiana. The Senator's statement is entirely correct. I thank him for it.

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

Mr. LONG of Louisiana. I yield.

Mr. GRUENING. Is it not true that when these provisions were originally written into the Social Security Act, the cost of living was very much lower; and that the increase in the cost of living in the last 7 years was one reason for including an amendment of the very kind which was written into the Senate bill, but which the conferees have taken out?

Mr. LONG of Louisiana. I agree. Just as a matter of reducing the cost to the Federal Government, a great injustice is done, because if a person receives income from stocks and bonds, if he receives income from annuities; or assume that he is one who holds a private retirement policy, or has any sort of "retirement" income, he can keep it. In other words, if he is receiving a Government retirement check of $200 or $400 a month, or if he is a Senator and is receiving Government retirement pay of $900 a month, he can keep all of that and still draw his social security benefits. In fact, there is no limit to the amount of retirement income a person can draw and still draw social security. But suppose he is a poor fellow who draws a social security check of only $30 a month. Suppose he has a wife, which makes it possible for him to draw an extra $15 a month. There are two people who are living on $45 a month. If he goes out and works for himself and his wife makes an extra $100 a month, from that point forward the Government starts to cut him $1 for every $2 he earns; and after he earns an extra $1,350 net, with the Government taking $150 from a gross of $1,500, then, from that point forward the Government reduces his social security by 100 percent of whatever he earns.

Imagine a man and wife living on an income of $142.50 a month and paying what amounts to a tax of 100 percent. If the same person had a retirement income from a corporation, after he had worked as a corporation executive; or if he had retired and had income from stocks, bonds, or other investments; if he had retirement income from life insurance policies he had taken out, he could receive all the income for which he was not then working, and still draw his full maximum benefit of social security. But that would not be true of the poor devil who has to continue to work for a living. If he continues to work, Uncle Sam gets 100 percent after the first $25, over the amount presently permitted by law.

Mr. TALMADGE. As a matter of fact, such a proposal puts a premium on idleness, instead of providing an incentive to one who wants to continue to work.

Mr. LONG of Louisiana. It continues to carry out the old concept, which is to be only slightly modified, of prompting a man to quit work, to enable a younger person to take his place.

Mr. TALMADGE. No matter how productive he might be.

Mr. LONG of Louisiana. That is fine if that concept is applied to someone who is well able to retire, and has plenty of retirement income. But how about the poor fellow who is expected to retire on $30 a month? Some persons seem to think he can live on $30 a month.

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

Mr. LONG of Louisiana. I yield.

Mr. COOPER. The Senator said the Committee on Finance unanimously voted to raise the limit to $1,800, and that the Senate voted for it. What reasons were ascribed in conference for striking or modifying that particular provision?

Mr. LONG of Louisiana. Fundamental to the whole backdown, the whole march down the hill, the whole 80 or 90 percent surrender, was the House concept that it did not want a situation to arise in which it might be necessary, at any time during the next 2 years, to raise the social security tax.

Mr. COOPER. But was it argued or shown that the change would affect the social security fund from an actuarial standpoint? Would the change have had any effect upon the fund actuarially?

Mr. LONG of Louisiana. Let us consider what this proposal really means. The provision would not have cost anything in this calendar year, because the statute we were amending works on a calendar-year basis. This proposal was the big one, costwise. It was the biggest item of them all. It would have cost 0.19 of the payrolls; in other words, almost two-tenths of 1 percent of the payroll; about $500 million per annum.

If the provision for which the Senate had voted had been adopted, sometime next year it would have been necessary for Congress to vote a small increase in the social security tax. If the conference had agreed to every benefit for which the Senate voted and everything for which the House voted, it would have meant that sometime next year, because very little of the benefits would have become effective before the first of the year, it would have been necessary to provide an increase of one-eighth of 1 percent in the social security tax. That was the basis for the bill the conference committee reported. That is the foundation of the conference report: that any benefits which are provided now must be benefits that can be achieved without providing any increase in the long-range cost of the program, to the extent that an increase in the tax would be required.

Mr. COOPER. Let me say that I believe I have received more letters regarding the social security problem from people who would like to work than I have from any other group. Not only would they like to earn additional money, but they wish to work because they are happier when they are working, and they feel that in that way they are more productive.

I believe this amendment is one of the most important that was adopted by the Senate. I am sorry it has been modified.

Mr. LONG of Louisiana. Some Senators make the point that in terms of the overall economy, this amendment probably would pay for itself, because when these people are at work, they have to

pay excise taxes and hidden taxes on their earnings, and the result is that the income of the Government is increased to that extent.

Mr. President, so far as I know, this amendment was adopted without any protest at all. But 42 Democratic Senators voted to do a lot more than that; and they voted for the tax to pay for it. They voted to increase the present tax by one-half of 1 percent. They wanted to make a start on medical aid; and they would have voted for whatever tax was necessary to cover the cost. In my judgment, if the House were permitted to vote on this proposal, the House would accept it in a moment. But it was surrendered by the conferees just because conservative members of the House group seemed to feel that the conference report should not contain any provision which would mean an increase in the long-range cost of this program.

Then we had a provision which would have permitted persons to retire at age 62. That provision was designed primarily for the benefit of persons who have lost their jobs at or after age 62 and have not been able to find jobs, even though they are still able to do some kinds of light work, and who now are not likely to find employment. Under this provision, they would be allowed to retire at age 62, although with reduced benefits. Theoretically, this provision would not have entailed any additional cost to the program. But, actually, it would seem that there would be some cost to the program as a result of reducing the number of years such persons would be working and earning and contributing to the program. That cost would perhaps be about one-fourth of the cost of the $1,800 limitation.

We know what persons that provision was intended to cover.

The Senator from West Virginia was the principal sponsor of the amendment on this subject. In States where there is much unemployment, many people have used up their unemployment benefits. They have no indication that they can find employment. There is a tendency for them to retire at an earlier age and to accept benefits from 10 to 20 percent lower, provided they can then begin to draw their social security payments. In other words, it will do a man little good to know that he can retire and can draw these benefits at age 65, if he is likely to starve to death before he reaches that age.

So the Senate agreed to the amendment. But in the conference report there is not even so much as a shadow to indicate that the Senate ever acted at all on that matter. That provision was dropped from the conference report on the basis of the concept—which the Senate conferees did not protest—that nothing included in the final bill should increase the cost of social security to such an extent that there would be a requirement to increase the social security tax in the future. So, proceeding on the basis that we were to have a few little bones and scraps here and there, provided they did not increase the social security tax, our conferees yielded on this major provision.

Mr. President, let me refer again to another provision that was thrown back in. It had to do with a House provision that would help low income people achieve at least some assistance. Many persons have not been covered by social security, even though they have paid some social security taxes. The House bill took the position that if a man worked one quarter in every four quarters which expired between 1950 and the present time, and if during that period he was under social security coverage, he could draw some benefits. Of course, in most instances he would be able to draw only the minimum benefit of $30 a month for a single man or $45 a month for a man and wife.

In order to try to squeeze in some of what the House had provided, and still come within the cost limitation, the Senate agreed, to the extent of providing that only one of every three such persons would be included. Generally speaking it can be said that the two-thirds thus included do not need that assistance as much as do the one-third who were dropped out.

SOCIAL SECURITY AMENDMENTS OF 1960—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 12580, the Social Security Amendments of 1960.

Mr. CLARK. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. Mr. President, it will take me about 5 more minutes to explain the conference report, and then I shall be glad to yield to the Senator from Pennsylvania.

So, Mr. President, as I pointed out a moment ago, there, again, is a major provision on which the Senate conferees yielded, although it could easily have been included in the report unless we had accepted the House idea that we should not take any action that would require an increase in the social security tax sometime next year. In other words, the theory of the conference report is that benefits are all right, provided they do not require more taxes.

Of course, the fourth provision which was surrendered had to do with the effort to make some provision about the disgraceful conditions which exist in the State mental institutions.

I wish to place in the RECORD a chart which shows what the States are doing in that connection. The States cannot be criticized in that regard. Although the conditions which exist in the State mental hospitals are absolutely disgraceful and deplorable, yet without any Federal aid at all, the States are making a real effort in this field.

Mr. CLARK. Some of the States are making a real effort.

Mr. LONG of Louisiana. However, it is hard to be critical. For instance, consider a State such as Alabama. Alabama spends $16 million a year in attempting to provide for the mentally sick who are in these institutions. Yet the cost per patient in Alabama is only $3.05.

Of course, as the Senator from Pennsylvania knows, we have available to us statistics and information which show how horrible are the conditions when the cost per patient is $4.65, or even when the cost per patient approaches $5.

A number of States really make an effort to do something about this situation. Pennsylvania would be a good example. Pennsylvania, which is so ably

represented by the Senator from that State who has been engaging in this colloquy with me, spends $124 million to care for all the mentally sick in that State. Yet the latest figures show that the daily expenditure amounts to a per capita expenditure of only $4.50—just within the range that the Secretary of Health, Education, and Welfare has described as disgraceful.

Mr. CLARK. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. CLARK. The Senator from Louisiana is quite correct in regard to the figures about my Commonwealth. But we would not be doing nearly as well as we are now doing if we had not had two successive Democratic Governors who were able to persuade the legislature to increase to an amount substantially greater than it used to be the amount that is spent on those in our State who need medical care. But, even so, I do not think our State is doing all that it should; it should be doing much more.

I recognize the requirement of rule XIX, to the effect that in the course of debate, no Senator shall refer offensively to any State of the Union; and I shall conform to that requirement. But I believe I should point out that unquestionably there are States which should do far more in this respect than they are doing.

Mr. LONG of Louisiana. I thank the Senator from Pennsylvania. In fact, what is happening in these States is typical of the situation prevalent all over the Nation. The provision of greater aid to the mentally sick is of such major importance that certainly it should take precedence over many other programs.

As a matter of fact, in the conference I pleaded that, if need be, it would be proper to decrease to some extent the provisions proposed for hospitalization elsewhere—for instance, perhaps even make a decrease in the area subject to 80 percent matching, or reduce some of the benefits elsewhere, if necessary, in order to make some provision in this field. Certainly in this field there is a crying need; and the Secretary of Health, Education, and Welfare himself has said he has under way a crusade for the provision of greater aid in this field. Yet he fights to the bitter end our attempts to make some provision for the terrific need for additional care in this field, and he suggests that the bill might be subject to a veto if Congress were to do anything about providing aid in this field.

Why? Because this is the field of greatest need. It is a field where States are making a great effort, but are still doing a miserable job for many patients, and a field where, if the Federal Government gets into it, will cost it a lot of money. That being the case, the tendency is to do nothing, because the Federal Government has done nothing. It is said we should leave it to a study next year. I have oftentimes heard the Secretary of Health, Education, and Welfare described as one who wants to go even beyond what the Democrats do—but not now, not now, not now.

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

Mr. LONG of Louisiana. I yield to the Senator from Alaska.

Mr. GRUENING. I wish to commend the Senator from Louisiana, who has presented a potent series of arguments why the Senate should vote against the conference report and send it back for further conference in the hope that we will get a better bill. The conferees have so weakened an already weak bill so as to make it a sham, as one Member of the other body has described it.

Mr. LONG of Louisiana. We should stop saying we are fighting for the underprivileged, the needy, the least of them all, according to Christian concepts, if we first vote to do something about it and then vote to back down. This is the third time in the experience of the Senator from Louisiana that we have voted in the Senate to do something for the needy, and then have had the conferees drop it. In my judgment, these proposals could have been obtained. Yet, after the conferees came back here, many Senators who voted for the amendment agreed to drop it after the Senate conferees yielded as they had done before.

To talk about what we stand for leaves us open to the criticism by the Republicans who say the Democrats are not sincere, that they will talk big, but not to make it stick; they will vote in the Senate to put something in a bill, but will not fight to keep it in.

I do not criticize our conferees. They are reflecting the point of view of their States. But three of our conferees come from two States that do the least in terms of public welfare.

I have in front of me the chart I put into the RECORD the other night. The States are listed in the order of the effort they make in the field of public welfare.

Ordinarily, if a Senator is a Democrat he cannot go on a committee if a Senator from his own State is on that committee. A lot of Senators would like to be on the Appropriations Committee. I would like to be on it. But a colleague from my State is on that committee. Some Members of the Senate would like to be on the Finance Committee, but they cannot be on it because colleagues from their States are on that committee. On the other hand, if a Republican comes from the same State as a Democrat, both of them can be on the same committee. That condition exists in the Committee on Finance. We have two Senators on that committee from the great State of Delaware. In my judgment, if the junior Senator from Delaware represented the State of Louisiana, he would be one of the greatest public welfare advocates in the Senate. Now and then he has voted for public welfare even to the extent of being criticized for it, because such measures would not benefit his State as much as they would other States. Yet as a Senator from Delaware he cannot be expected to take as much interest as Senators from other States. On the conference committee were two Senators from the State of Delaware and one from the State of Virginia. The State of Virginia spends 74 cents per capita in its efforts in the public welfare field. Delaware spends $1.56 per capita.

Mr. CLARK. Mr. President, what does the highest State spend?

Mr. LONG of Louisiana. The State of Colorado spends $21.80. If one tries to arrive at an average, I would say the figure would be about $4.80; and that is just about what the State of Pennsylvania pays.

Mr. CLARK. Mr. President, will the Senator from Louisiana yield me 10 minutes?

Mr. LONG of Louisiana. I yield 10 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, the Senator from Louisiana, with unassailable logic, has made it very clear, to me at least, why this conference report should be rejected; and I shall vote with him to reject the report.

I should like to summarize briefly my reasons for doing so. I believe the Senator from Louisiana is correct when he says the Senate conferees surrendered in conference. I say that with no invidious connotation to any Member of this body. I am sure our conferees thought what they did was right. But the fact of the matter is that, as a result of this conference, 80 percent of the benefits which were in the bill when the bill left the Senate have been abandoned.

Let me say, in my judgment, this conference report does not meet the standards of the Democratic platform which was adopted in Los Angeles on July 12, 1960. I read from page 32 of that platform:

> For those relatively few of our older people who have never been eligible for social security coverage, we shall provide corresponding benefits by appropriations from the general revenue.

It is true this bill does make some gesture in support of our old people who are not on social security; but, in my judgment, that gesture is entirely inadequate. It might have been close to being adequate if the bill as it left the Senate had been accepted in conference, but it was not. So I find, in my judgment, that pledge in our platform is not met in this conference report.

With respect to the problem of the mentally ill, I think this bill as it comes back from conference also does not meet the Democratic platform; and I read the plank in our platform dealing with mental health:

> Mental patients fill more than half the hospital beds in the country today. We will provide greatly increased Federal support for psychiatric research and training, and community mental health programs, to help bring back thousands of our hospitalized mentally ill to full and useful lives in the community.

Had the Long amendment remained in the bill, I believe we would have gone a long step along the road to meet that plank in the platform.

Does the Senator from Louisiana agree?

Mr. LONG of Louisiana. It would have provided $120 million, which would have been a long step.

Mr. CLARK. And the $120 million is not in the conference report?

Mr. LONG of Louisiana. No; it is left out; not one nickel is provided.

Mr. CLARK. I read from page 33 of the Democratic platform, under the heading, "Special Services":

We shall take Federal action in support of State efforts to bring standards of care in nursing homes and other institutions for the aged up to desirable minimums.

Are not the mental hospitals and the tubercular hospitals, which the amendment of the Senator from Louisiana would have affected, the "other type of institution" where the aged are being taken care of and where the desirable minimums are not in effect?

Mr. LONG of Louisiana. As the Senator knows, in many of the institutions for the mentally ill there have been constructed the so-called geriatric buildings for aged persons whose mental condition is really associated more with old age than it is with any other type of mental illness. I speak of feeblemindedness, for example, or hardening of the arteries in the brain.

Many persons of this sort are today being treated in mental institutions. It might be possible for States to distort the use of the money to build a separate institution, to move the people out and put them somewhere else, in order to get the matching funds to which we refer, but it does seem ridiculous even in such an instance to require the States to change the entire way of doing business. Some States will and some will not. The simple way to do this would be to make the funds available.

Mr. CLARK. In my judgment, most of the States will not. As a member of the Special Committee Dealing With the Problems of the Aged and Aging, under the chairmanship of the distinguished Senator from Michigan [Mr. McNAMARA], I had an opportunity to observe the medical needs of that part of the aging population to which my friend has referred. I assure the Senator from personal knowledge, from my service on the committee, as well as from my former capacity of mayor of Philadelphia, I have seen many helpless older people who, if provided only a little medical care, could be brought back to the situation where they could leave the mental institution and go back to live with their families. These people were being treated entirely on a custodial basis, with no effort at rehabilitation.

If the Senator's amendment had been agreed to in the conference we would have made a real step toward taking care of those unfortunate people.

Mr. LONG of Louisiana. Mr. President, the Senator is correct.

I can understand why the Secretary of Health, Education, and Welfare would be reluctant to go along on a program to provide adequate medical care for the mentally ill. It could become a big program. Of course, in many respects some of the expenditures would result in subsequent savings, as the Senator well knows, because in many cases these people can be cured. I have seen estimates that anywhere from 20 to 50 percent of these people, if they could be treated, could be returned to society as useful citizens, or at least as happy persons in the homes from which they came.

Mr. CLARK. That has been the experience in Pennsylvania.

Mr. LONG of Louisiana. That is what could be done. Those who operate these institutions feel that much could be done even without further research. There is a possibility, of course, that with further research we could do a lot more.

I have some figures in this regard, Mr. President, and I ask unanimous consent that they be printed in the RECORD at this point, in order to show what the States are presently doing in terms of expenditures for medical and hospital care for patients suffering from mental illness. I shall supply that for the RECORD, since this is the only copy I have.

There being no objection, the information is ordered to be printed in the RECORD, as follows:

Latest figures available on expenditures for State mental hospitals and costs per patient

State	Total expenditures	Cost per patient per diem
1. Alabama	$16,383,025	$3.05
2. Alaska	1,100,000	8.00
3. Arizona	2,914,709	4.52
4. California	73,542,922	5.79
5. Colorado	10,159,917	4.39
6. Connecticut	43,416,410	6.86
7. Delaware	2,288,000	4.32
8. Florida	28,527,787	3.96
9. Georgia	10,700,600	2.41
10. Hawaii	2,463,377	5.63
11. Idaho	4,193,500	8.03
12. Illinois	122,491,400	4.93
13. Indiana	44,416,566	5.07
14. Iowa	16,594,200	
15. Kansas	9,996,733	6.83
16. Kentucky	17,930,608	3.59
17. Louisiana	11,917,459	3.74
18. Maine	9,732,103	4.55
19. Maryland	20,097,249	4.66
20. Massachusetts	42,717,853	5.16
21. Minnesota	34,982,399	4.35
22. Michigan	40,225,983	
23. Mississippi	8,171,361	2.33
24. Missouri	35,704,426	4.24
25. Nebraska	16,571,049	5.71
26. Nevada	1,058,848	4.25
27. New Hampshire	4,614,593	4.86
28. New Jersey	34,616,602	6.36
29. New Mexico	4,033,768	5.48
30. New York	191,569,916	5.65
31. North Carolina	26,376,608	4.24
32. North Dakota	5,109,493	4.30-4.60
33. Ohio	99,758,695	4.60
34. Oregon	17,110,632	4.45
35. Pennsylvania	124,532,547	4.50
36. Puerto Rico	1,925,420	3.25
37. Rhode Island	4,999,560	4.83
38. South Carolina	5,018,494	2.50
39. South Dakota	4,100,600	3.50
40. Tennessee	15,654,192	2.64
41. Texas	41,880,000	3.54
42. Vermont	4,611,000	5.40
43. Virginia	25,976,198	3.31
44. Washington	31,544,500	5.16
45. Wisconsin	15,744,381	8.36
46. Wyoming	2,286,700	4.50

Mr. LONG of Louisiana. If I were to judge the entire Nation by the figures for Louisiana, my impression would be that about 20 percent of the persons in the mental institutions are over the age of 65. Therefore, only about 20 percent of the amount will be subject to matching. If the amendment which I offered had been agreed to, every State would have been in a position to at least double its standard of care, and it would be difficult to say that any State, with the possible exceptions of Wisconsin and Alaska, might be in a position of spending more than is necessary.

I say that because the hospitals of the State of Louisiana are provided about $15.60 for general hospitalization of such persons. We spend about $3.74 for those who are mentally ill.

I made the point that the State of Alaska and the State of Wisconsin have made a real effort to provide adequate care. The standard of care is about $8 per patient in Alaska, while the standard of care for mental illness is only about $4.07 on the average in most States. Of course, Alaska has a high cost of living, as the Senator from Alaska knows. That would somewhat discount the relatively high per capita expenditure which the State makes.

Mr. GRUENING. I thank the Senator for his comment.

Mr. LONG of Louisiana. When we compare this to a hospital cost of $26 per day nationwide, Senators can see that is very low.

Mr. CLARK. Mr. President, I turn to the third reason why I believe the conference report should be rejected. As I understand it, no really serious effort was made to hold to the Senate's position that the earnings criterion for older people should be raised from $1,200 a year to $1,800 a year. I myself have had a bill which would raise the criterion to $2,400 before the Committee on Finance for 2 years. I think this ought to be the absolute minimum. The committee adopted a compromise of $1,800, and then gave most of that away. As the Senator said awhile ago, we end up—oversimplifying the case, perhaps, but realistically—with $1,350.

Mr. President, my friend from Louisiana is correct when he says that was a surrender by the Senate conferees to our friends in the House, who, as I understand it, were quite unwilling to have any bill come from the conference which would increase the social security tax by as much as one-tenth of 1 percent.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. CLARK. Mr. President, will the Senator yield me an additional 5 minutes?

Mr. LONG of Louisiana. I yield 5 minutes to the Senator from Pennsylvania.

Mr. CLARK. I believe the House was wrong in that regard. I believe, with my friend from Louisiana, that if we appointed conferees to go back to conference who really represented the prevailing view in the Senate, we could persuade our friends in the other body to yield on this and on several other points I have raised.

I turn now to the fourth reason why I think the conference report should be rejected. As the Senator from Louisiana has so well said, this bill, when it left the Senate, blanketed under social security coverage 600,000 additional individuals who have been working on a part-time coverage of social security. When the bill came back from the conference the 600,000 had been reduced to 400,000.

In addition, the 200,000 eliminated were the most needy of the entire lot. This seems to me to be the wrong way to approach the problem. It is sort of a "wrong-way Corrigan" approach. If one is going to cut down in conference, for goodness sake, one should cut down those who are the least needy. We should keep the most needy under the terms of the bill, and not cut them out.

That action seems to me to evidence a quite unfortunate lack of compassion.

For these reasons, I shall support the position of the Senator from Louisiana, and I shall vote against the conference report.

Mr. President, I wish to turn to another subject with respect to which I suspect my good friend from Louisiana and I are not in complete accord. I wonder if my friend will permit me 5 minutes from now to complete my comments.

Mr. LONG of Louisiana. I yield to the Senator.

NEED FOR CHANGE IN SENATE RULES

Mr. CLARK. Mr. President, I turn now to the lessons which we should perhaps learn from this debate with respect to the rules of the Senate. Those lessons, I think, are four in number.

In the first place, we should have learned again from this debate what we have learned to our sorrow many times in the 4 years I have served in the Senate: that when we send Senate conferees to conference, regardless of their force, of their vigor, or of their integrity, if they do not believe in the position of the Senate in opposition to the position of the House, we must expect we are going to get a conference report back which is not the kind of compromise which Senators who believe in the position of the Senate would have been able to negotiate had they been the conferees.

Mr. President, I yield to no man in my respect and admiration for the Senate conferees in this case. I point out, however, that the only Senate conferee who refused to sign the conference report was the Senator from Louisiana, and he was the only Senate conferee who supported the position of the Senate.

I suggest, Mr. President, that is not a very sensible way of doing business either in the Senate of the United States or elsewhere. Who would hire a lawyer who did not believe in his client's case to represent him? Who would send somebody who though his side was wrong to negotiate for him in a labor dispute? What sense is there, Mr. President, in sending Senate conferees to deal with House conferees to represent a position of the Senate with which they do not agree?

This argument has been made on the floor many times. Senate precedents are 100 percent in support of the position I have just indicated. If a Senator wishes to make a fuss, or a row, or to make himself unpopular with many of his senior colleagues in positions of great importance in the Senate, colleagues who are serving on committees with whom he would like to work and request to do things for him in the future as they have done in the past, he has to be a pretty brave Senator to do so. Perhaps he would not actually be properly representing the interests of his State if he stood up on the floor of the Senate and demanded that the conferees who are proposed by the chairman of a committee should be rejected and other conferees who support the position of the Senate should be appointed in their place—because in the long run it might hurt his State's interests in the future.

There have been brave Senators of that sort on this floor. I recall reading about an occasion before I came to the Senate when the Senator from Louisiana did just that. But I wish to say to all who may read my remarks that that is not the way to win friends and influence people.

I have had pending in the Senate Committee on Rules and Administration for over a year a proposed rule which would automatically require that a majority of the Senators going to conference must represent the prevailing view of the Senate with respect to matters on which the Senate and House are in disagreement.

That proposed rule has never received a hearing; that proposed rule has never had a discussion. That proposed rule was buried 10 fathoms deep because of what seems to me to be an entirely erroneous position with respect to seniority and an erroneous position with respect to the thought that it might be construed to be an adverse criticism of some of our most dearly beloved and respected Senators.

I say that next year we had better change that rule, if we wish to enact the program of the Democratic Party, which I confidently expect to win the election.

Mr. LONG of Louisiana. As the Senator from Pennsylvania knows, there is no Senate rule that stands between this body and the appointment of conferees who represent the majority position of the Senate.

Mr. CLARK. I have already so stated.

Mr. LONG of Louisiana. Our failure to get such conferees is because of our timidity, not because of the absence of a Senate rule. There is no rule standing in our way. Many times the Senate has insisted that the seniority habit be discarded in favor of a guarantee that the majority of the conferees would be those who could be depended upon to fight to the bitter end for the position of the Senate. I have been here longer than has the Senator from Pennsylvania and I have seen that happen.

Mr. CLARK. The Senator is far younger than I. He has been here many more years than have I. I know that. Let me say that if those who supported the Anderson-Kennedy amendment, which to my deep regret was defeated by a vote of 51 to 44, a fight would have been made for the appointment of conferees who favored the Anderson-Kennedy amendment, there would have been a real row in the Senate. We would have won that fight because the precedents of the Senate support us. There would have been bruised feelings, naturally, but we would have to do it.

I regret very much that the Senator from Louisiana did not choose to make a fight with respect to the conferees when his own amendment was adopted, because he knew very well what would happen to it in conference. Had he done so I would have stood shoulder to shoulder with him in getting proper conferees appointed.

Mr. LONG of Louisiana. When the Senator makes that point, he knows as well as I do that Senators who have senior positions on the Finance Committee have taken the attitude that they would be offended if it were even suggested that they would not fight to the bitter end for an amendment for which they had not voted, once the Senate had instructed them to do so. Advice was asked of Senators, when the conferes proceeded to move to recede and agree to that which was reported to the Senate, and the attitude was that other provisions of the bill that we wished to retain would be jeopardized if we fought to keep that particular provision.

Of course, those Senators had voted for a number of provisions in the bill. The Senator knows what the problem is in that regard.

I say that it is time the Senate started to stand up, when the facts demonstrated by those who offered the amendment are that there is a chance to get it agreed to if a more determined fight were made. I do not know how one can tell a Senator how much effort he should make for something, or how determined he should be in a conference. When I was asked before the final vote on this matter what I thought should be done, I said I thought we should go back and request that the Senate report the difference with the House, and that the House conferees do the same thing and give the House itself the first opportunity it has ever had to vote and express how the House feels about these matters, because the social security bill, as the Senator knows, was brought out under a cloture rule in the House, and they could not vote on the kind of amendment that the Senator had in mind on the House side, could they?

Mr. CLARK. The Senator is correct.

I turn to the second lesson I think we should learn from this debate with respect to the need for changes in the rules of the Senate, and with this I am sure my friend from Louisiana will be in complete disagreement, as will many other Senators.

Last week I proposed a rule which would limit the time which any Senator could hold the floor to 3 hours. I believe that is a sound and wise amendment. I do not believe there is any subject, no matter how important, that comes before the Senate which cannot adequately be discussed by one Senator in 3 hours, and if there are any Senators who agree with him, and if he is unable to make a complete case in 3 hours, his colleagues can make what is left of the case in the 3 hours each which are available to them.

I point out that in ordinary cases which come before the Supreme Court of the United States, cases of infinite complexity, else they would not have reached oral argument in that tribunal, arguments are normally limited to 1 hour on each side. I say that if a great constitutional case can be argued in the Supreme Court of the United States with 1 hour allowed to each side, Members of the U.S. Senate should be able to make their points in a maximum of 3 hours. I point out that if that had been the case in this debate, we would have had a vote on this amendment early Saturday afternoon. We would have had germane debate throughout the entire discussion. In my judgment, not

one vote would have been changed from the way we shall vote at 2 o'clock this afternoon.

In the modern world, with crises breaking overseas almost daily, from Cuba to the Congo, with domestic problems piling up like a logjam in the winter before the ice breaks in the spring, we cannot afford next year to have the Senate held up for indefinite periods of time while speeches made solely for the purpose of delay prevent the Senate from taking action.

So I say that the second lesson we should learn from this debate is the desirability of a rule which would limit the amount of time that any one Senator can hold the floor on any one subject.

The third lesson which I think we can learn from this debate with respect to the rules of the Senate is the desirability of a rule of germaneness. Nothing could have indicated that more aptly than what has happened this morning. Senators are anxious to vote on the conference report. One Senator—one sincere, one honorable, one able Senator, the junior Senator from Louisiana [Mr. LONG]—can keep the Senate from voting on this conference report as long as breath remains in his body and he can stand on his feet, and those of us who honor the Senator from Louisiana, love him, and respect him, know that the Senator has a plentiful supply of breath, and that he can stand on his feet for a very long time. I think I am right in saying that at one point in the history of the Senate he held the record for having held the floor longer than any other Senator in this body, and I suspect that unless we change the rules, he will try to beat that record and again take first place in the senatorial league with respect to how long he can hold the floor.

Mr. LONG of Louisiana. Mr. President, I remind the Senator that I have never been within 12 hours of the record.

Mr. CLARK. Then the Senator having been within only 12 hours of the record, has still spoken on a great many occasions for more than 3 hours, which is the limitation which I would like to see in effect.

Under the present rules the Senator from Louisiana—and he has many friends in that respect—could have indefinitely prevented this matter from coming to a vote if he had wanted to prevent it. So the only way we can get a vote is through his generosity and graciousness—when he finally agreed to cease and desist from preventing a vote coming at 2 o'clock; but it took a unanimous-consent agreement to do it. If we had not agreed to vote at 2 o'clock, a great many Senators would have wanted to talk about something else. As it is, we have already had a little nongermane debate on defense, between the Senator from New York and the Senator from Missouri. I was happy to participate in that debate. As long as the Senate rules are as they are, we might as well live up to them. As long as we have the present Senate rules, I intend to take full advantage of them.

The third lesson we can learn from this debate is the desirability of a rule of germaneness, this is one illustration and good evidence of how nongermane debate can delay action in the Senate. I state again my firm belief that we should have in the Senate a rule of germaneness, as well as a rule limiting debate. If we had these rules, we could cut down the time wasted on the floor by at least 50 percent, and in that way we could do in 3 months what takes 6 months to do now. I hope we will be able to save that much time next year.

Now the fourth lesson which we can learn from this debate is the desirability of having a rule permitting the previous question to be moved after there has been adequate debate on any bill or amendment. Generally speaking, in that regard, 15 hours of debate is sufficient before we should come to the point where a majority of the Senate can determine whether a bill shall be passed or rejected.

I point out that we are getting very close to the 15 hours' time in connection with the pending conference report. It may be that we have exceeded that time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CLARK. I ask for 3 more minutes.

Mr. LONG of Louisiana. I yield 3 additional minutes to the Senator from Pennsylvania.

Mr. CLARK. If my proposed rule were in effect, and if a majority of Senators should agree with me and should vote to move the previous question, then under my proposed amendment there would still be 4 hours of debate, to be divided equally between the two sides, before a vote could be had on the pending conference report.

I say that this is the only legislative body in the world which is not able to act when a majority of it is ready for action. I must make one qualification in that respect. This body can act in 10 minutes if it wishes to defeat a measure. Any Senator can move to table an amendment. Every Senator and many of the guests in the galleries know the many occasions during this session alone when a motion to table has been used to defeat a measure. At the same time there is no way in the world under the present rules of the Senate by which a majority can get a bill passed for the benefit of the country and for the benefit of the free world. There is no way we can do it under the present rules of the Senate if one Senator objects and is willing to talk indefinitely.

So I point out that the fourth lesson we should learn from the debate is the need to have a rule permitting the previous question to be moved and to have it moved without further debate after a reasonable debate on any amendment, motion, or pending matter has been had. Then if the moving of the previous question results in an affirmative vote, we can still have an hour of debate on each amendment or other matter, and 4 hours on the final passage.

What would the result of moving the previous question have been if it had been invoked in connection with this debate? We would have had the same result as we have obtained by the unanimous consent agreement. But we would have achieved the same result by the vote of the majority of the Senate, not because of the acquiescence of one Member who is either fatigued or thinks he has made the point and is willing to desist.

I shall vote against the conference report. I shall support the Senator from Louisiana if he asks to send the matter back to conference and to appoint other conferees, in the hope that they can have some impact on our friends in the House.

Mr. LONG of Louisiana. Before the Senator leaves the Chamber I hope that he will listen to my reaction to his suggestion. I know he would like to go to lunch.

Mr. CLARK. I will stay if the Senator will make his reply within a reasonable time.

Mr. LONG of Louisiana. I will try to reply in the same amount of time that it took the Senator to make his suggestion.

I do not quarrel with anything the Senator has said except his advocacy of the motion with respect to the previous question.

The Senator from Pennsylvania has made a very fine speech. Unfortunately, he did not have more than five Senators to listen to him. I doubt that of the five there is more than one who has an open mind. I believe that four of the five have already decided how they will vote. The junior Senator from Louisiana is appealing for some help in behalf of the neediest and most desirable cases of them all. I see before me nothing but a sea of empty seats on both sides of the aisle.

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

Mr. LONG of Louisiana. I yield.

Mr. CLARK. If there were five Senators here, I would say that four of them were not listening.

Mr. LONG of Louisiana. It seems to me that one of the good things that can be said for the Senate rules is this: Senators can criticize the junior Senator from Louisiana, as he has been criticized by the press and by the Republican Party, for what he believes in in connection with the conference report. The trouble is that we are too timorous. That includes me, too. We do not fight to do something for the needy, the disabled. We do not vote for what is in our platform. We have surrendered. As far as a man making his fight is concerned, I tried to do my best on Saturday night. Most Senators did not like it. It takes the hide of a rhinoceros to do what I have tried to do. I have been criticized in the press and by Senators. Some Senators have told me—and I do not say this only of Senators who are now serving, but also former Senators, like Burton Wheeler—that if a Senator wishes other Senators to understand what he is trying to say, it is necessary for him to make the speech twice.

It is necessary to make it twice, because only a few are on the floor at a time to hear the Senator, and others do not know that the Senator has even made a speech.

I know I made some headway by making my long speech. I did not expect the support of the Senator from Pennsylvania. I think my speech, or the fire of my speech, perhaps, struck some tinder. I did not know that I would have his vote when I started out.

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

Mr. LONG of Louisiana. I yield.

Mr. CLARK. In my judgment the Senator from Louisiana has made his speech not twice, but four times, each time to an empty Chamber. The first time he made it he convinced the Senator from Pennsylvania.

Mr. LONG of Louisiana. I had a much better representation on the Republican side during the early morning hours of Sunday. Apparently they were trying to keep enough Members here to try to force a vote at that time.

Mr. CLARK. I believe they were all here because they were cooking up a funny telegram to send to the junior Senator from Massachusetts [Mr. KENNEDY].

Mr. LONG of Louisiana. I do not know what the purpose was. I must say that I heard a great deal of laughter coming from the Republican cloakroom while I was standing here making my speech. My guess is that on some occasions the wit and good nature of what they were doing produced more noise in the Chamber than the junior Senator from Louisiana produced on the floor while he was speaking.

Mr. CLARK. It got on the Western Union wires.

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

Mr. LONG of Louisiana. I yield.

Mr. GRUENING. It is good that the Senator from Louisiana has made his speech, even to an empty Chamber, because I feel quite sure, just as he has converted the Senator from Pennsylvania, he has also converted other Senators. I hope the Senator from Pennsylvania will add to his proposed amendment changing the rules of the Senate, an amendment which will make it possible to have Senators listen to so excellent a presentation as that of the junior Senator from Louisiana.

Mr. CLARK. In that regard I invoke the help of the distinguished Senator from Alaska. My thought is that while one can lead a horse to water, it is impossible to make it drink.

Mr. LONG of Louisiana. I ask Senators to consider what they would be doing if they voted against the inclusion of mental cases. I stood on the floor on Saturday night telling about the pitiful condition of these mental cases. We treat a dog better than we treat some of these cases.

When I try to fight for these people, I look across the aisle, and not a single Senator is seated at his desk on the Republican side. Fortunately, there is one good Republican, whose mind is closed against me already, who is occupying the seat of the Presiding Officer, the distinguished Senator from Kansas [Mr. CARLSON]. What chance have I to get a Republican vote?

On the other hand, I see at least one prospect, on the Democratic side of the aisle, so perhaps there is one whom I might persuade to vote with me.

I am not here to ridicule. I shall not take much more time. I simply point out that this is what we are up against when we try to point out the realities of the situation.

Why have all the fine prayers:

> Stay our hands when we attempt to postpone into the future the justice waiting to be done today.

Nevertheless, we will not vote that way.

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

Mr. LONG of Louisiana. I yield.

Mr. ANDERSON. I would not want the able Senator to refer to me as a prospect. I voted for his amendment. I was one of the conferees who sought to retain it in the bill. I recognize that a good many people thought it might relate to distressed action; but, as I said about another provision, I would not worry about the prospects of this provision at all. I am glad the Senator from Louisiana has brought this situation to the attention of the Senate. I hope that early in the next session of Congress, the Senator's amendment might find its way into a bill and receive consideration in the other House.

Mr. LONG of Louisiana. I am not worrying about that situation. I am talking about the bill as a whole. I think the Senator from New Mexico knows, if he did not know before, that what we have brought back from conference is only about one-quarter of what we voted for in the Senate bill.

Mr. ANDERSON. I think one of the most desirable parts of the entire bill was the part raising to $1,800 the amount a person beyond 65 might earn without great damage to himself or without loss of income. I thought that was a provision which would come back intact from the House. As I recall—and the Senator from Louisiana will correct me if I am wrong—every member of the Senate committee favored the $1,800 amendment. It was presented by the present Presiding Officer, the able Senator from Kansas [Mr. CARLSON]. It was unanimously supported on our side.

In order to show that we were not partisan or narrowminded about this question, we all joined in the effort made to have the amendment of the able Senator from Kansas considered, because he was trying to have adopted something in which we all joined, but as to which we came back from the House almost empty. I think that is unfortunate. I do not know how much the amendment offered by the Senator from Kansas would have cost; but whatever the cost, it was not too much for that particular amendment. I am sorry, indeed, that it did not come back from the conference.

Mr. GRUENING. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. GRUENING. I associate myself with the comments of the Senator from New Mexico. I think the omission of that one provision would justify the Senate in not approving the conference report and sending it back, either with a different set of conferees or with the same conferees, and asking if it would not be possible to restore that provision, which, I agree, is the most important single item in the bill. It is most unfortunate to have omitted the provision which will enable social security recipients to increase their income by working.

Mr. ANDERSON. I can only say that I might differ with the Senator on how I would vote on that particular proposition. After all, some of us believe that even a small concession, when we want a bill might be worth while.

The Senator from Louisiana has brought out so forcefully the situation with respect to tuberculosis hospitals and mental patients that I am certain the Committee on Finance will take a much different view of that situation in the future from what it has taken in the past.

Mr. LONG of Louisiana. This Senator has been around long enough to know that we make great speeches and suggestions to the people of the Nation and tell them about the kinds of things for which we will vote. I have seen great charges made against the breastworks, and have then seen great retreats; great crusades have been followed by great retreats.

The junior Senator from Louisiana would like to point out that it is about time that those who favored the great crusade, which has achieved nothing, proceed to tell the public that they are the ones who led the great retreat.

It is fine to tell a sick man we have voted for him. It is fine to tell someone who cannot get a job that we have voted to assist him.

However, when we lead the retreat from what we have said we would vote for, then I think we ought to say, "My friend, I voted for you when the bill was before the Senate, but in the conference I led the great retreat."

I can say this, however, no Democrat can claim as much credit for the great retreat as can an outstanding Republican I have in mind, the Secretary of Health, Education, and Welfare, Mr. Flemming.

The headline of an article published in the New York Times of April 21, 1959, reads: "Flemming Pleads for Mentally Ill. Says Care Is 'Disgracefully Deficient,' Many Hospitals Only 'Custodial Bases'."

The article continues:

> The Secretary of Health, Education, and Welfare declared today that the mentally ill of the country were receiving "disgracefully inadequate" care and treatment.
>
> Arthur S. Flemming added that the Federal Government had a responsibility to crusade in the field and that it was starting such a crusade.
>
> Many of the country's 277 State and county mental hospitals, he asserted, are "little more than custodial institutions" and "inadequate for even the simplest methods of treatment." The average cost per patient per day, he said, is only $4.07 for care and treatment, that comparing with $26 a day per patient in general hospitals, exclusive of physicians' fees.

That is a statement by the man who led the great retreat, and who recommended against anything of this sort being done, after he had made his great plea and placed himself, across the Nation, in the New York Times and other

large newspapers, as a man who was leading a crusade against disgraceful conditions which existed in State mental hospitals. That is the leader of our retreat.

Now I should like to help to alert Senators to our actions when we say we are for something. I have reference to a book published by the noted Washington cartoonist, Mr. Herblock. He says:

Every once in a while when a Congressman or an entire session of Congress is on the pan, somebody is sure to say, "But they work so hard" or "You don't know how hard they work."

Then he goes on to say:

It's a busy schedule for all of them, even when they're not campaigning for reelection, and I respect their efforts as exhibitions of sheer physical stamina, if nothing else. But that's not what people mean when they rise to the defense of a Congressman by saying he works hard. They mean his work on legislation. And the answer to that is that there's no special virtue in working hard if they're not doing the right kind of work. Better that some of them should stay in bed. You and I work hard, too, and so do those people who engrave the Lord's Prayer on the heads of pins, a mysterious occupation that I've never quite understood, but which at least does nobody any harm.

Unfortunately, some of the Congressmen do harm, and some of the worst ones probably work harder than many of the better legislators. You have to get up pretty early in the morning to fool 150 million people, and stay late at committee meetings, too, if you want to make sure that a good bill is stopped or a bad one is slipped through. And if you're serving some special interests, it probably can be quite a task to get them what they want and still make it look all right to the folks back home. But to the man who's been waiting for a housing bill, let's say, and who finds it still stuck in a committee room when the congressional quitting whistle blows, it's no consolation to know that somebody—or several somebodies—had to work hard to keep it there. And when he comes home to his one-room apartment, he does not tell the little woman and the kiddies, "My, but those poor fellows must have had to work hard to do us out of a better deal than this."

Mr. President, though I may be criticized for keeping the Senate in session all day Saturday and well into Sunday morning, and although I may be criticized for speaking too much in trying to make people understand what is being done concerning the conference report, I have at least accomplished one thing. I have made the conferees work hard to surrender back at least 80 percent of what the Senate proposed. That is some satisfaction. They worked hard to bring back what we see here, when some thought it was going to be extremely easy to do away with what we fought to achieve.

The people get a particularly unfavorable impression of us when they cannot understand why we do not do more to help the workingman.

I do not care to reflect on other Senators. They feel that the Federal Government should not intrude into these fields. Some States are much more interested in economy than they are in social security or public welfare benefits.

The public is most uncharitable and most unkind to us when it sees us advocate that something be done, but then sees that we do so little about it.

For instance, let me refer now to an article from the Washington Post. It refers to my good friend, the Senator from Illinois [Mr. DOUGLAS].

DOUGLAS SCORES "HILL" COALITION

Senator PAUL H. DOUGLAS, Democrat, of Illinois, said yesterday that Democratic presidential candidate JOHN F. KENNEDY should go to the people and denounce the unholy coalition of Republicans and southern Democrats in Congress.

DOUGLAS said KENNEDY should publicly lay the blame on the two groups for the failure of Congress to accomplish much during its current short session.

He also advised KENNEDY to openly call for the coalition to be broken.

DOUGLAS voiced his views in a radio interview, "Radio News Conference," taped for independent stations.

The Illinois Senator said the bobtail congressional session has been a political loss because of obstructionism and negative votes by Republicans and Dixie Democrats.

"But the Democrats of the North and the West will get the blame," he predicted.

DOUGLAS said he was surprised that Senate Democratic leader LYNDON B. JOHNSON, the party's vice presidential candidate, and Speaker SAM RAYBURN did not foresee this would happen. "It's their baby," DOUGLAS added acidly.

Mr. President, one can criticize Republicans and southern Democrats for voting parallel on certain issues. But see what happens when the vote on this conference report comes. See how many so-called liberal Democrats will vote to surrender what they previously voted for. A Senator who does that should not criticize southern Democrats. Here is one southern Democrat who is trying to have the Congress do something about the situation; but I do not have much doubt as to what the result will be. A vote for this conference report will be a vote for a big surrender and a big relinquishment of the things for which the Senate has stood. The Senate voted to do a few things worth doing. The House said that in view of the amount already charged for disability insurance to benefit those above age 50 was sufficient to cover all groups, it would not cause an increase in the charge if all groups were covered. So the House included that provision.

In fact, the bill which came to the Senate from the House would, in the main, not have resulted in any increase in the social security tax. The bill as passed by the House actually provided for little bits and smidgets which could be provided without increasing the social security tax.

Then the Senate proceeded to add some major amendments; and the Senate added more than $1 billion of social security benefits, in addition to what the House has voted. Some Senators then argued that even that was not enough; and, first, our Republican friends offered amendments to do a great deal more in terms of medical care than the Senate actually voted to do.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a tabulation of the additional cost of the Javits amendment, which was voted for by 26 Republican Senators.

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

ESTIMATED ANNUAL COSTS OF JAVITS AMENDMENT

Estimated annual costs under Javits amendment to H.R. 12580 providing for medical services for the aged

	Number of participants[1]	"Minimum" package			"Maximum" package		
		Total Government cost	Federal cost	State cost	Total Government cost	Federal cost	State cost
	Thousands	*Millions*	*Millions*	*Millions*	*Millions*	*Millions*	*Millions*
United States	8,250	$671.8	$320.4	$351.4	$950.4	$462.8	$487.6
Alabama	105	7.6	5.1	2.5	12.1	8.1	4.0
Alaska	2	.2	.1	.1	.2	.1	.1
Arizona	38	3.0	1.7	1.3	4.4	2.5	1.9
Arkansas	85	5.7	3.8	1.9	9.8	6.5	3.3
California	641	60.8	22.8	38.0	70.4	26.4	44.0
Colorado	65	5.0	2.6	2.4	7.5	2.9	3.6
Connecticut	137	14.3	4.8	9.5	15.8	5.3	10.5
Delaware	20	1.8	.6	1.2	2.3	.8	1.5
District of Columbia	28	2.6	1.0	1.6	3.2	1.2	2.0
Florida	257	20.5	11.3	9.2	29.6	16.3	13.3
Georgia	113	8.2	5.3	2.9	13.0	8.3	4.7
Hawaii	17	1.4	.8	.6	2.0	1.1	.9
Idaho	32	2.7	1.6	1.1	3.7	2.2	1.5
Illinois	510	44.1	17.4	26.7	58.8	23.2	35.6
Indiana	253	19.8	9.8	10.0	29.2	14.5	14.7
Iowa	164	$11.0	$6.3	$4.7	$18.9	$10.8	$8.1
Kansas	116	7.7	4.3	3.4	13.4	7.5	5.9
Kentucky	141	10.9	7.2	3.7	16.2	10.7	5.5
Louisiana	61	4.2	2.6	1.6	7.0	4.4	2.6
Maine	62	4.7	2.7	2.0	7.2	4.2	3.0
Maryland	109	8.9	4.2	4.7	12.6	5.9	6.7
Massachusetts	301	29.7	17.8	16.9	34.7	15.0	19.7
Michigan	358	33.8	15.2	18.6	41.2	18.6	22.7
Minnesota	172	14.0	7.6	6.4	19.8	10.8	9.0
Mississippi	65	4.2	2.8	1.4	7.5	5.0	2.5
Missouri	228	16.2	8.4	7.8	26.3	13.6	12.7
Montana	34	2.5	1.3	1.2	3.9	2.0	1.9
Nebraska	80	5.4	3.1	2.3	9.2	5.3	3.9
Nevada	8	.7	.3	.4	.9	.3	.6
New Hampshire	38	3.0	1.6	1.4	4.4	2.4	2.0
New Jersey	320	26.0	10.0	16.0	36.9	14.1	22.8
New Mexico	20	1.6	1.0	.6	2.3	1.4	.9
New York	924	79.8	29.8	50.0	106.4	39.7	66.7

[1] Assumes 75 percent participation by the 11,000,000 persons eligible to participate in the program.

ESTIMATED ANNUAL COSTS OF JAVITS AMENDMENT—Continued

Estimated annual costs under Javits amendment to H.R. 12580 providing for medical services for the aged—Continued

	Number of participants	"Minimum" package			"Maximum" package		
		Total Government cost	Federal cost	State cost	Total Government cost	Federal cost	State cost
	Thousands	*Millions*	*Millions*	*Millions*	*Millions*	*Millions*	*Millions*
North Carolina	152	$9.7	$6.4	$3.3	$17.5	$11.6	$5.9
North Dakota	29	1.9	1.2	.7	3.3	2.1	1.2
Ohio	473	40.1	17.8	22.3	54.5	24.2	30.3
Oklahoma	94	6.4	3.8	2.6	10.8	6.5	4.3
Oregon	104	9.5	4.9	4.6	12.0	6.2	5.8
Pennsylvania	629	44.1	21.4	22.7	72.5	35.1	37.4
Rhode Island	53	5.3	2.6	2.7	6.1	3.0	3.1
South Carolina	68	3.8	2.5	1.3	7.8	5.2	2.6
South Dakota	35	2.2	1.4	.8	4.0	2.6	1.4
Tennessee	137	9.7	6.4	3.3	15.8	10.4	5.4
Texas	287	$23.2	$13.0	$10.2	$33.1	$18.5	$14.5
Utah	30	2.3	1.3	1.0	3.5	2.0	1.5
Vermont	23	1.9	1.1	.8	2.7	1.6	1.1
Virginia	140	9.3	5.4	3.9	16.1	9.4	6.7
Washington	143	14.2	6.7	7.5	16.5	7.8	8.7
West Virginia	94	6.3	4.0	2.3	10.8	6.8	4.0
Wisconsin	224	16.6	8.7	7.8	25.8	13.5	12.3
Wyoming	13	1.0	.5	.5	1.5	.8	.7
Puerto Rico	47	2.1	1.4	.7	5.4	3.6	1.8
Virgin Islauds	1	(2)	(2)	(2)	.1	(2)	(2)

[2] Less than $50,000.

NOTE.—In addition to the above costs, for the Kerr-Frear plan, to which the Javits plan would be attached, 1st year estimated costs were $202,000,000.

Therefore, the overall cost of the Javits amendment would be $522,400,000 for the "minimum" package, and $664,800,000 for the "maximum" package.

Mr. LONG of Louisiana. The minimum expectation of the cost of the Javits amendment was $320 million, and the maximum was $462 million. So let us say the average would be $420 million—as the additional cost which would have been entailed by the Javits amendment.

Then the Anderson amendment was offered. Its first-year additional cost was estimated at $720 million supported by 42 Democrats. So 26 Republican Senators and 42 Democratic Senators—or a total of 68 Senators out of the 100—voted for far more than what was called for by the bill as reported by our committee. In other words, those Senators wanted to go much further than that—anywhere from $700 million to $400 million beyond anything called for by the bill as reported by our committee. Apparently that was the position of a great majority of the Members of the Senate.

After they failed to get that much agreed to, the same Senators voted for a bill which provided for benefits totaling $1 billion over and above the cost of the benefits voted for by the House.

Now we see that those who voted for so much, today are willing to settle for about 10 percent of that for which they previously voted. I presume they will try to explain why they voted for the much greater benefits in the first instance, but will not vote for them in the second instance.

Mr. President, how much time remains available to me?

The PRESIDING OFFICER (Mr. MOSS in the chair). Twenty-four minutes.

Mr. LONG of Louisiana. How much time remains available to the opposition?

The PRESIDING OFFICER. Thirty minutes.

Mr. LONG of Louisiana. Mr. President, I observe four other Senators in the Chamber, and I do not see any particular point in my using more of the time available to me when the Chamber is virtually empty. So I suggest that the opposition now use some of their time, if they care to do so.

Mr. DWORSHAK. Does that mean that the Senator from Louisiana has used all the time he desires to use?

Mr. LONG of Louisiana. No; but I have used more time than the opposition has. So I suggest that the opposition now proceed to use some of their time; or, if not, I suggest that we have a quorum call, and charge equally to both sides the time required for the quorum call.

Mr. DWORSHAK. I object, because we have an agreement to vote at 2 o'clock, and a quorum call could mean that the vote would be taken later than 2 o'clock, could it not?

Mr. LONG of Louisiana. It could.

Mr. DWORSHAK. I object.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. DWORSHAK. Mr. President, I am prepared to yield 5 minutes to the Senator from New Jersey.

Mr. AIKEN. Mr. President, I suggest the absence of a quorum, if it is agreed that the time required for it shall not be charged to either side.

Mr. DWORSHAK. Mr. President, if the Senator from Vermont will, instead, request that the time required for the quorum call be charged equally to each side——

Mr. LONG of Louisiana. If it is understood that after calling the roll for 10 minutes, the order for the quorum call will be rescinded, then I shall have no objection.

Mr. AIKEN. My purpose is to alert the absent Senators to the fact that there is now no activity here. If the quorum call is begun, after a reasonable time it can be called off.

The PRESIDING OFFICER. Is there objection?

Mr. CASE of New Jersey. Mr. President, is it proposed that the time required for the quorum call be charged equally to both sides?

Mr. AIKEN. No. The purpose is to have the absent Senators notified.

Mr. DWORSHAK. Mr. President, reserving the right to object, let me point out that we have an agreement to vote not later than 2 o'clock. Therefore, if the current debate were to continue beyond 2 p.m., it would be subject to objection.

Mr. LONG of Louisiana. Mr. President, I have no objection to having the time required for a quorum call charged equally to both sides.

The PRESIDING OFFICER. Is there objection to the request that there now be a quorum call, and that the time required therefor be charged equally to both sides? The Chair hears none; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AIKEN. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

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

Mr. DWORSHAK. Mr. President, I yield 5 minutes to the Senator from New Jersey [Mr. CASE].

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 5 minutes.

Mr. CASE of New Jersey. Mr. President, several years ago the New Jersey Teachers Pension Fund and the New Jersey Public Employees Pension Fund were integrated with the Federal social security system.

A cardinal feature of the plan by which this integration was accomplished was the so-called "offset" provision. Under this provision, the amount of any social security benefits a member of either of the New Jersey funds became entitled to as a result of his employment as a teacher or public employee in New Jersey would be deducted from the pension such person would otherwise receive from the State Teachers or New Jersey Public Employees Pension Fund.

The integration of our State funds with the Federal social security system required, of course, an affirmative vote of approval by the members of the two New Jersey pension funds. Such approval was given after a period of spirited discussion and thorough explanation of the provisions and implications of the integration plan.

In the course of such discussion, it was explicitly and specifically stated to the teachers and other public employees that, if the integration plan was approved, any of them who considered it in his own interests to do so could avoid the operation of the "offset" provision and receive both the benefits under the social security system and the State pension by retiring from public service before his social security benefits matured as a result of such public service.

The ability to do this was an affirmative inducement to a large number of New Jersey teachers and other public employees to vote for the integration plan.

In addition, many teachers and other public employees of New Jersey have subsequently rendered years of service in the justified expectation that they would be able, in the manner stated, to avoid the effect of the offset provision. So, in a very real sense, the ability to avoid the offset was a part of the consideration for the service rendered by these individuals in their public employment in New Jersey.

In the bill before the Senate, when it originally went before the House, there was a provision shortening the time under which individuals would qualify for social security benefits. The effect of this would be to fully qualify, retroactively, many teachers and other public employees in New Jersey as a result of their public service and thus make it impossible for them to avoid the offset provision to which I have referred.

The Senate Finance Committee took a somewhat different approach but, insofar as male teachers and public employees were concerned, the results would have been the same. So when the bill came before the Senate, the committee very generously agreed to take to conference an amendment offered jointly by my colleague, the Senator from New Jersey [Mr. WILLIAMS] and by me, under which the members of the New Jersey Teachers and Public Employees Pension Funds would be exempted from the provisions of the pending bill.

In conference, Mr. President, the Senate conferees receded and accepted, with modification, the House approach, but the conferees dropped the provisions of the Williams-Case amendment. The result is that under the bill agreed to by the conferees, many teachers and other public employees of New Jersey will lose their right to avoid the effect of the offset provision which they had counted on when they voted for the integration of the Teachers and Public Employees Pension Funds with the social security system.

This question was raised in the House, when the conference report came before the House for action, by Representative CANFIELD, of New Jersey, in a colloquy with Representative MILLS, Chairman of the House Ways and Means Committee. Mr. CANFIELD referred to a letter which Mr. MILLS had written him, explaining the reasons why the House conferees felt that the Williams-Case amendment was undesirable.

I ask unanimous consent to have Representative MILLS' letter appear in full at this point in the RECORD.

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

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 26, 1960.

Hon. GORDON CANFIELD,
House of Representatives.

DEAR GORDON: This letter is to inform you, as I promised I would, of the conference action on the social security bill on the Senate amendment relating to teachers and other public employees in the State of New Jersey. This is the provision which you had discussed with me and other House conferees on behalf of yourself and the rest of the New Jersey delegation urging that the House conferees accept the Senate amendment. This amendment was deleted from the bill in conference. You were also interested in an exception in the case of New Jersey if any change was made liberalizing the quarters of coverage requirements.

I am sure you are aware of the fact that ou August 23, when the Senate amendment was being discussed in the Senate, Senator KERR, who at that time was handling the bill on the Senate floor, stated at page 17228 of the CONGRESSIONAL RECORD: "I have not had time to digest the amendment; neither have the other members of the committee. However, in view of the fact that they have stated it relates only to New Jersey, I hope it will be accepted and taken to conference. If it is found there to be objectionable, it can be taken out of the bill."

During our discussion of the liberalizations in eligibility requirement in conference the main objection which was raised to adding the changes the New Jersey House delegation were urging was that it was designed to exclude public employees in the State of New Jersey from the liberalizations. Since the social security insurance system is a nationwide system, the eligibility requirements must be the same for all workers throughout the country. The conclusion was reached that this is a matter entirely within the control of the State of New Jersey, and that if the State desires to do so it can change its provisions relating to public employees who are also covered by social security. I hope that you will agree that this is the logical and reasonable way to handle this situation. The Congress in any legislation which it enacts affecting the whole of the United States cannot make exceptions which take into account individual provisions of either public or private pension plans.

I am advised that in 1956 when the provision relating to the age for women to become eligible for benefits was reduced from age 65 to age 62, and certain general liberalizations were made in eligibility requirements, the State of New Jersey did amend provisions of its law relating to public employees in such a way that such employees, both women and men, who had already retired, would not be affected by the liberalizations in these requirements in the Federal law.

The conferees agreed that the above considerations were basic and fundamental and for this reason it was decided that no exception should be made in the case of New Jersey.

I regret that the House conferees were not able to accede to your request, but under the circumstances both in the matter of policy and precedent it appeared that the Senate amendment was undesirable particularly in light of the fact that this is a State matter which can be handled at the State level.

Sincerely yours,

WILBUR D. MILLS.

Mr. CASE of New Jersey. Mr. President, Mr. CANFIELD then asked Mr. MILLS to summarize the reasons for the action of the conference in rejecting the Williams-Case amendment. I read now what Mr. MILLS replied.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CASE of New Jersey. I ask for 3 minutes.

Mr. DWORSHAK. I yield the Senator only 1 more minute. We are under limited time.

Mr. CASE of New Jersey. Mr. MILLS said:

As I tried to point out in the letter to my friends from New Jersey, this is a matter that I think really involves State law rather than Federal law. We cannot, and at least I do not want us, to get into the habit of making exceptions at the request of individual States to some broad improvement in the Social Security Act. I think the States can more easily adjust their own laws to conform to this program since this is a Federal program.

It is my understanding this is not only the view of Chairman MILLS, but also the view of the experts in the social security system whose offices are located downtown.

I should like to ask the Senator from Delaware [Mr. WILLIAMS] who is a member of the Finance Committee and was one of the conferees on the pending bill, whether that is also his understanding, and whether it represents as well the view of at least a majority of the members of the Senate Finance Committee.

Mr. WILLIAMS of Delaware. Mr. President, if the Senator will yield, I was told that represents the sentiment of the majority of the conferees of the Senate, who felt this was a State matter. I think Chairman MILLS has accurately stated the case.

Mr. CASE of New Jersey. So, in the judgment of the Senator from Delaware, who I know speaks for the majority of the members of the Senate Finance Committee, this should be handled at the State level rather than at the Federal level.

Mr. WILLIAMS of Delaware. The Senator from New Jersey is correct. I cannot imagine the Senate Finance Committee or the House Ways and Means Committee ever acceding to the suggestion that the Federal Government should handle this New Jersey problem which the State of New Jersey can easily, and I believe should, take care of itself.

The PRESIDING OFFICER. The time of the Senator from New Jersey has expired.

Mr. DWORSHAK. Mr. President, I yield 10 minutes to the Senator from Kansas [Mr. CARLSON].

The PRESIDING OFFICER. The Senator from Kansas is recognized for 10 minutes.

Mr. CARLSON. Mr. President, during this debate there has been much discussion of the problems of our mental health programs in Kansas, in other States, and throughout the Nation. Before we agree to the conference report, I wish specifically to mention at least the great progress which has been made in our own State and in the Nation in regard to this problem.

Before I do, I wish to compliment the Senator from Louisiana. I think the Senator has rendered a service in a field about which every Member of the Senate is greatly concerned. I sincerely believe if the distinguished Senator from Louisiana will make a further study, he will find it is not so much a question of money which make these programs work as it is a question of trained people. No matter how much money we provide, we cannot now hire a sufficient number of psychiatrists to do the work,

and we would have great difficulty getting the needed nurses. I am sure every Senator who has been a State Governor knows of that problem. I have had some experience myself in that field. It is not simply a question of dollars, when it comes to working on a program such as this.

Mr. President, I wish to discuss the State of Kansas first. The State of Kansas has gone from the very lowest position among the States of the Nation in the care of the mentally ill to the top. It is only in recent years that we have actually come to grips with this problem. We are now treating patients for mental illness, instead of incarcerating them in hospitals, which in reality, became prisons for the rest of their lives.

I will admit that our State, as well as other States, had that as its only program for many years. We have progressed from that stage to the stage of treatment. In reality, those hospitals became prisons, where such people were committed for the rest of their lives, as the Senator from Louisiana has mentioned on several occasions during the debate.

I think I should mention that we in Kansas are fortunate, in that the Menninger Foundation is located at Topeka and has for many years conducted a program of research and carried on clinical demonstrations which prove that mental illness responds to treatment exactly like physical ailments.

There was a feeling at one time in the Nation that mental illness would not respond to treatment. It does respond to treatment, and that has been proved.

As we observed the effectiveness of the work of the Menninger Foundation, we in Kansas became convinced that their program was good not only for Kansas, but also for the Nation.

In 1947, Kansas decided to do something about its mental health problem, and while I am going to discuss the mental health program from a national standpoint, I also wish to discuss some of the changes that have taken place in Kansas since 1947.

As Governor of the State, I not only took a personal part in the campaign which our citizens and the Kansas Legislature approved, but also took steps necessary to get the program underway.

One of my first official acts was to appoint a commission composed of outstanding doctors and private citizens and to charge them with the responsibility of making recommendations to the Governor and the legislature for changes in our mental health program.

It was fortunate for the State that Dr. Franklin Murphy, former chancellor of Kansas University and at that time director of the Kansas University Medical Center, and Dr. Karl Menninger of the Menninger Foundation, agreed to serve on the committee. They spent much time on this study and report. I think the results speak for themselves.

Kansas has experienced a tremendous change in its State mental institutions. We have advanced from 45th place among the States, in 1948, in per capita expenditures for maintenance, to 10th in 1951—6th in 1952—and 3d in 1955. Our standing has progressively risen since.

Under our present mental health program approximately 80 percent—as a matter of fact, over 80 percent—of those who are admitted to our hospitals are released within 1 year.

In other words, we are treating these people. We are not incarcerating them in the hospitals. We provide mental treatment for mental illness, which gets these people back into society, where they become productive again. This is not only the humane thing, but also the economic thing, to do.

Our State program not only provides outstanding psychiatric and medical care, but also provides for outpatient and at-home treatment.

I believe that Kansas has the only system of State hospitals in the country where there is not a long waiting list—and where people do not have to sit in jail for a week or a month before they can even enter a hospital, where a doctor might see them a month later.

Mr. LONG of Louisiana. Mr. President, will the Senator yield on my own time?

Mr. CARLSON. I am happy to yield to the Senator on my time. I believe I have sufficient.

Mr. LONG of Louisiana. The kind of thing about which the Senator is speaking, in regard to Kansas, is what I should like to see done all over, that and perhaps a little bit more. The State of Kansas recently increased expenditures for this purpose by 600 percent.

Mr. CARLSON. I appreciate that.

Mr. LONG of Louisiana. The Senator is not speaking for the average State, but is speaking for a State which is one of the leaders in this field.

Mr. CARLSON. I appreciate the kind remarks of the Senator from Louisiana, because this is a field with which I am somewhat familiar. As I said, I think the Senator has rendered a service by bringing this to the attention of the country at the present time.

This work can be done by the States. It is not necessarily a question of money. We have to provide psychiatrists, nurses, and trained personnel.

We have been fortunate to have the Menninger Foundation located at Topeka, Kans. We have more people in training than are training in any other place in the Nation. We use them. This has been a great advantage for Kansas.

I thank the Senator.

Mr. President, we are spending our State funds for the treatment of those who become mentally ill rather than for the construction of new buildings in which to confine them permanently. Ours is a program of treatment and cure rather than of incarceration.

That situation prevailed in our State at one time, and I have no doubt it prevails in some States in this country today. We in Kansas are spending our funds for the treatment of those who are mentally ill, rather than for the construction of new buildings into which to confine them permanently.

One of the mistakes we make when we talk about the treatment of the mentally ill is to talk about the building of elaborate hospitals and the spending of large sums of money to provide new and elaborate hospitals. These people can be treated in very nice, modern buildings. We do not need elaborate hospitals for treatment of these people, as is true for treatment of some other illnesses. We have proved that. Ours is a program, in Kansas, of treatment rather than incarceration.

Mr. President, I now wish to talk about the work of the Federal Government.

The Federal Government has a long history of concern with the problems of mental illness, including those of providing appropriate care on both a short term and long term basis for those who develop mental disorders. The formal recognition of these problems within the Public Health Service dates at least from 1928 with the establishment of the Mental Hygiene Division and the program developed by this group which resulted, among other things, in the establishment of two Public Health Service hospitals devoted to narcotic addiction, the causes for which are broadly based in psychological and psychiatric difficulties of the victims.

Work in this field received a tremendous impetus with the passage of the National Mental Health Act—Public Law 487, 79th Congress—which authorized a more intensive program with respect to the problems of prevention, treatment, and rehabilitation of the mentally ill. Since that date and continuing into the present, the National Institute of Mental Health has developed a broad program designed to promote the proper care of mentally ill persons, responsibility for which has traditionally been vested with the States.

Several approaches to this problem can be identified. First, the Institute provides consultation to State mental health authorities through personnel assigned to regional offices of the Department of Health, Education, and Welfare. Through this device, consultation and assistance with respect to State programs concerned not only with prevention but with outpatient and inpatient care is provided. Where regional office personnel encounter problems they are unable to solve, they may call upon other Institute personnel or outside consultants provided through Institute resources and authorities.

Also of great importance is the activity of the Biometrics Branch of the National Institute of Mental Health, which has the responsibility for collecting information concerning patients in mental hospitals in the United States and for conducting related research and investigations concerning them. This group has not only developed excellent reporting of the size and nature of the problem of hospitalized patients through a series of annual comprehensive reports concerning the number and kinds of patients hospitalized in this country, as well as intermediate reports issued currently on a monthly basis, but it has also done intensive analyses of factors associated with length of patient stay, factors related to release from mental hospitals,

and other considerations involving the efficiency and effectiveness of mental hospital operation and management. With the voluntary collaboration of States highly concerned with this problem, a model reporting area has been developed which has led to information and statistics repeatedly shown to have value to those responsible for mental hospitals in understanding the factors associated with successful and unsuccessful treatment of patients. These data have led to many specific studies in individual hospitals, to reformulation of policies with respect to admission and release of patients, and to extensive exploratory studies of new approaches to treatment and management of patients.

The National Institute of Mental Health, utilizing new authority granted by the Congress several years ago, also has developed mental health project grants, which are dedicated to studies of the problem of the treatment and care of patients. Under these grants, awards may be made to test and evaluate new and improved methods of treatment, staffing patterns, and other aspects of hospital operation considered likely to increase efficiency and results and to return people to the community in as short a time as possible.

The mission of mental treatment is to return people to society. As I stated earlier, it is the human thing to do; it is the economic thing to do. These grants may support not only research activities as such, but some of the associated necessary costs of clinical care for the purpose of demonstrating improved methods and techniques leading to the more effective and economical operation of these hospitals.

The hospital survey and construction program—Hill-Burton—also is available for the purpose of financing the construction of mental health inpatient and outpatient facilities, thereby allowing States and communities to secure in terms of their need help in providing adequate facilities for the care of the mentally ill. The initiative for the utilization of these funds rests with the State and community groups, but these funds have been used for this purpose in numerous cases.

The intramural research program of the National Institute of Mental Health is also devoted to studies of the improvement of patient care and includes a large research program conducted under arrangements with St. Elizabeths Hospital devoted to problems in the area of psychopharmacology.

Finally, it should be pointed out that that the grant program and other services supplied through the Psychopharmacology Service Center of the Institute have done much in testing and evaluating the value and effectiveness of the psychiatrically significant drugs—tranquilizers, and so forth—developed during the last several years. These services include not only comprehensive reporting of the status of research work in this field but also grants for the testing and evaluation of drugs on a research basis and services designed to assure adequate analysis of data secured by investigators.

It is felt that this combination of consultation; grants for research, pilot studies, and treatment; construction of facilities; and the provision of data analyzing services, together with the basic information coming out of the general research grant programs and intramural research of the Institute, provide a meaningful and appropriate pattern of activity and concern of the Federal Government with the problems of the hospitalized mentally ill and others requiring treatment. It should finally be added that the training program of the National Institute of Mental Health has, since 1948, made significant contribution to the production of increased numbers of increasingly well trained psychiatric and other mental health personnel.

Before the vote is taken on the conference report, I urge Senators to keep in mind that it is a step in our program for caring for the aged who are physically ill. I have no doubt that it is the beginning of a great program, and in the future the program will be expanded by Congress. It may be expanded into a program such as that suggested by the distinguished Senator from Louisiana in regard to taking care of the mentally ill and those afflicted with tuberculosis. But these are problems that we have left to the States. The States are working in the field now.

I visited informally with the distinguished Senator from Louisiana [Mr. LONG] the other day, and I firmly believe that the adoption of his amendment would not be of assistance to the mentally ill or to those in tuberculosis hospitals at the present time. I can see that if the program were applied only to those over the age of 65, it could upset some programs in the States that are well on the way. I sincerely hope that the Senate this afternoon will vote to approve the conference report.

Mr. DIRKSEN. Mr. President, how does the time record stand?

The PRESIDING OFFICER. Seven minutes remain to the Senator from Illinois; 20 minutes remain to the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, I yield 5 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I have listened to the comments of the Senator from Louisiana [Mr. LONG], and I wish to commend him on the sincerity of his presentation. I do not mean by that that I contemplate voting for his proposal, but I know that there are substantial aspects of this problem which he discussed with which I am in agreement. I will not attempt to identify them at this time, except to say what I have already said.

I should like to point out that from my study of the Senate version of the bill and the conference recommendation and with the aid of Mr. Myers, who is here representing the Social Security Board, it appears that the Senate version of the bill, if it had been adopted, would have cost $1,720 million. Of that $1,720 million, $1,400 million would have been absorbed through currently sustained finances in the social security service. The balance of $320 million would include old-age assistance care in the amount of $140 million, medical assistance for the aged under the new program in the amount of $60 million, and care to patients in mental and tubercular hospitals in the sum of $120 million.

Thus under the Senate version of the House bill there would have been those three items amounting to $320 million that would have had to have been financed out of the general fund.

Under the conference report, the social security expenditure will be $450 million; the expenditures out of the general fund will be $200 million, or a total of $650 million, as compared to $1,720 million, the difference being $970 million. That is the difference between the cost of the two plans.

I should like to point out certain factors which I believe the citizens of Ohio should know concerning what its position will be in respect to the benefits that it will receive and the cost that it will incur. Ohio will have to expend $1,330,000, to receive $8 million. There are other States that will have to spend much less to receive much more. The Senator from Louisiana and I discussed this matter late Saturday night. For instance, his State, on the basis of the huge expenditures which it has already made, will have to expend $48,000 to receive $13 million.

Mr. LONG of Louisiana. Mr. President, will the Senator yield on my time on that point?

Mr. LAUSCHE. I am glad to yield.

Mr. LONG of Louisiana. In my judgment it is a very misleading and inaccurate chart, for the reason that the chart does not show what the States are now spending. The bill, insofar as the Kerr amendment is concerned, causes the Federal Government to match the States on the expenditures they are already making. The table does not show the amounts the States are now spending and which are matched.

Mr. LAUSCHE. The more a State spends, the more it gets. There is some question on the correctness of that philosophy, because the bill contemplates the principle of "The more you spend the more we will give you." That fundamental question runs into trouble, and I do not believe it is a sound principle, but is a principle which underlies the allocation made by the Federal Government.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. I yield 1 more minute to the Senator from Ohio.

Mr. LAUSCHE. In summary under the conference bill the State of Ohio will receive $7,766,000, providing it spends $1,336,000. This amount of $7,766,000, which it will receive, is a little more than 3½ percent of the $200 million that the Federal Government will expend on a national basis for the 50 States.

However, statistics show that while Ohio will receive 3½ percent, it will have to pay by way of taxes 6 percent of the $200 million, or in other words, $12 million. Thus to receive $7,766,000 it will have to expend $12 million by way of Federal tax, plus $1,336,000 as its

share of the program amounting in all to $13,336,000. Now let us take a look at what the situation would be if the Federal Government would undertake to finance the cost of caring for the mentally sick and the tuberculosis.

The cost for the 50 States would be $120 million. The share of Ohio for financing this program would be $7,200,000, being 6 percent of the total cost.

In return for its $7,200,000 it would receive $1,200,000 being 3½ percent of the total program. Thus it is apparent that Ohio would be far better off if it took care of its own problem even on at greatly liberalized bases.

It would cost Ohio $2,696,000 more than it would receive. I voted for the social security plan. It was not accepted. I shall vote for the conference report, because I believe if the conference report is not approved, we will have no bill at all.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER (Mr. CANNON in the chair). Eleven minutes remain to the Senator from Louisiana, and 6 minutes on the other side.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that we may have a quorum call, with 2 minutes being charged to each side. Then we will have the closing arguments of each side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. LONG of Louisiana. Mr. President, I have been fighting the conference report for 3 days. I have said that a vote to accept the conference report is a vote for the big backdown. We came back to this session in the belief that we would do something effective to provide medical care for the people. We said we would pass a minimum wage bill. We said we would enact legislation in other fields where legislation is urgently needed. But particularly we said we would do something to provide two major pieces of legislation which would help people.

The Republicans, at their national convention, made the point that the people could not expect anything by listening to the Democrats, who were talking about what they would do for the public. The Republicans said that they would demonstrate at this session that the Democrats talk big but act little. When Democrats vote for the conference report, our Republican friends will demonstrate what they said at their national convention: That we talk big but act little.

Mr. President, we took a House bill, which was passed on the promise that a few benefits could be voted if it was not necessary to increase the tax; a few little bones and scraps could be voted into the program, providing no increase in tax would be necessary now or in the future.

We took the House bill and we put more than a billion dollars of highly desirable and justified benefits into it. We provided many deserved benefits for working people, persons without jobs, persons without hope.

We included a provision to assist States to provide matching payments for the mentally ill.

We included a provision to assist States to make matching payments for general hospitals for the aged.

Those provisions we took to conference.

We entrusted that bill to conferees, three of whom come from States which make the least effort in terms of public welfare expenditures. In other words, one State, represented by the chairman of the conference, is a State which makes the least contribution to public welfare expenditures; two other conferees come from a State which makes the second least contribution to public welfare expenditures. As a result of this, half the Senate conferees came from States which have shown the least interest in the program.

As one of the conferees, it is my judgment that we should have returned to the Senate and reported disagreement or have insisted on our amendments. All we brought back was a provision which retains the Kerr amendment. That is about all we brought back. The conference report waters down the provision that a man may earn more under retirement than previously, a provision which would have cost 0.19 of the payroll, but which now costs 0.02 of the payroll. The conferees have knocked out about 90 percent of that provision.

The provision that a man can get work and earn some money is knocked out 90 percent.

The provision for the group whom the Secretary of Health, Education, and Welfare said the need was the greatest, and for which he led the great crusade, has been knocked out on recommendation of the same gentleman, the Secretary of Health, Education, and Welfare.

The House said they would permit a few additional persons to come under coverage of social security by reducing the number of quarters in which persons could achieve coverage.

We have come back with about two-thirds of the House provision, and about one-third of the people knocked out. One-third, or the most needy of them, have been removed.

I think it is time Senators who reported to the public that they have voted to help retired and sick persons now report to the people that they have voted to knock out those provisions. I am afraid that many of them knew that such provisions would never come back from conference when they voted to send them to conference.

What can we do? We can reject the conference report. We can ask for a further conference, and get it. We can ask the House to vote as we will vote on the conference report, or, if necessary, to report disagreement and give the House the first chance it has had in 2 years to vote in favor of indicating to its committee, one of the most conservative of them all, that the House would like to do something along the lines we have proposed.

If we are so timorous that we will not fight for the things we have said we would fight for; if we back down—and here we are backing down on 80 percent of what we sent to conference—the public cannot expect from us what they expected from us when their votes sent us here to provide for the needy, the disabled, and those who are in need of medical care.

I have placed in the RECORD statements to the effect—and there is no doubt about them—that in many States caged animals are treated better than the average patient in a State mental hospital is treated. I believe I have placed enough corroboration in the RECORD to establish that point.

The provision about the earnings test has been knocked out of the report. Eighty percent of all for which the Senate voted has been left out. We have only a few scraps left.

If Senators want to make a real effort to provide these benefits, I hope they will vote to reject the conference report.

Mr. DIRKSEN. Mr. President, the conferees of the Senate have been very diligent in their work. We can now have a bill which can be effective on the first day of October of this year if we will now accept the conference report already approved by the House and send it to the President for his signature.

Mr. LONG of Louisiana. Mr. President, there is a beautiful rendition of the Dickens Christmas Carol known as "The Stingiest Man in Town." One or two sentences in that poem particularly appeal to me. It is in the scene where Scrooge is dreaming that he is in a very hot place, where everyone drags a chain. Scrooge is quoted as saying:

> I see another fellow,
> He had a great career.
> He used to be so lucky.
> What is he doing here?

Then the voice of the spirit comes to him and says:

> In government he used to be a crooked politician.
> He never did a thing to help the workingman's condition.
> The stand he took on crime and vice was in the wrong direction.
> So when he ran for Paradise he lost the big election.

Our Chaplain has offered prayers, day in and day out, like the following:

> Lord, help us to extend charity to those in need.
> Lord, stay our hands when we attempt to postpone into the future the justice waiting to be done today.

Mr. President, I say the Senate should vote to insist on the inclusion of these provisions, even though they call for a few extra dollars, for they would make it possible to do the great amount of good the Senate has voted to do.

I plead with Senators not to vote for less.

The PRESIDING OFFICER. The hour of 2 o'clock has arrived; and, under the agreement, all time available for debate on the conference report has expired.

The question is on agreeing to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to House bill 12580.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. YOUNG of Ohio (when his name was called). On this vote I have a pair with the distinguished Senator from Oklahoma [Mr. KERR], who is temporarily away from the Senate Chamber.

If the Senator from Oklahoma were present and voting, he would vote "yea," in support of the conference report. If I were at liberty to vote I would vote "nay," as I am opposed to the conference report. So I withhold my vote.

The roll call was concluded.

Mr. DODD. Mr. President, I have a pair with the junior Senator from Florida [Mr. SMATHERS]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

Mr. MANSFIELD. I announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Indiana [Mr. HARTKE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oklahoma [Mr. KERR], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. ROBERTSON], the Senator from Florida [Mr. SMATHERS], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I also announce that the Senator from Missouri [Mr. HENNINGS] is absent because of illness.

I further announce that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Indiana [Mr. HARTKE], the Senator from Missouri [Mr. HENNINGS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Alabama [Mr. SPARKMAN] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is necessarily absent to attend a funeral in the State, and, if present and voting, would vote "yea."

The Senator from Iowa [Mr. MARTIN] is absent by leave of the Senate on official business.

The result was announced—yeas 74, nays 11, as follows:

[No. 314]

YEAS—74

Aiken	Case, S. Dak.	Hart
Allott	Chavez	Hayden
Anderson	Church	Hickenlooper
Beall	Cooper	Hill
Bennett	Cotton	Holland
Bible	Curtis	Hruska
Burdick	Dirksen	Jackson
Buah	Dworshak	Javits
Butler	Eastland	Johnson, Tex.
Byrd, Va.	Ellender	Johnston, S.C.
Byrd, W. Va.	Engle	Jordan
Cannon	Ervin	Keating
Capehart	Fong	Kefauver
Carlson	Frear	Kennedy
Carroll	Gore	Kuchel
Case, N.J.	Green	Lausche
Lusk	Mundt	Scott
McCarthy	Murray	Smith
McClellan	Muskie	Stennis
McGee	O'Mahoney	Symington
Magnuson	Prouty	Talmadge
Mansfield	Proxmire	Wiley
Monroney	Randolph	Williams, Del.
Morse	Saltonstall	Young, N. Dak.
Morton	Schoeppel	

NAYS—11

Bartlett	Long, Hawaii	Thurmond
Clark	Long, La.	Williams, N.J.
Goldwater	Moss	Yarborough
Gruening	Russell	

NOT VOTING—15

Bridges	Hennings	Pastore
Dodd	Humphrey	Robertson
Douglas	Kerr	Smathers
Fulbright	Martin	Sparkman
Hartke	McNamara	Young, Ohio

So the conference report was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois to lay on the table the motion of the Senator from Texas to reconsider.

The motion to lay on the table was agreed to.

Public Law 86-778
86th Congress, H. R. 12580
September 13, 1960

AN ACT

To extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such 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, divided into titles and sections according to the following table of contents, may be cited as the "Social Security Amendments of 1960". Social Security Amendments of 1960.

TABLE OF CONTENTS

TABLE OF CONTENTS—Continued

TABLE OF CONTENTS—Continued

TITLE I—COVERAGE

EXTENSION OF TIME FOR MINISTERS TO ELECT COVERAGE

SEC. 101. (a) Clause (B) of section 1402(e)(2) of the Internal Revenue Code of 1954 (relating to time for filing waiver certificate) is amended by striking out "1956" and inserting in lieu thereof "1959". 26 USC 1402.

(b) Section 1402(e)(3) of such Code (relating to effective date of certificate) is amended to read as follows: Post, p. 927.

"(3) (A) EFFECTIVE DATE OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the taxable year immediately preceding the earliest taxable year for which, at the time the certificate is filed, the period for filing a return (including any extension thereof) has not expired, and for all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable.

"(B) Notwithstanding the first sentence of subparagraph (A), if an individual filed a certificate on or before the date of enactment of this subparagraph which (but for this subparagraph) is effective only for the first taxable year ending after 1956 and all succeeding taxable years, such certificate shall be effective for his first taxable year ending after 1955 and all succeeding taxable years if—

"(i) such individual files a supplemental certificate after the date of enactment of this subparagraph and on or before April 15, 1962,

"(ii) the tax under section 1401 in respect of all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith) for his first taxable year ending after 1955 is paid on or before April 15, 1962, and 26 USC 1401.

"(iii) in any case where refund has been made of any such tax which (but for this subparagraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1962. 26 USC 6611.

The provisions of section 6401 shall not apply to any payment or repayment described in this subparagraph." 26 USC 6401.

26 USC 1402. (c) Section 1402(e) of such Code is further amended by adding at the end thereof the following new paragraph:

"(5) OPTIONAL PROVISION FOR CERTAIN CERTIFICATES FILED ON OR BEFORE APRIL 15, 1962.—In any case where an individual has derived earnings, in any taxable year ending after 1954 and before 1960, from the performance of service described in subsection (c)(4), or in subsection (c)(5) (as in effect prior to the enactment of this paragraph) insofar as it related to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, and has reported such earnings as self-employment income on a return filed on or before the date of the enactment of this paragraph and on or before the due date prescribed for filing such return (including any extension thereof)—

"(A) a certificate filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205(c)(1)(C) of the Social Security Act) after the date of the enactment of this paragraph and on or before April 15, 1962, may be effective, at the election of the person filing such certificate, for the first taxable year ending after 1954 and before 1960 for which such a return was filed, and for all succeeding taxable years, rather than for the period prescribed in paragraph (3), and

42 USC 405.

"(B) a certificate filed by such individual on or before the date of the enactment of this paragraph which (but for this subparagraph) is ineffective for the first taxable year ending after 1954 and before 1959 for which such a return was filed shall be effective for such first taxable year, and for all succeeding taxable years, provided a supplemental certificate is filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205(c)(1)(C) of the Social Security Act) after the date of the enactment of this paragraph and on or before April 15, 1962,

but only if—

26 USC 1401.

"(i) the tax under section 1401 in respect of all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith), for each such year ending before 1960 in the case of a certificate described in subparagraph (A) or for each such year ending before 1959 in the case of a certificate described in subparagraph (B), is paid on or before April 15, 1962, and

"(ii) in any case where refund has been made of any such tax which (but for this paragraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1962.

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

(d) In the case of a certificate or supplemental certificate filed pursuant to section 1402(e)(3)(B) or (5) of the Internal Revenue Code of 1954—

Supra.

(1) for purposes of computing interest, the due date for the payment of the tax under section 1401 which is due for any taxable year ending before 1959 solely by reason of the filing of a certificate which is effective under such section 1402(e)(3)(B) or (5) shall be April 15, 1962;

(2) the statutory period for the assessment of any tax for any such year which is attributable to the filing of such certificate shall not expire before the expiration of 3 years from such due date; and

(3) for purposes of section 6651 of such Code (relating to addition to tax for failure to file tax return), the amount of tax required to be shown on the return shall not include such tax under section 1401. 26 USC 6651. 26 USC 1401.

(e) The provisions of section 205(c)(5)(F) of the Social Security Act, insofar as they prohibit inclusion in the records of the Secretary of Health, Education, and Welfare of self-employment income for a taxable year when the return or statement including such income is filed after the time limitation following such taxable year, shall not be applicable to earnings which are derived in any taxable year ending before 1960 and which constitute self-employment income solely by reason of the filing of a certificate which is effective under section 1402(e)(3)(B) or (5) of the Internal Revenue Code of 1954. Post, p. 933. Ante, pp. 926,927.

(f) The amendments made by this section shall be applicable (except as otherwise specifically indicated therein) only with respect to certificates (and supplemental certificates) filed pursuant to section 1402(e) of the Internal Revenue Code of 1954 after the date of the enactment of this Act; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendments, and no lump-sum death payment under such title shall be payable or increased by reason of such amendments in the case of any individual who died prior to the date of the enactment of this Act. 26 USC 1402. 42 USC 401 et seq.

STATE AND LOCAL GOVERNMENTAL EMPLOYEES

Delegation by Governor of Certification Functions

SEC. 102. (a)(1) Section 218(d)(3) of the Social Security Act is amended by inserting ", or an official of the State designated by him for the purpose," after "the governor of the State". 42 USC 418.

(2) Section 218(d)(7) of such Act is amended by inserting "(or an official of the State designated by him for the purpose)" after "by the governor", and by inserting "(or the official so designated)" after "if the governor".

Employees Transferred From One Retirement System to Another

(b)(1) Section 218(d)(6)(C) of the Social Security Act is further amended by adding at the end thereof the following new sentence: "If, in the case of a separate retirement system which is deemed to exist by reason of subparagraph (A) and which has been divided into two divisions or parts pursuant to the first sentence of this subparagraph, individuals become members of such system by reason of action taken by a political subdivision after coverage under an agreement under this section has been extended to the division or part thereof composed of positions of individuals who desire such coverage, the positions of such individuals who become members of such retirement system by reason of the action so taken shall be included in the division or part of such system composed of positions of members who do not desire such coverage if (i) such individuals, on the day before becoming such members, were in the division or part of another separate retirement system (deemed to exist by reason of subparagraph (A)) composed of positions of members of such system who do not desire coverage under an agreement under this

section, and (ii) all of the positions in the separate retirement system of which such individuals so become members and all of the positions in the separate retirement system referred to in clause (i) would have been covered by a single retirement system if the State had not taken action to provide for separate retirement systems under this paragraph."

(2) The amendment made by paragraph (1) shall apply in the case of transfers of positions (as described therein) which occur on or after the date of enactment of this Act. Such amendment shall also apply in the case of such transfers in any State which occurred prior to such date, but only upon request of the Governor (or other official designated by him for the purpose) filed with the Secretary of Health, Education, and Welfare before July 1, 1961; and, in the case of any such request, such amendment shall apply only with respect to wages paid on and after the date on which such request is filed.

Retroactive Coverage

42 USC 418.

(c)(1) Section 218(f)(1) of the Social Security Act is amended by striking out all that follows the first semicolon and inserting in lieu thereof the following: "except that such date may not be earlier than the last day of the sixth calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary and the State."

(2) Section 218(d)(6)(A) of such Act is amended by adding at the end thereof the following new sentence: "Where a retirement system covering positions of employees of a State and positions of employees of one or more political subdivisions of the State, or covering positions of employees of two or more political subdivisions of the State, is not divided into separate retirement systems pursuant to the preceding sentence or pursuant to subparagraph (C), then the State may, for purposes of subsection (f) only, deem the system to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned."

(3) The amendment made by paragraph (1) shall apply in the case of any agreement or modification of an agreement under section 218 of the Social Security Act which is agreed to on or after January 1, 1960; except that in the case of any such agreement or modification agreed to before January 1, 1961, the effective date specified therein shall not be earlier than December 31, 1955. The amendment made by paragraph (2) shall apply in the case of any such agreement or modification which is agreed to on or after the date of the enactment of this Act.

Policemen and Firemen

(d) Section 218(p) of the Social Security Act is amended by inserting "Hawaii," after "Georgia,"; and by striking out "Washington, or Territory of Hawaii" and inserting in lieu thereof "Virginia, or Washington".

Limitation on States' Liability for Employer (and Employee) Contributions in Certain Cases

(e)(1) Section 218(e) of the Social Security Act is amended by inserting "(1)" immediately after "(e)", by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and by adding at the end thereof the following new paragraph: 42 USC 418.

"(2) Where—

"(A) an individual in any calendar year performs services to which an agreement under this section is applicable (i) as the employee of two or more political subdivisions of a State or (ii) as the employee of a State and one or more political subdivisions of such State; and

"(B) such State provides all of the funds for the payment of those amounts referred to in paragraph (1)(A) which are equivalent to the taxes imposed by section 3111 of the Internal Revenue Code of 1954 with respect to wages paid to such individual for such services; and 26 USC 3111.

"(C) the political subdivision or subdivisions involved do not reimburse such State for the payment of such amounts or, in the case of services described in subparagraph (A)(ii), for the payment of so much of such amounts as is attributable to employment by such subdivision or subdivisions;

then, notwithstanding paragraph (1), the agreement under this section with such State may provide (either in the original agreement or by a modification thereof) that the amounts referred to in paragraph (1)(A) may be computed as though the wages paid to such individual for the services referred to in clause (A) of this paragraph were paid by one political subdivision for services performed in its employ; but the provisions of this paragraph shall be applicable only where such State complies with such regulations as the Secretary may prescribe to carry out the purposes of this paragraph. The preceding sentence shall be applicable with respect to wages paid after an effective date specified in such agreement or modification, but in no event with respect to wages paid before (i) January 1, 1957, in the case of an agreement or modification which is mailed or delivered by other means to the Secretary before January 1, 1962, or (ii) the first day of the year in which the agreement or modification is mailed or delivered by other means to the Secretary, in the case of an agreement or modification which is so mailed or delivered on or after January 1, 1962."

(2) Section 218(f)(1) of such Act is amended by striking out "Any agreement" and inserting in lieu thereof "Except as provided in subsection (e)(2), any agreement". Ante, p. 929.

Statute of Limitations for State and Local Coverage

(f)(1) Section 218 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"Time Limitation on Assessments

"(q)(1) Where a State is liable for an amount due under an agreement pursuant to this section, such State shall remain so liable until the Secretary is satisfied that the amount due has been paid to the Secretary of the Treasury.

"(2) Notwithstanding paragraph (1), a State shall not be liable for an amount due under an agreement pursuant to this section, with respect to the wages paid to individuals, after the expiration of the latest of the following periods—

"(A) three years, three months, and fifteen days after the year in which such wages were paid, or

"(B) three years after the date on which such amount became due, or

"(C) three years, three months, and fifteen days after the year following the year in which this subsection is enacted,

unless prior to the expiration of such period the Secretary makes an assessment of the amount due.

42 USC 405. "(3) For purposes of this subsection and section 205(c), an assessment of an amount due is made when the Secretary mails or otherwise delivers to the State a notice stating the amount he has determined to be due under an agreement pursuant to this section and the basis for such determination.

"(4) An assessment of an amount due made by the Secretary after the expiration of the period specified in paragraph (2) shall nevertheless be deemed to have been made within such period if—

"(A) before the expiration of such period (or, if it has previously been extended under this paragraph, of such period as so extended), the State and the Secretary agree in writing to an extension of such period (or extended period) and, subject to such conditions as may be agreed upon, the Secretary makes the assessment prior to the expiration of such extension; or

"(B) within the 365 days immediately preceding the expiration of such period (or extended period) the State pays to the Secretary of the Treasury less than the correct amount due under an agreement pursuant to this section with respect to wages paid to individuals in any calendar quarters as members of a coverage group, and the Secretary of Health, Education, and Welfare makes the assessment, adjusted to take into account the amount paid by the State, no later than the 365th day after the day the State made payment to the Secretary of the Treasury; but the Secretary of Health, Education, and Welfare shall make such assessment only with respect to the wages paid to such individuals in such calendar quarters as members of such coverage group; or

"(C) pursuant to subparagraph (A) or (B) of section 205(c)(5) he includes in his records an entry with respect to wages for an individual, but only if such assessment is limited to the amount due with respect to such wages and is made within the period such entry could be made in such records under such subparagraph.

"(5) If the Secretary allows a claim for a credit or refund of an overpayment by a State under an agreement pursuant to this section, with respect to wages paid or alleged to have been paid to an individual in a calendar year for services as a member of a coverage group, and if as a result of the facts on which such allowance is based there is an amount due from the State, with respect to wages paid to such individual in such calendar year for services performed as a member of a coverage group, for which amount the State is not liable by reason of paragraph (2), then notwithstanding paragraph (2) the State shall be liable for such amount due if the Secretary makes an assessment of such amount due at the time of or prior to notification to the State of the allowance of such claim. For purposes of this paragraph and paragraph (6), interest as provided for in subsection (j) shall not be included in determining the amount due.

"(6) The Secretary shall accept wage reports filed by a State under an agreement pursuant to this section or regulations of the Secretary thereunder, after the expiration of the period specified in paragraph

(2) or such period as extended pursuant to paragraph (4), with respect to wages which are paid to individuals performing services as employees in a coverage group included in the agreement and for payment in connection with which the State is not liable by reason of paragraph (2), only if the State—

"(A) pays to the Secretary of the Treasury the amount due under such agreement with respect to such wages, and

"(B) agrees in writing with the Secretary of Health, Education, and Welfare to an extension of the period specified in paragraph (2) with respect to wages paid to all individuals performing services as employees in such coverage group in the calendar quarters designated by the State in such wage reports as the periods in which such wages were paid. If the State so agrees, the period specified in paragraph (2), or such period as extended pursuant to paragraph (4), shall be extended until such time as the Secretary notifies the State that such wage reports have been accepted.

"(7) Notwithstanding the preceding provisions of this subsection, where there is an amount due by a State under an agreement pursuant to this section and there has been a fraudulent attempt on the part of an officer or employee of the State or any political subdivision thereof to defeat or evade payment of such amount due, the State shall be liable for such amount due without regard to the provisions of paragraph (2), and the Secretary may make an assessment of such amount due at any time.

"Time Limitation on Credits and Refunds

"(r)(1) No credit or refund of an overpayment by a State under an agreement pursuant to this section with respect to wages paid or alleged to have been paid to an individual as a member of a coverage group in a calendar quarter shall be allowed after the expiration of the latest of the following periods—

"(A) three years, three months, and fifteen days after the year in which occurred the calendar quarter in which such wages were paid or alleged to have been paid, or

"(B) three years after the date the payment which included such overpayment became due under such agreement with respect to the wages paid or alleged to have been paid to such individual as a member of such coverage group in such calendar quarter, or

"(C) two years after such overpayment was made to the Secretary of the Treasury, or

"(D) three years, three months, and fifteen days after the year following the year in which this subsection is enacted,

unless prior to the expiration of such period a claim for such credit or refund is filed with the Secretary of Health, Education, and Welfare by the State.

"(2) A claim for a credit or refund filed by a State after the expiration of the period specified by paragraph (1) shall nevertheless be deemed to have been filed within such period if—

"(A) before the expiration of such period (or, if it has previously been extended under this subparagraph, of such period as so extended) the State and the Secretary agree in writing to an extension of such period (or extended period) and the claim is filed with the Secretary by the State prior to the expiration of such extension; but any claim for a credit or refund valid because of this subparagraph shall be allowed only to the extent authorized by the conditions provided for in the agreement for such extension, or

"(B) the Secretary deletes from his records an entry with respect to wages of an individual pursuant to the provisions of subparagraph (A), (B), or (E) of section 205(c)(5), but only with respect to the entry so deleted.

42 USC 405.

"Review by Secretary

"(s) Where the Secretary has made an assessment of an amount due by a State under an agreement pursuant to this section, disallowed a State's claim for a credit or refund of an overpayment under such agreement, or allowed a State a credit or refund of an overpayment under such agreement, he shall review such assessment, disallowance, or allowance if a written request for such review is filed with him by the State within 90 days (or within such further time as he may allow) after notification to the State of such assessment, disallowance, or allowance. On the basis of the evidence obtained by or submitted to the Secretary, he shall render a decision affirming, modifying, or reversing such assessment, disallowance, or allowance. In notifying the State of his decision, the Secretary shall state the basis therefor.

"Review by Court

"(t)(1) Notwithstanding any other provision of this title any State, irrespective of the amount in controversy, may file, within two years after the mailing to such State of the notice of any decision by the Secretary pursuant to subsection (s) affecting such State, or within such further time as the Secretary may allow, a civil action for a redetermination of the correctness of the assessment of the amount due, the disallowance of the claim for a refund or credit, or the allowance of the refund or credit, as the case may be, with respect to which the Secretary has rendered such decision. Such action shall be brought in the district court of the United States for the judicial district in which is located the capital of such State, or, if such action is brought by an instrumentality of two or more States, the principal office of such instrumentality. The judgment of the court shall be final, except that it shall be subject to review in the same manner as judgments of such court in other civil actions. Any action filed under this subsection shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in such office.

63 Stat. 106.

"(2) Notwithstanding the provisions of section 2411 of title 28, United States Code, no interest shall accrue to a State after final judgment with respect to a credit or refund of an overpayment made under an agreement pursuant to this section.

62 Stat. 974.

"(3) The first sentence of section 2414 of title 28, United States Code, shall not apply to final judgments rendered by district courts of the United States in civil actions filed under this subsection. In such cases, the payment of amounts due to States pursuant to such final judgments shall be adjusted in accordance with the provisions of this section and with regulations promulgated by the Secretary."

(2) Section 205(c)(5)(F) of such Act is amended to read as follows:

"(F) to conform his records to—

"(i) tax returns or portions thereof (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act, under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code of 1939, under chapter 2 or 21 of the Internal Revenue Code of 1954, or under regulations made under authority of such title, subchapter, or chapter;

42 USC 1001.

53 Stat. 175.
26 USC 1401-1403, 3101 et seq.

"(ii) wage reports filed by a State pursuant to an agreement under section 218 or regulations of the Secretary thereunder; or 42 USC 418.

"(iii) assessments of amounts due under an agreement pursuant to section 218, if such assessments are made within the period specified in subsection (q) of such section, or allowances of credits or refunds of overpayments by a State under an agreement pursuant to such section; Ante, p. 930.

except that no amount of self-employment income of an individual for any taxable year (if such return or statement was filed after the expiration of the time limitation following the taxable year) shall be included in the Secretary's records pursuant to this subparagraph;".

(3)(A) The amendments made by paragraphs (1) and (2) shall become effective on the first day of the second calendar year following the year in which this Act is enacted.

(B) In any case in which the Secretary of Health, Education, and Welfare has notified a State prior to the beginning of such second calendar year that there is an amount due by such State, that such State's claim for a credit or refund of an overpayment is disallowed, or that such State has been allowed a credit or refund of an overpayment, under an agreement pursuant to section 218 of the Social Security Act, then the Secretary shall be deemed to have made an assessment of such amount due as provided in section 218(q) of such Act or notified the State of such allowance or disallowance, as the case may be, on the first day of such second calendar year. In such a case the 90-day limitation in section 218(s) of such Act shall not be applicable with respect to the assessment so deemed to have been made or the notification of allowance or disallowance so deemed to have been given the State. However, the preceding sentences of this subparagraph shall not apply if the Secretary makes an assessment of such amount due or notifies the State of such allowance or disallowance on or after the first day of the second calendar year following the year in which this Act is enacted and within the period specified in section 218(q) of the Social Security Act or the period specified in section 218(r) of such Act, as the case may be. Ante, p. 933. Ante, p. 932.

Municipal and County Hospitals

(g) Section 218(d)(6)(B) of the Social Security Act is amended by adding at the end thereof the following new sentence: "If a retirement system covers positions of employees of a hospital which is an integral part of a political subdivision, then, for purposes of the preceding paragraphs there shall, if the State so desires, be deemed to be a separate retirement system for the employees of such hospital."

Validation of Coverage for Certain Mississippi Teachers

(h) For purposes of the agreement under section 218 of the Social Security Act entered into by the State of Mississippi, services of teachers in such State performed after February 28, 1951, and prior to October 1, 1959, shall be deemed to have been performed by such teachers as employees of the State. The term "teacher" as used in the preceding sentence means—

(1) any individual who is licensed to serve in the capacity of teacher, librarian, registrar, supervisor, principal, or superintendent and who is principally engaged in the public elementary or secondary school system of the State in any one or more of such capacities;

(2) any employee in the office of the county superintendent of education or the county school supervisor, or in the office of the principal of any county or municipal public elementary or secondary school in the State; and

(3) any individual licensed to serve in the capacity of teacher who is engaged in any educational capacity in any day or night school conducted under the supervision of the State department of education as a part of the adult education program provided for under the laws of Mississippi or under the laws of the United States.

Justices of the Peace and Constables in the State of Nebraska

42 USC 418.

(i) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of Nebraska entered into pursuant to such section may, at the option of such State, be modified so as to exclude services performed within such State by individuals as justices of the peace or constables, if such individuals are compensated for such services on a fee basis. Any modification of such agreement pursuant to this subsection shall be effective with respect to services performed after an effective date specified in such modification, except that such date shall not be earlier than the date of enactment of this Act.

Teachers in the State of Maine

72 Stat. 1040.
42 USC 418 note.

(j) Section 316 of the Social Security Amendments of 1958 is amended by striking out "July 1, 1960" and inserting in lieu thereof "July 1, 1961".

Certain Employees in the State of California

(k) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of California heretofore entered into pursuant to such section may at the option of such State be modified, at any time prior to 1962, pursuant to subsection (c)(4) of such section 218, so as to apply to services performed by any individual who, on or after January 1, 1957, and on or before December 31, 1959, was employed by such State (or any political subdivision thereof) in any hospital employee's position which, on September 1, 1954, was covered by a retirement system, but which, prior to 1960, was removed from coverage by such retirement system if, prior to July 1, 1960, there have been paid in good faith to the Secretary of the Treasury, with respect to any of the services performed by such individual in any such position, amounts equivalent to the sum of the taxes which would have been imposed by sections 3101 and 3111 of the Internal Revenue Code of 1954 if such services had constituted employment for purposes of chapter 21 of such Code at the time they were performed. Notwithstanding the provisions of subsection (f) of such section 218 such modification shall be effective with respect to (1) all services performed by such individual in any such position on or after January 1, 1960, and (2) all such services, performed before such date, with respect to which amounts equivalent to such taxes have, prior to the date of enactment of this subsection, been paid.

26 USC 3101, 3111.
26 USC 3101 et seq.

Inclusion of Texas Among States Which Are Permitted To Divide Their Retirement Systems Into Two Parts for Purposes of Obtaining Social Security Coverage Under Federal-State Agreement

(l) Section 218(d)(6)(C) of the Social Security Act is amended by inserting "Texas," before "Vermont". Ante, p. 928.

EXTENSION OF THE PROGRAM TO GUAM AND AMERICAN SAMOA

SEC. 103. (a)(1)(A) The next to the last sentence of section 202(i) of the Social Security Act is amended by striking out "Puerto Rico, or the Virgin Islands" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa". Post, pp. 937, 947.

(B) The last sentence of such section 202(i) is amended by striking out "any of such States, or the District of Columbia" and inserting in lieu thereof "any State".

(2) Section 101(d) of the Social Security Act Amendments of 1950 and section 5(e)(2) of the Social Security Act Amendments of 1952 are each amended by striking out "Puerto Rico or the Virgin Islands" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa". 64 Stat. 488. 66 Stat. 776. 42 USC 402 note.

(b) Section 203(k) of the Social Security Act is amended by striking out "Puerto Rico, or the Virgin Islands" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa", and by striking out "Puerto Rico and the Virgin Islands" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa". 42 USC 403.

(c) Section 210(a)(7) of such Act is amended to read as follows: 42 USC 410.

"(7) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, except that this paragraph shall not apply in the case of—

"(A) service included under an agreement under section 218, 42 USC 418.

"(B) service which, under subsection (k), constitutes covered transportation service, or

"(C) service in the employ of the Government of Guam or the Government of American Samoa or any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, performed by an officer or employee thereof (including a member of the legislature of any such Government or political subdivision), and, for purposes of this title—

"(i) any person whose service as such an officer or employee is not covered by a retirement system established by a law of the United States shall not, with respect to such service, be regarded as an officer or employee of the United States or any agency or instrumentality thereof, and

"(ii) the remuneration for service described in clause (i) (including fees paid to a public official) shall be deemed to have been paid by the Government of Guam or the Government of American Samoa or by a political subdivision thereof or an instrumentality of any one or more of the foregoing which is wholly owned thereby, whichever is appropriate;".

42 USC 410.

(d) Section 210(a) of such Act is further amended—

(1) by striking out "or" at the end of paragraph (16),

(2) by striking out the period at the end of paragraph (17) and inserting in lieu thereof "; or", and

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

"(18) Service performed in Guam by a resident of the Republic of the Philippines while in Guam on a temporary basis as a nonimmigrant alien admitted to Guam pursuant to section 101(a)(15)(H)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii))."

66 Stat. 166.

(e) Section 210(h) of such Act is amended to read as follows:

"State

"(h) The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa."

(f) Section 210(i) of such Act is amended to read as follows:

"United States

"(i) The term 'United States' when used in a geographical sense means the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa."

42 USC 411.

(g)(1) Section 211(a) of such Act is amended by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and", and by inserting after paragraph (7) the following new paragraph:

"(8) The term 'possession of the United States' as used in sections 931 (relating to income from sources within possessions of the United States) and 932 (relating to citizens of possessions of the United States) of the Internal Revenue Code of 1954 shall be deemed not to include the Virgin Islands, Guam, or American Samoa."

26 USC 931, 932.

(2) Clauses (v) and (vi) in the last sentence of section 211(a) of such Act are each amended by striking out "paragraphs (1) through (6)" and inserting in lieu thereof "paragraphs (1) through (6) and paragraph (8)".

(h) Section 211(b) of such Act is amended by striking out the last two sentences and inserting in lieu thereof the following:

"An individual who is not a citizen of the United States but who is a resident of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa shall not, for the purposes of this subsection, be considered to be a nonresident alien individual."

42 USC 418, 419.

(i) Section 218(b)(1) of such Act is amended by inserting ", Guam, or American Samoa" immediately before the period at the end thereof.

Repeals.

(j)(1) Section 219 of such Act is repealed.

(2)(A) Section 210(j) of such Act is repealed.

(B) Subsections (k) through (o) of section 210 of such Act are redesignated as subsections (j) through (n), respectively.

42 USC 402, 415, 417, 409.

(C) Sections 202(i), 215(h)(1), and 217(e)(1), and the last paragraph of section 209, are each amended by striking out "section 210(m)(1)" and inserting in lieu thereof "section 210(l)(1)".

(D) Section 202(t)(4)(D) of such Act is amended—

(i) by striking out "section 210(m)(2)", "section 210(m)(3)", and "section 210(m)(2) and (3)" and inserting in lieu thereof "section 210(l)(2)", "section 210(l)(3)", and "section 210(l)(2) and (3)", respectively; and

(ii) by striking out "section 210(n)" each place it appears and inserting in lieu thereof "section 210(m)".

(E) Section 205(p)(1) of such Act is amended by striking out "subsection (m)(1)" and inserting in lieu thereof "subsection (l)(1)". 42 USC 405, 409.

(F) Section 209(j) of such Act is amended by striking out "section 210(k)(3)(C)" and inserting in lieu thereof "section 210(j)(3)(C)".

(G) Section 218(c)(6)(C) of such Act is amended by striking out "section 210(l)" and inserting in lieu thereof "section 210(k)". Ante, p. 936.

(3) Section 211(a)(6) of such Act is amended to read as follows: 42 USC 411.

"(6) A resident of the Commonwealth of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States but without regard to the provisions of section 933 of the Internal Revenue Code of 1954;". 26 USC 933.

(k)(1) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and", and by inserting after paragraph (8) the following new paragraph: 26 USC 1402.

"(9) the term 'possession of the United States' as used in sections 931 (relating to income from sources within possessions of the United States) and 932 (relating to citizens of possessions of the United States) shall be deemed not to include the Virgin Islands, Guam, or American Samoa." 26 USC 931, 932.

(2) Clauses (v) and (vi) in the last sentence of such section 1402(a) are each amended by striking out "paragraphs (1) through (7)" and inserting in lieu thereof "paragraphs (1) through (7) and paragraph (9)".

(l) The last sentence of section 1402(b) of such Code (relating to definition of self-employment income) is amended by striking out "the Virgin Islands or a resident of Puerto Rico" and inserting in lieu thereof "the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa".

(m) Section 1403(b)(2) of such Code (relating to cross references) is amended by inserting ", Guam, American Samoa," after "Virgin Islands". 26 USC 1403.

(n) Section 3121(b)(7) of such Code (relating to definition of employment) is amended to read as follows: 26 USC 3121.

"(7) service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, except that this paragraph shall not apply in the case of—

"(A) service which, under subsection (j), constitutes covered transportation service, or

"(B) service in the employ of the Government of Guam or the Government of American Samoa or any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, performed by an officer or employee thereof (including a member of the legislature of any such Government or political subdivision), and, for purposes of this title with respect to the taxes imposed by this chapter—

"(i) any person whose service as such an officer or employee is not covered by a retirement system established by a law of the United States shall not, with respect to such service, be regarded as an employee of the United States or any agency or instrumentality thereof, and

"(ii) the remuneration for service described in clause (i) (including fees paid to a public official) shall be deemed to have been paid by the Government of Guam

or the Government of American Samoa or by a political subdivision thereof or an instrumentality of any one or more of the foregoing which is wholly owned thereby, whichever is appropriate;".

26 USC 3121. (o) Section 3121(b) of such Code is further amended—

(1) by striking out "or" at the end of paragraph (16),

(2) by striking out the period at the end of paragraph (17) and inserting in lieu thereof "; or", and

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

"(18) service performed in Guam by a resident of the Republic of the Philippines while in Guam on a temporary basis as a nonimmigrant alien admitted to Guam pursuant to section 101(a)(15)(H)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii))."

66 Stat. 166.

(p) Section 3121(e) of such Code (relating to definition of State, United States, and citizen) is amended to read as follows:

"(e) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

"(1) STATE.—The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"(2) UNITED STATES.—The term 'United States' when used in a geographical sense includes the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States."

26 USC 3121-3125. (q)(1) Subchapter C of chapter 21 of such Code (general provisions relating to tax under Federal Insurance Contributions Act) is amended by redesignating section 3125 as section 3126, and by inserting after section 3124 the following new section:

"SEC. 3125. RETURNS IN THE CASE OF GOVERNMENTAL EMPLOYEES IN GUAM AND AMERICAN SAMOA.

"(a) GUAM.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of Guam or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of Guam or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the $4,800 limitation in section 3121(a)(1).

26 USC 3111.

"(b) AMERICAN SAMOA.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of American Samoa or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of American Samoa or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the $4,800 limitation in section 3121(a)(1)."

(2) The table of sections for such subchapter C is amended by striking out

"Sec. 3125. Short title."

and inserting in lieu thereof:

"Sec. 3125. Returns in the case of governmental employees in Guam and American Samoa.
"Sec. 3126. Short title."

(r)(1) Section 6205(a) of such Code (relating to adjustment of tax) is amended by adding at the end thereof the following new paragraph: 26 USC 6205.

"(3) GUAM OR AMERICAN SAMOA AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received during any calendar year from the Government of Guam, the Government of American Samoa, a political subdivision of either, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, the Governor of Guam, the Governor of American Samoa, and each agent designated by either who makes a return pursuant to section 3125 shall be deemed a separate employer." Ante, p. 939.

(2) Section 6413(a) of such Code (relating to adjustment of tax) is amended by adding at the end thereof the following new paragraph: 26 USC 6413.

"(3) GUAM OR AMERICAN SAMOA AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received during any calendar year from the Government of Guam, the Government of American Samoa, a political subdivision of either, or any instrumentality of any one or more of the foregoing which is wholly owned thereby, the Governor of Guam, the Governor of American Samoa, and each agent designated by either who makes a return pursuant to section 3125 shall be deemed a separate employer."

(3) Section 6413(c)(2) of such Code (relating to applicability of special rules to certain employment taxes) is amended by adding at the end thereof the following new subparagraphs:

"(D) GOVERNMENTAL EMPLOYEES IN GUAM.—In the case of remuneration received from the Government of Guam or any political subdivision thereof or from any instrumentality of any one or more of the foregoing which is wholly owned thereby, during any calendar year, the Governor of Guam and each agent designated by him who makes a return pursuant to section 3125(a) shall, for purposes of this subsection, be deemed a separate employer.

"(E) GOVERNMENTAL EMPLOYEES IN AMERICAN SAMOA.—In the case of remuneration received from the Government of American Samoa or any political subdivision thereof or from any instrumentality of any one or more of the foregoing which is wholly owned thereby, during any calendar year, the Governor of American Samoa and each agent designated by him who makes a return pursuant to section 3125(b) shall, for purposes of this subsection, be deemed a separate employer."

(4) The heading of such section 6413(c)(2) is amended by striking out "AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS" and inserting in lieu thereof ", EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS, AND GOVERNMENTAL EMPLOYEES IN GUAM AND AMERICAN SAMOA".

(s) Section 7213 of such Code (relating to unauthorized disclosure of information) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) DISCLOSURES BY CERTAIN DELEGATES OF SECRETARY.—All provisions of law relating to the disclosure of information, and all provisions of law relating to penalties for unauthorized disclosure of in-

formation, which are applicable in respect of any function under this title when performed by an officer or employee of the Treasury Department are likewise applicable in respect of such function when performed by any person who is a 'delegate' within the meaning of section 7701(a)(12)(B)."

Infra.

(t) Section 7701(a)(12) of such Code (relating to definition of delegate) is amended to read as follows:

"(12) DELEGATE.—

"(A) IN GENERAL.—The term 'Secretary or his delegate' means the Secretary of the Treasury, or any officer, employee, or agency of the Treasury Department duly authorized by the Secretary (directly, or indirectly by one or more redelegations of authority) to perform the function mentioned or described in the context, and the term 'or his delegate' when used in connection with any other official of the United States shall be similarly construed.

"(B) PERFORMANCE OF CERTAIN FUNCTIONS IN GUAM OR AMERICAN SAMOA.—The term 'delegate', in relation to the performance of functions in Guam or American Samoa with respect to the taxes imposed by chapters 2 and 21, also includes any officer or employee of any other department or agency of the United States, or of any possession thereof, duly authorized by the Secretary (directly, or indirectly by one or more redelegations of authority) to perform such functions."

26 USC 1401-1403, 3101 et seq.

64 Stat. 392.

(u) Section 30 of the Organic Act of Guam (48 U.S.C., sec. 1421h) is amended by inserting before the period at the end thereof the following: "; except that nothing in this Act shall be construed to apply to any tax imposed by chapter 2 or 21 of the Internal Revenue Code of 1954".

(v)(1) The amendments made by subsection (a) shall apply only with respect to reinterments after the date of the enactment of this Act. The amendments made by subsections (b), (e), and (f) shall apply only with respect to service performed after 1960; except that insofar as the carrying on of a trade or business (other than performance of service as an employee) is concerned, such amendments shall apply only in the case of taxable years beginning after 1960. The amendments made by subsections (d), (i), (o), and (p) shall apply only with respect to service performed after 1960. The amendments made by subsections (h) and (l) shall apply only in the case of taxable years beginning after 1960. The amendments made by subsections (c), (n), (q), and (r) shall apply only with respect to (1) service in the employ of the Government of Guam or any political subdivision thereof, or any instrumentality of any one or more of the foregoing wholly owned thereby, which is performed after 1960 and after the calendar quarter in which the Secretary of the Treasury receives a certification by the Governor of Guam that legislation has been enacted by the Government of Guam expressing its desire to have the insurance system established by title II of the Social Security Act extended to the officers and employees of such Government and such political subdivisions and instrumentalities, and (2) service in the employ of the Government of American Samoa or any political subdivision thereof or any instrumentality of any one or more of the foregoing wholly owned thereby, which is performed after 1960 and after the calendar quarter in which the Secretary of the Treasury receives a certification by the Governor of American Samoa that the Government of American Samoa desires to have the insurance system established by such title II extended to the officers and employees of such Government and such political subdivisions and instrumentalities. The amendments made by subsections (g)

42 USC 401 et seq.

and (k) shall apply only in the case of taxable years beginning after 1960, except that, insofar as they involve the nonapplication of section 932 of the Internal Revenue Code of 1954 to the Virgin Islands for purposes of chapter 2 of such Code and section 211 of the Social Security Act, such amendments shall be effective in the case of all taxable years with respect to which such chapter 2 (and corresponding provisions of prior law) and such section 211 are applicable. The amendments made by subsections (j), (s), and (t) shall take effect on the date of the enactment of this Act; and there are authorized to be appropriated such sums as may be necessary for the performance by any officer or employee of functions delegated to him by the Secretary of the Treasury in accordance with the amendment made by such subsection (t).

26 USC 932. 26 USC 1401-1403. 42 USC 411.

(2) The amendments made by subsections (c) and (n) shall have application only as expressly provided therein, and determinations as to whether an officer or employee of the Government of Guam or the Government of American Samoa or any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, is an employee of the United States or any agency or instrumentality thereof within the meaning of any provision of law not affected by such amendments, shall be made without any inferences drawn from such amendments.

(3) The repeal (by subsection (j)(1)) of section 219 of the Social Security Act, and the elimination (by subsections (e), (f), (h), (j)(2), and (j)(3)) of other provisions of such Act making reference to such section 219, shall not be construed as changing or otherwise affecting the effective date specified in such section for the extension to the Commonwealth of Puerto Rico of the insurance system under title II of such Act, the manner or consequences of such extension, or the status of any individual with respect to whom the provisions so eliminated are applicable.

Ante, p. 937.

42 USC 401 et seq.

SERVICE OF PARENT FOR SON OR DAUGHTER

SEC. 104. (a) Section 210 (a)(3) of the Social Security Act is amended to read as follows:

42 USC 410.

"(3)(A) Service performed by an individual in the employ of his spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

"(B) Service not in the course of the employer's trade or business, or domestic service in a private home of the employer, performed by an individual in the employ of his son or daughter;".

(b) Section 3121(b)(3) of the Internal Revenue Code of 1954 (relating to definition of employment) is amended to read as follows:

26 USC 3121.

"(3)(A) service performed by an individual in the employ of his spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

"(B) service not in the course of the employer's trade or business, or domestic service in a private home of the employer, performed by an individual in the employ of his son or daughter;".

(c) The amendments made by subsections (a) and (b) shall apply only with respect to services performed after 1960.

EMPLOYEES OF NONPROFIT ORGANIZATIONS

SEC. 105. (a)(1) The first sentence of section 3121(k)(1)(A) of the Internal Revenue Code of 1954 (relating to waiver of exemption by religious, charitable, and certain other organizations) is amended by striking out "and that at least two-thirds of its employees concur in the filing of the certificate".

Ante, p.942. (2) The second sentence of such section 3121(k)(1)(A) is amended by inserting "(if any)" after "each employee".

26 USC 3121. (3) Section 3121(k)(1)(E) of such Code is amended by striking out the last two sentences and inserting in lieu thereof: "An organization which has so divided its employees into two groups may file a certificate pursuant to subparagraph (A) with respect to the employees in either group, or may file a separate certificate pursuant to such subparagraph with respect to the employees in each group."

(b)(1) If—

(A) an individual performed service in the employ of an organization after 1950 with respect to which remuneration was paid before July 1, 1960, and such service is excepted from em-
42 USC 410. ployment under section 210(a)(8)(B) of the Social Security Act,

(B) such service would have constituted employment as defined in section 210 of such Act if the requirements of section 3121(k)(1) of the Internal Revenue Code of 1954 (or corresponding provisions of prior law) were satisfied,

(C) such organization paid before August 11, 1960, any
26 USC 3101, 3111. amount, as taxes imposed by sections 3101 and 3111 of the Internal Revenue Code of 1954 (or corresponding provisions of prior law), with respect to such remuneration paid by the organization to the individual for such service,

(D) such individual (or a fiduciary acting for such individual or his estate, or his survivor (within the meaning of section 205
42 USC 405. (c)(1)(C) of the Social Security Act)) requests that such remuneration be deemed to constitute remuneration for employ-
42 USC 401 et seq. ment for purposes of title II of the Social Security Act, and

(E) the request is made in such form and manner, and with such official, as may be prescribed by regulations made by the Secretary of Health, Education, and Welfare,

then, subject to the conditions stated in paragraphs (2), (3), and (4), the remuneration with respect to which the amount has been paid as taxes shall be deemed to constitute remuneration for employment for purposes of title II of the Social Security Act.

(2) Paragraph (1) shall not apply with respect to an individual unless the organization referred to in paragraph (1)(A)—

(A) on or before the date on which the request described in paragraph (1) is made, has filed a certificate pursuant to section 3121(k)(1) of the Internal Revenue Code of 1954 (or corresponding provisions of prior law), or

(B) no longer has any individual in its employ for remuneration at the time such request is made.

(3) Paragraph (1) shall not apply with respect to an individual who was in the employ of the organization referred to in paragraph (2)(A) at any time during the 24-month period following the calendar quarter in which the certificate was filed, unless the organization paid an amount as taxes under sections 3101 and 3111 of the Internal Revenue Code of 1954 (or corresponding provisions of prior law) with respect to remuneration paid by the organization to the employee during some portion of such 24-month period.

(4) If credit or refund of any portion of the amount referred to in paragraph (1)(C) (other than a credit or refund which would be allowed if the service constituted employment for purposes of
26 USC 3101 et seq. chapter 21 of the Internal Revenue Code of 1954) has been obtained, paragraph (1) shall not apply with respect to the individual unless the amount credited or refunded (including any interest under sec-
26 USC 6611. tion 6611) is repaid before January 1, 1963.

(5) If—

(A) any remuneration for service performed by an individual is deemed pursuant to paragraph (1) to constitute remuneration for employment for purposes of title II of the Social Security Act, 42 USC 401 et seq.

(B) such individual performs service, on or after the date on which the request is made, in the employ of the organization referred to in paragraph (1)(A), and

(C) the certificate filed by such organization pursuant to section 3121(k)(1) of the Internal Revenue Code of 1954 (or corresponding provisions of prior law) is not effective with respect to service performed by such individual before the first day of the calendar quarter following the quarter in which the request is made, Ante, p. 943.

then, for purposes of clauses (ii) and (iii) of section 210 (a)(8)(B) of the Social Security Act and of clauses (ii) and (iii) of section 3121(b)(8)(B) of the Internal Revenue Code of 1954, such individual shall be deemed to have become an employee of such organization (or to have become a member of a group described in section 3121(k)(1)(E) of such Code) on the first day of the calendar quarter following the quarter in which the request is made. 42 USC 410. 26 USC 3121.

(6) Section 403(a) of the Social Security Amendments of 1954 is amended by striking out "filed in such form and manner" and inserting in lieu thereof "filed on or before the date of the enactment of the Social Security Amendments of 1960 and in such form and manner". 68 Stat. 1098.

(c)(1) Section 1402 of such Code is further amended by adding at the end thereof the following new subsection: 26 USC 1402.

"(g) TREATMENT OF CERTAIN REMUNERATION ERRONEOUSLY REPORTED AS NET EARNINGS FROM SELF-EMPLOYMENT.—If—

"(1) an amount is erroneously paid as tax under section 1401, for any taxable year ending after 1954 and before 1962, with respect to remuneration for service described in section 3121(b)(8) (other than service described in section 3121(b)(8)(A)), and such remuneration is reported as self-employment income on a return filed on or before the due date prescribed for filing such return (including any extension thereof),

"(2) the individual who paid such amount (or a fiduciary acting for such individual or his estate, or his survivor (within the meaning of section 205(c)(1)(C) of the Social Security Act)) requests that such remuneration be deemed to constitute net earnings from self-employment, 42 USC 405.

"(3) such request is filed after the date of the enactment of this paragraph and on or before April 15, 1962,

"(4) such remuneration was paid to such individual for services performed in the employ of an organization which, on or before the date on which such request is filed, has filed a certificate pursuant to section 3121(k), and

"(5) no credit or refund of any portion of the amount erroneously paid for such taxable year as tax under section 1401 (other than a credit or refund which would be allowable if such tax were applicable with respect to such remuneration) has been obtained before the date on which such request is filed or, if obtained, the amount credited or refunded (including any interest under section 6611) is repaid on or before such date, 26 USC 6611,

then, for purposes of this chapter and chapter 21, any amount of such remuneration which is paid to such individual before the calendar quarter in which such request is filed (or before the succeeding quarter if such certificate first becomes effective with respect to services performed by such individual in such succeeding quarter), and with re- 3101 et seq.

spect to which no tax (other than an amount erroneously paid as tax) has been paid under chapter 21, shall be deemed to constitute net earnings from self-employment and not remuneration for employment. For purposes of section 3121(b)(8)(B)(ii) and (iii), if the certificate filed by such organization pursuant to section 3121(k) is not effective with respect to services performed by such individual on or before the first day of the calendar quarter in which the request is filed, such individual shall be deemed to have become an employee of such organization (or to have become a member of a group described in section 3121(k)(1)(E)) on the first day of the succeeding quarter."

26 USC 3101 et seq.
26 USC 3121.
Ante, p. 943.

(2) Remuneration which is deemed under section 1402(g) of the Internal Revenue Code of 1954 to constitute net earnings from self-employment and not remuneration for employment shall also be deemed, for purposes of title II of the Social Security Act, to constitute net earnings from self-employment and not remuneration for employment. If, pursuant to the last sentence of section 1402(g) of the Internal Revenue Code of 1954, an individual is deemed to have become an employee of an organization (or to have become a member of a group) on the first day of a calendar quarter, such individual shall likewise be deemed, for purposes of clause (ii) or (iii) of section 210(a)(8)(B) of the Social Security Act, to have become an employee of such organization (or to have become a member of such group) on such day.

Ante, p. 944.
42 USC 401 et seq.
42 USC 410.

(d)(1) The amendments made by subsection (a) shall apply only with respect to certificates filed under section 3121(k)(1) of the Internal Revenue Code of 1954 after the date of the enactment of this Act.

(2) No monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of the provisions of subsections (b) and (c) of this section or the amendments made by such subsections, and no lump-sum death payment under such title shall be payable or increased by reason of such provisions or amendments in the case of any individual who died prior to the date of the enactment of this Act.

AMERICAN CITIZEN EMPLOYEES OF FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

42 USC 411.

SEC. 106. (a) Section 211(c)(2) of the Social Security Act is amended to read as follows:

"(2) The performance of service by an individual as an employee, other than—

"(A) service described in section 210(a)(14)(B) performed by an individual who has attained the age of eighteen,

"(B) service described in section 210(a)(16),

"(C) service described in section 210(a)(11), (12), or (15) performed in the United States by a citizen of the United States, and

"(D) service described in paragraph (4) of this subsection;".

26 USC 1402.

(b) Section 1402(c)(2) of the Internal Revenue Code of 1954 (relating to definition of trade or business) is amended to read as follows:

"(2) the performance of service by an individual as an employee, other than—

"(A) service described in section 3121(b)(14)(B) performed by an individual who has attained the age of 18,

"(B) service described in section 3121(b)(16),

"(C) service described in section 3121(b) (11), (12), or (15) performed in the United States (as defined in section 3121(e)(2)) by a citizen of the United States, and 26 USC 3121. Ante, p. 939.

"(D) service described in paragraph (4) of this subsection;".

(c) The amendments made by this section shall apply only with respect to taxable years ending on or after December 31, 1960; except that for purposes of section 203 of the Social Security Act, the amendment made by subsection (a) shall apply only with respect to taxable years (of the individual performing the service involved) beginning after the date of the enactment of this Act. 42 USC 403.

TITLE II—ELIGIBILITY FOR BENEFITS

CHILDREN BORN OR ADOPTED AFTER ONSET OF PARENT'S DISABILITY

SEC. 201. (a) Section 202(d)(1)(C) of the Social Security Act is amended to read as follows: 42 USC 402.

"(C) was dependent upon such individual—

"(i) if such individual is living, at the time such application was filed,

"(ii) if such individual has died, at the time of such death, or

"(iii) if such individual had a period of disability which continued until he became entitled to old-age or disability insurance benefits, or (if he has died) until the month of his death, at the beginning of such period of disability or at the time he became entitled to such benefits,".

(b) Section 202 (d)(1) of such Act is further amended by adding at the end thereof the following new sentence: "In the case of an individual entitled to disability insurance benefits, the provisions of clause (i) of subparagraph (C) of this paragraph shall not apply to a child of such individual unless he (A) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual) or (B) was legally adopted by such individual before the end of the twenty-four month period beginning with the month after the month in which such individual most recently became entitled to disability insurance benefits, but only if (i) proceedings for such adoption of the child had been instituted by such individual in or before the month in which began the period of disability of such individual which still exists at the time of such adoption or (ii) such adopted child was living with such individual in such month."

(c) The amendments made by this section shall apply as though this Act had been enacted on August 28, 1958, and with respect to monthly benefits under section 202 of the Social Security Act for months after August 1958 based on applications for such benefits filed on or after August 28, 1958.

CONTINUED DEPENDENCY OF STEPCHILD ON NATURAL FATHER

SEC. 202. (a) Section 202(d)(3) of the Social Security Act is amended by striking out subparagraph (C), and by striking out ", or" at the end of subparagraph (B) and inserting in lieu thereof a period. Post, p. 952.

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits under section 202 of the Social Security Act for months beginning with the month in which this Act is enacted, but only if an application for such benefits is filed in or after such month.

PAYMENT OF BURIAL EXPENSES

Ante, pp. 936, 937.

SEC. 203. (a) The second and third sentences of sections 202(i) of the Social Security Act are amended to read as follows: "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 of 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 any part of the amount payable under this subsection remains after payments have been made pursuant to clauses (1) and (2), 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."

(b) The amendment made by subsection (a) shall apply—

(1) in the case of the death of an individual occurring on or after the date of the enactment of this Act, and

(2) in the case of the death of an individual occurring prior to such date, but only if no application for a lump-sum death payment under section 202(i) of the Social Security Act is filed on the basis of such individual's wages and self-employment income prior to the third calendar month beginning after such date.

FULLY INSURED STATUS

SEC. 204. (a) Section 214(a) of the Social Security Act is amended to read as follows: 42 USC 414.

"Fully Insured Individual

"(a) The term 'fully insured individual' means any individual who had not less than—

"(1) one quarter of coverage (whenever acquired) for each three of the quarters elapsing—

"(A) after (i) December 31, 1950, or (ii) if later, December 31 of the year in which he attained the age of twenty-one, and

"(B) prior to (i) the year in which he died, or (ii) if earlier, the year in which he attained retirement age,

except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage; or

"(2) forty quarters of coverage; or

"(3) in the case of an individual who died prior to 1951, six quarters of coverage;

not counting as an elapsed quarter for purposes of paragraph (1) any quarter any part of which was included in a period of disability (as defined in section 216(i)) unless such quarter was a quarter of coverage. When the number of elapsed quarters referred to in paragraph (1) is not a multiple of three, such number shall, for purposes of such paragraph, be reduced to the next lower multiple of three." Post, pp. 968, 969.

(b) The primary insurance amount (for purposes of title II of the Social Security Act) of any individual who died after 1939 and prior to 1951 shall be determined as provided in section 215(a)(2) of such Act. 42 USC 401 et seq. 42 USC 415.

(c) Section 109(b) of the Social Security Amendments of 1954 is amended by inserting immediately before the period at the end of such subsection "and in or prior to the month in which the Social Security Amendments of 1960 are enacted". 68 Stat. 1085. 42 USC 415 note.

(d)(1) The amendments made by subsections (a) and (b) of this section shall be applicable (A) in the case of monthly benefits under title II of the Social Security Act for months after the month in which this Act is enacted, on the basis of applications filed in or after such month, (B) in the case of lump-sum death payments under such title with respect to deaths occurring after such month, and (C) in the case of an application for a disability determination with respect to a period of disability (as defined in section 216(i) of the Social Security Act) filed after such month.

(2) For the purposes of determining (A) entitlement to monthly benefits under title II of the Social Security Act for the month in which this Act is enacted and prior months with respect to the wages and self-employment income of an individual and (B) an individual's closing date prior to 1960 under section 215(b)(3)(B) of the Social Security Act, the provisions of section 214(a) of the Social Security Act in effect prior to the date of the enactment of this Act and the provisions of section 109 of the Social Security Amendments of 1954 in effect prior to such date shall apply. Post, p. 961. Supra.

SURVIVORS OF INDIVIDUALS WHO DIED PRIOR TO 1940 AND OF CERTAIN OTHER INDIVIDUALS

Ante, p. 946.
Post, p. 969.
42 USC 402.

SEC. 205. (a) Subsections (d)(1), (e)(1), (g)(1), and (h)(1) of section 202 of the Social Security Act are each amended by striking out "after 1939".

(b) That part of section 202(f)(1) of such Act which precedes subparagraph (A) is amended by striking out "after August 1950".

42 USC 401 et seq.

(c) The primary insurance amount (for purposes of title II of the Social Security Act) of any individual who died prior to 1940, and who had not less than six quarters of coverage (as defined in section 213 of such Act), shall be computed under section 215(a)(2) of such Act.

42 USC 413.

(d) The preceding provisions of this section and the amendments made thereby shall apply only in the case of monthly benefits under title II of the Social Security Act for months after the month in which this Act is enacted, on the basis of applications filed in or after such month.

CREDITING OF QUARTERS OF COVERAGE FOR YEARS BEFORE 1951

SEC. 206. (a) Section 213(a)(2) of the Social Security Act is amended by striking out all that precedes "$3,600 in the case of a calendar year after 1950 and before 1955" in clause (ii) of subparagraph (B) and inserting in lieu thereof the following:

"(2) The term 'quarter of coverage' means a quarter in which the individual has been paid $50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

42 USC 412.

"(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;

"(ii) if the wages paid to any individual in any calendar year equal $3,000 in the case of a calendar year before 1951, or".

(b)(1) Except as provided in paragraph (2), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act, and the lump-sum death payment under section 202 of such Act, based on the wages and self-employment income of an individual—

(A) who becomes entitled to benefits under section 202(a) or 223 of such Act on the basis of an application filed in or after the month in which this Act is enacted; or

42 USC 423.

(B) who is (or would, but for the provisions of section 215(f)(6) of the Social Security Act, be) entitled to a recomputation of his primary insurance amount under section 215(f)(2)(A) of such Act on the basis of an application filed in or after the month in which this Act is enacted; or

42 USC 415.

(C) who dies without becoming entitled to benefits under section 202(a) or 223 of the Social Security Act, and (unless he dies a currently insured individual but not a fully insured individual (as those terms are defined in section 214 of such Act)) without leaving any individual entitled (on the basis of his wages and self-employment income) to survivor's benefits or a lump-sum death payment under section 202 of such Act on the basis of an application filed prior to the month in which this Act is enacted; or

(D) who dies in or after the month in which this Act is enacted and whose survivors are (or would, but for the provisions of sec-

tion 215(f)(6) of the Social Security Act, be) entitled to a recomputation of his primary insurance amount under section 215(f)(4)(A) of such Act; or 42 USC 415.

(E) who dies prior to the month in which this Act is enacted and (i) whose survivors are (or would, but for the provisions of section 215(f)(6) of the Social Security Act, be) entitled to a recomputation of his primary insurance amount under section 215(f)(4)(A) of such Act, and (ii) on the basis of whose wages and self-employment income no individual was entitled to survivor's benefits or a lump-sum death payment under section 202 of such Act on the basis of an application filed prior to the month in which this Act is enacted (and no individual was entitled to such a benefit, without the filing of an application, for any month prior to the month in which this Act is enacted); or 42 USC 402.

(F) who files an application for a recomputation under section 102(f)(2)(B) of the Social Security Amendments of 1954 in or after the month in which this Act is enacted and is (or would, but for the fact that such recomputation would not result in a higher primary insurance amount, be) entitled to have his primary insurance amount recomputed under such subparagraph; or 68 Stat. 1071. 42 USC 415 note.

(G) who dies and whose survivors are (or would, but for the fact that such recomputation would not result in a higher primary insurance amount for such individual, be) entitled, on the basis of an application filed in or after the month in which this Act is enacted, to have his primary insurance amount recomputed under section 102(f)(2)(B) of the Social Security Amendments of 1954.

(2) The amendment made by subsection (a) shall also be applicable in the case of applications for disability determination under section 216(i) of the Social Security Act filed in or after the month in which this Act is enacted. Post, pp. 968, 969.

(3) Notwithstanding any other provision of this subsection, in the case of any individual who would not be a fully insured individual under section 214(a) of the Social Security Act except for the enactment of this section, no benefits shall be payable on the basis of his wages and self-employment income for any month prior to the month in which this Act is enacted. Ante, p. 948.

TIME NEEDED TO ACQUIRE STATUS OF WIFE, CHILD, OR HUSBAND IN CERTAIN CASES

SEC. 207. (a) Section 216(b) of the Social Security Act is amended by striking out "not less than three years immediately preceding the day on which her application is filed" and inserting in lieu thereof "not less than one year immediately preceding the day on which her application is filed". 42 USC 416.

(b) The first sentence of section 216(e) of such Act is amended to read as follows: "The term 'child' means (1) the child or legally adopted child of an individual, and (2) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which application for child's insurance benefits is filed or (if the insured individual is deceased) the day on which such individual died." Post, p. 952.

(c) Section 216(f) of such Act is amended by striking out "not less than three years immediately preceding the day on which his application is filed" and inserting in lieu thereof "not less than one year immediately preceding the day on which his application is filed".

(d) The amendments made by this section shall apply only with
42 USC 402. respect to monthly benefits under section 202 of the Social Security Act for months beginning with the month in which this Act is enacted, on the basis of applications filed in or after such month.

MARRIAGES SUBJECT TO LEGAL IMPEDIMENT

42 USC 416. SEC. 208. (a) Section 216(h)(1) of the Social Security Act is amended by inserting "(A)" after "(1)", and by adding at the end thereof the following new subparagraph:

"(B) In any case where under subparagraph (A) an applicant is not (and is not deemed to be) the wife, widow, husband, or widower of a fully or currently insured individual, or where under subsection (b), (c), (f), or (g) such applicant is not the wife, widow, husband, or widower of such individual, but it is established to the satisfaction of the Secretary that such applicant in good faith went through a marriage ceremony with such individual resulting in a purported marriage between them which, but for a legal impediment not known to the applicant at the time of such ceremony, would have been a valid marriage, and such applicant and the insured individual were living in the same household at the time of the death of such insured individual or (if such insured individual is living) at the time such applicant files the application, then, for purposes of subparagraph (A) and subsections (b), (c), (f), and (g), such purported marriage shall be deemed to be a valid marriage. The provisions of the preceding sentence shall not apply (i) if another person is or has been entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual and such other person is (or is deemed to be) a wife, widow, husband, or widower of such insured individual under subparagraph (A) at the time such applicant files the application, or (ii) if the Secretary determines, on the basis of information brought to his attention, that such applicant entered into such purported marriage with such insured individual with knowledge that it would not be a valid marriage. The entitlement to a monthly benefit under subsection (b), (c), (e), (f), or (g) of section 202, based on the wages and self-employment income of such insured individual, of a person who would not be deemed to be a wife, widow, husband, or widower of such insured individual but for this subparagraph, shall end with the month before
42 USC 405. the month (i) in which the Secretary certifies, pursuant to section 205 (i), that another person is entitled to a benefit under subsection (b), (c), (e), (f), or (g) of section 202 on the basis of the wages and self-employment income of such insured individual, if such other person is (or is deemed to be) the wife, widow, husband, or widower of such insured individual under subparagraph (A), or (ii) if the applicant is entitled to a monthly benefit under subsection (b) or (c) of section 202, in which such applicant entered into a marriage, valid without regard to this subparagraph, with a person other than such insured individual. For purposes of this subparagraph, a legal impediment to the validity of a purported marriage includes only an impediment (i) resulting from the lack of dissolution of a previous marriage or otherwise arising out of such previous marriage or its dissolution, or (ii) resulting from a defect in the procedure followed in connection with such purported marriage."

(b) Section 216(h)(2) of such Act is amended by inserting "(A)" after "(2)", and by adding at the end thereof the following new subparagraph:

"(B) If an applicant is a son or daughter of a fully or currently insured individual but is not (and is not deemed to be) the child of such insured individual under subparagraph (A), such applicant

shall nevertheless be deemed to be the child of such insured individual if such insured individual and the mother or father, as the case may be, of such applicant went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of paragraph (1) (B), would have been a valid marriage."

(c) Section 216(e) of such Act is amended by adding at the end thereof the following new sentence: "For purposes of clause (2), a person who is not the stepchild of an individual shall be deemed the stepchild of such individual if such individual was not the mother or adopting mother or the father or adopting father of such person and such individual and the mother or adopting mother, or the father or adopting father, as the case may be, of such person went through a marriage ceremony resulting in a purported marriage between them which, but for a legal impediment described in the last sentence of subsection (h)(1)(B), would have been a valid marriage." Ante, p. 950. Ante, p. 951.

(d) Section 202(d)(3) of such Act (as amended by section 202 of this Act) is amended by adding after and below subparagraph (B) the following new sentence: Ante, p. 946.

"For purposes of this paragraph, a child deemed to be a child of a fully or currently insured individual pursuant to section 216(h)(2) (B) shall, if such individual is the child's father, be deemed to be the legitimate child of such individual." Ante, p. 951.

(e) Where—

(1) one or more persons were entitled (without the application of section 202(j)(1) of the Social Security Act) to monthly benefits under section 202 of such Act for the month before the month in which this Act is enacted on the basis of the wages and self-employment income of an individual; and 42 USC 402.

(2) any person is entitled to benefits under subsection (b), (c), (d), (e), (f), or (g) of section 202 of the Social Security Act for any subsequent month on the basis of such individual's wages and self-employment income and such person would not be entitled to such benefits but for the enactment of this section; and

(3) the total of the benefits to which all persons are entitled under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income for such subsequent month is reduced by reason of the application of section 203(a) of such Act, 42 USC 403.

then the amount of the benefit to which each person referred to in paragraph (1) of this subsection is entitled for such subsequent month shall not, after the application of such section 203(a), be less than the amount it would have been (determined without regard to section 301) if no person referred to in paragraph (2) of this subsection was entitled to a benefit referred to in such paragraph for such subsequent month on the basis of such wages and self-employment income of such individual. Post, p. 982.

(f) The amendments made by the preceding provisions of this section shall be applicable (1) 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 on the basis of an application filed in or after such month, and (2) in the case of a lump-sum death payment under such title based on an application filed in or after such month, but only if no person, other than the person filing such application, has filed an application for a lump-sum death payment under such title prior to the date of the enactment of this Act with respect to the death of the same individual. 42 USC 401 et seq.

PENALTY DEDUCTIONS UNDER FOREIGN WORK TEST

Infra. SEC. 209. (a) The subsection of section 203 of the Social Security Act redesignated as subsection (g) by section 211(c) of this Act is amended by striking out "(b) or (c)" wherever it appears and inserting in lieu thereof "(c)"; and by striking out "(other than an event specified in subsection (b)(1) or (c)(1))".

(b) No deduction shall be imposed on or after the date of the enactment of this Act under section 203(f) of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in section 203(c) of such Act, as in effect prior to such date; and no such deduction imposed prior to such date shall be collected after such date.

EXTENSION OF FILING PERIOD FOR HUSBAND'S, WIDOWER'S, OR PARENT'S BENEFITS IN CERTAIN CASES

SEC. 210. (a) In the case of any husband who would not be entitled to husband's insurance benefits under section 202(c), of the Social Security Act except for the enactment of this Act, the requirement in section 202(c)(1)(C) of the Social Security Act relating to the time within which proof of support must be filed shall not apply if such proof of support is filed within two years after the month in which this Act is enacted.

42 USC 402.

(b) In the case of any widower who would not be entitled to widower's insurance benefits under section 202(f) of the Social Security Act except for the enactment of this Act, the requirement in section 202(f)(1)(D) of the Social Security Act relating to the time within which proof of support must be filed shall not apply if such proof of support is filed within two years after the month in which this Act is enacted.

Ante, p. 949.

(c) In the case of any parent who would not be entitled to parent's insurance benefits under section 202(h) of the Social Security Act except for the enactment of this Act, the requirement in section 202(h)(1)(B) of the Social Security Act relating to the time within which proof of support must be filed shall not apply if such proof of support is filed within two years after the month in which this Act is enacted.

INCREASE IN THE EARNED INCOME LIMITATION

42 USC 403.

SEC. 211. (a) Subsection (b) of section 203 of the Social Security Act is amended to read as follows:

"Deductions On Account of Work

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, and from any payment or payments to which any other persons are entitled on the basis of such individual's wages and self-employment income, until the total of such deductions equals—

"(1) such individual's benefit or benefits under section 202 for any month, and

"(2) if such individual was entitled to old-age insurance benefits under section 202(a) for such month, the benefit or benefits of all other persons for such month under section 202 based on such individual's wages and self-employment income,

if for such month he is charged with excess earnings, under the provisions of subsection (f) of this section, equal to the total of benefits referred to in clauses (1) and (2). If the excess earnings

so charged are less than such total of benefits, such deductions with respect to such month shall be equal only to the amount of such excess earnings. If a child who has attained the age of 18 and is entitled to child's insurance benefits, or a person who is entitled to mother's insurance benefits, is married to an individual entitled to old-age insurance benefits under section 202(a), such child or such person, as the case may be, shall, for the purposes of this subsection and subsection (f), be deemed to be entitled to such benefits on the basis of the wages and self-employment income of such individual entitled to old-age insurance benefits. If a deduction has already been made under this subsection with respect to a person's benefit or benefits under section 202 for a month, he shall be deemed entitled to payments under such section for such month for purposes of further deductions under this subsection, and for purposes of charging of each person's excess earnings under subsection (f), only to the extent of the total of his benefits remaining after such earlier deductions have been made. For purposes of this subsection and subsection (f)—

"(A) an individual shall be deemed to be entitled to payments under section 202 equal to the amount of the benefit or benefits to which he is entitled under such section after the application of subsection (a) of this section, but without the application of the penultimate sentence thereof; and

"(B) if a deduction is made with respect to an individual's benefit or benefits under section 202 because of the occurrence in any month of an event specified in subsection (c) or (d) of this section or in section 222(b), such individual shall not be considered to be entitled to any benefits under such section 202 for such month." 42 USC 422.

(b) Subsection (c) of section 203 of such Act is amended to read as follows: 42 USC 403.

"Deductions on Account of Noncovered Work Outside the United States or Failure to Have Child in Care

"(c) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month—

"(1) in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or

"(2) in which such individual, if a wife under age sixty-five entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit and such wife's insurance benefit for such month was not reduced under the provisions of section 202(q); or Post, p. 957.

"(3) in which such individual, if a widow entitled to a mother's insurance benefit, did not have in her care a child of her deceased husband entitled to a child's insurance benefit; or

"(4) in which such individual, if a former wife divorced entitled to a mother's insurance benefit, did not have in her care a child of her deceased former husband who (A) is her son, daughter, or legally adopted child and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of her deceased former husband.

For purposes of paragraphs (2), (3), and (4) of this subsection, a child shall not be considered to be entitled to a child's insurance benefit for any month in which an event specified in section 222(b) occurs with respect to such child. No deduction shall be made under this

subsection from any child's insurance benefit for the month in which the child entitled to such benefit attained the age of eighteen or any subsequent month."

42 USC 403. (c) Section 203 of such Act is amended by redesignating subsections (d), (e), (f), (g), and (h) as subsections (e), (f), (g), (h), and (i), respectively, and by inserting after subsection (c) the following new subsection:

"Deductions From Dependents' Benefits on Account of Noncovered Work Outside the United States by Old-Age Insurance Beneficiary

"(d)(1) Deductions shall be made from any wife's, husband's, or child's insurance benefit, based on the wages and self-employment income of an individual entitled to old-age insurance benefits, to which a wife, husband, or child is entitled, until the total of such deductions equals such wife's, husband's, or child's insurance benefit or benefits under section 202 for any month in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States.

42 USC 402.

"(2) Deductions shall be made from any child's insurance benefit to which a child who has attained the age of eighteen is entitled, or from any mother's insurance benefit to which a person is entitled, until the total of such deductions equals such child's insurance benefit or benefits or mother's insurance benefit or benefits under section 202 for any month in which such child or person entitled to mother's insurance benefits is married to an individual who is entitled to old-age insurance benefits and on seven or more different calendar days of which such individual engaged in noncovered remunerative activity outside the United States."

(d) The subsection of section 203 of such Act redesignated as subsection (e) by subsection (c) of this section is amended to read as follows:

"Occurrence of More Than One Event

"(e) If more than one of the events specified in subsections (c) and (d) and section 222(b) occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted."

42 USC 422.

(e) The subsection of section 203 of such Act redesignated as subsection (f) by subsection (c) of this section is amended to read as follows:

"Months to Which Earnings Are Charged

"(f) For purposes of subsection (b)—

"(1) The amount of an individual's excess earnings (as defined in paragraph (3)) shall be charged to months as follows: There shall be charged to the first month of such taxable year an amount of his excess earnings equal to the sum of the payments to which he and all other persons are entitled for such month under section 202 on the basis of his wages and self-employment income (or the total of his excess earnings if such excess earnings are less than such sum), and the balance, if any, of such excess earnings shall be charged to each succeeding month in such year to the extent, in the case of each such month, of the sum of the payments to which such individual and all other persons are entitled for such month under section 202 on the basis of his wages and self-employment income, until the total of such excess has been so charged. Where an individual is entitled to benefits under section

202(a) and other persons are entitled to benefits under section 202 (b), (c), or (d) on the basis of the wages and self-employment income of such individual, the excess earnings of such individual for any taxable year shall be charged in accordance with the provisions of this subsection before the excess earnings of such persons for a taxable year are charged to months in such individual's taxable year. Notwithstanding the preceding provisions of this paragraph, no part of the excess earnings of an individual shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which such individual was age seventy-two or over, (C) in which such individual, if a child entitled to child's insurance benefits, has attained the age of 18, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (5) of this subsection) of more than $100.

"(2) As used in paragraph (1), the term 'first month of such taxable year' means the earliest month in such year to which the charging of excess earnings described in such paragraph is not prohibited by the application of clauses (A), (B), (C), and (D) thereof.

"(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be his earnings for such year in excess of the product of $100 multiplied by the number of months in such year, except that of the first $300 of such excess (or all of such excess if it is less than $300), an amount equal to one-half thereof shall not be included. 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.

"(4) For purposes of clause (D) of paragraph (1)—

"(A) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (5) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(B) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (5) of this subsection) of more than $100 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

"(5)(A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes of subparagraph (A) of this paragraph and paragraph (4), the provisions of section 211, other than paragraphs (1), (4), and (5) of subsection (c), shall be applicable; and any excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

Ante, pp. 937, 938, 945.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g)(2), (g)(3), (h)(2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee or performed outside the United States in the active military or naval service of the United States, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

Ante, pp. 937, 938.

"(6) For purposes of this subsection, wages (determined as provided in paragraph (5)(C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year.

"(7) Where an individual's excess earnings are charged to a month and the excess earnings so charged are less than the total of the payments (without regard to such charging) to which all persons are entitled under section 202 for such month on the basis of his wages and self-employment income, the difference between such total and the excess so charged to such month shall be paid (if it is otherwise payable under this title) to such individual and other persons in the proportion that the benefit to which each of them is entitled (without regard to such charging, without the application of section 202(k)(3), and prior to the application of section 203(a)) bears to the total of the benefits to which all of them are entitled."

42 USC 402.

Ante, p. 955.

(f) The subsection of section 203 of such Act redesignated as subsection (h) by subsection (c) of this section is amended (1) by striking out "paragraph (4) of subsection (e)" wherever it appears and inserting in lieu thereof "paragraph (5) of subsection (f)", (2) by striking out in subparagraph (B) of paragraph (1) "paragraph (3) of subsection (g)" and inserting in lieu thereof "paragraph (3) of this subsection", (3) by striking out "(b)(1)" wherever it appears and inserting in lieu thereof "(b)", and (4) by striking out in paragraph (3) "suspend the payment" and insert in lieu thereof "suspend the total or less than the total payment".

(g) The subsection of section 203 of such Act redesignated as subsection (i) by subsection (c) of this section is amended by striking out "subsection (b), (f), or (g) of this section" and inserting in lieu thereof "subsection (b), (c), (g), or (h) of this section".

42 USC 403.

(h) Subsection (l) of section 203 of such Act is amended by striking out "subsection (f) or (g)(1)(A)" and inserting in lieu thereof "subsection (g) or (h)(1)(A)".

(i) The last sentence of section 202(n)(1) of such Act is amended by striking out "Section 203 (b) and (c)" and inserting in lieu thereof "Section 203 (b), (c), and (d)".

(j)(1) Clause (A) of section 202(q)(5) of such Act is amended by striking out "paragraph (1) or (2) of" and by inserting before the comma at the end thereof "or paragraph (1) of section 203(c)".

(2) Clause (B) of such section 202(q)(5) is amended by striking out "paragraph (1) or (2) of section 203(b), under section 203(c)"

and inserting in lieu thereof "section 203(b), under section 203(c)(1), under section 203(d)(1)".

(k)(1) Clause (A) of section 202(q)(6) of such Act is amended by striking out "section 203(h)(1) or (2), under section 203(c)" and inserting in lieu thereof "section 203(b), under section 203(c)(1), under section 203(d)(1)". 42 USC 402.

(2) Clause (D) of such section 202(q)(6) is amended by striking out "paragraph (1) or (2) of" and by inserting immediately before the period "or paragraph (1) of section 203(c)".

(l) Section 202(t)(7) of such Act is amended by striking out "Subsections (b) and (c) of section 203" and inserting in lieu thereof "Subsections (b), (c), and (d) of section 203".

(m) Section 208(a)(3) of such Act is amended by striking out "section 203(e)" and inserting in lieu thereof "section 203(f)".

(n) Section 215(g) of such Act is amended by striking out "203(a)" and inserting in lieu thereof "203(a) and deductions under section 203(b)".

(o)(1) Section 3(e) of the Railroad Retirement Act of 1937 is amended by striking out "subsections (f) and (g)(2) of section 203 of the Social Security Act" and inserting in lieu thereof "subsections (g) and (h)(2) of section 203 of the Social Security Act". 45 USC 228c.

(2) Section 5(i)(1)(ii) of the Railroad Retirement Act of 1937 is amended— 45 USC 228e.

(A) by striking out "section 203(e)" each place it appears and inserting in lieu thereof "section 203(f)";

(B) by striking out "section 203(g)(3)" and inserting in lieu thereof "section 203(h)(3)"; and

(C) by striking out "earnings" each place it appears and inserting in lieu thereof "excess earnings".

(p) Section 203 (c), (d), (e), (g), and (i) of the Social Security Act as amended by this Act shall be effective with respect to monthly benefits for months after December 1960. Ante, p. 953.

(q) Section 203 (b), (f), and (h) of the Social Security Act as amended by this Act shall be effective with respect to taxable years beginning after December 1960.

(r) Section 203(l) of the Social Security Act as amended by this Act, to the extent that it applies to section 203(g) of the Social Security Act as amended by this Act, shall be effective with respect to monthly benefits for months after December 1960 and, to the extent that it applies to section 203(h)(1)(A) of the Social Security Act as amended by this Act, shall be effective with respect to taxable years beginning after December 1960.

(s) The amendments made by subsections (i), (j), (k), (l), (m), (n), and (o) of this section, to the extent that they make changes in references to provisions of section 203 of the Social Security Act, shall take effect in the manner provided in subsections (p) and (q) of this section for the provisions of such section 203 to which the respective references so changed relate. Supra.

(t) In any case where—

(1) an individual has earnings (as defined in section 203(e)(4) of the Social Security Act as in effect prior to the enactment of this Act) in a taxable year which begins before 1961 and ends in 1961 (but not on December 31, 1961), and

(2) such individual's spouse or child entitled to monthly benefits on the basis of such individual's self-employment income has excess earnings (as defined in section 203(f)(3) of the Social Security Act as amended by this Act) in a taxable year which begins after 1960, and

(3) one or more months in the taxable year specified in paragraph (2) are included in the taxable year specified in paragraph (1),

then, if a deduction is imposed against the benefits payable to such individual with respect to a month described in paragraph (3), such spouse or child, as the case may be, shall not, for purposes of subsections (b) and (f) of section 203 of the Social Security Act as amended by this Act, be entitled to a payment for such month.

TITLE III—BENEFIT AMOUNTS

INCREASE IN INSURANCE BENEFITS OF CHILDREN OF DECEASED WORKERS

42 USC 402.

SEC. 301. (a) The second sentence of section 202(d)(2) of the Social Security Act is amended to read as follows: "Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual."

(b) The amendment made by this section shall apply only with respect to monthly benefits under section 202 of the Social Security Act for months after the second month following the month in which this Act is enacted.

(c) Where—

(1) one or more persons were entitled (without the application of section 202(j)(1) of the Social Security Act) to monthly benefits under section 202 of such Act for the second month following the month in which this Act is enacted on the basis of the wages and self-employment income of a deceased individual (but not including any person who became so entitled by reason of section 208 of this Act); and

42 USC 408.

(2) no person, other than (i) those persons referred to in paragraph (1) of this subsection (ii) those persons who are entitled to benefits under section 202 (d), (e), (f), or (g) of the Social Security Act but would not be so entitled except for the enactment of section 208 of this Act, is entitled to benefits under such section 202 on the basis of such individual's wages and self-employment income for any subsequent month or for any month after the second month following the month in which this Act is enacted and prior to such subsequent month; and

Ante, p. 949.

(3) the total of the benefits to which all persons referred to in paragraph (1) of this subsection are entitled under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income for such subsequent month exceeds the maximum of benefits payable, as provided in section 203(a) of such Act, on the basis of such wages and self-employment income,

Ante, p. 953.

then the amount of the benefit to which each such person referred to in paragraph (1) of this subsection is entitled for such subsequent month shall be determined—

(4) in case such person is entitled to benefits under section 202 (e), (f), (g), or (h), as though this section and section 208 had not been enacted, or

(5) in case such person is entitled to benefits under section 202(d), as though (i) no person is entitled to benefits under section 202 (e), (f), (g), or (h) for such subsequent month, and (ii) the maximum of benefits payable, as described in paragraph (3), is such maximum less the amount of each person's benefit for such month determined pursuant to paragraph (4).

MAXIMUM FAMILY BENEFITS IN CERTAIN CASES

SEC. 302. (a) Section 203(a)(3) of the Social Security Act is amended— 42 USC 403.

(1) by striking out "and is not less than $68, then such total of benefits shall not be reduced to less than the smaller of" and inserting in lieu thereof ", then such total of benefits shall not be reduced to less than $99.10 if such primary insurance amount is $66, to less than $102.40 if such primary insurance amount is $67, to less than $106.50 if such primary insurance amount is $68, or, if such primary insurance amount is higher than $68, to less than the smaller of"; and

(2) by striking out "the last figure in column V of the table appearing in section 215(a)" and inserting in lieu thereof "the amount determined under this subsection without regard to this paragraph, or $206.60, whichever is larger".

(b) The amendments made by subsection (a) shall apply only in the case of monthly benefits under section 202 or section 223 of the Social Security Act for months after the month following the month in which this Act is enacted, and then only (1) if the insured individual on the basis of whose wages and self-employment income such monthly benefits are payable became entitled (without the application of section 202(j)(1) or section 223(b) of such Act) to benefits under section 202(a) or section 223 of such Act after the month following the month in which this Act is enacted, or (2) if such insured individual died before becoming so entitled and no person was entitled (without the application of section 202(j)(1) or section 223(b) of such Act) on the basis of such wages and self-employment income to monthly benefits under title II of the Social Security Act for the month following the month in which this Act is enacted or any prior month. 42 USC 402, 423.

Post, p. 967.

COMPUTATIONS AND RECOMPUTATIONS OF PRIMARY INSURANCE AMOUNTS

SEC. 303. (a) Section 215(b) of the Social Security Act is amended to read as follows: 42 USC 415.

"(b)(1) For the purposes of column III of the table appearing in subsection (a) of this section, an individual's 'average monthly wage' shall be the quotient obtained by dividing—

"(A) the total of his wages paid in and self-employment income credited to his 'benefit computation years' (determined under paragraph (2)), by

"(B) the number of months in such years.

"(2)(A) The number of an individual's 'benefit computation years' shall be equal to the number of elapsed years (determined under paragraph (3) of this subsection), reduced by five; except that the number of an individual's benefit computation years shall in no case be less than two.

"(B) An individual's 'benefit computation years' shall be those computation base years, equal in number to the number determined under subparagraph (A), for which the total of his wages and self-employment income is the largest.

"(C) For the purposes of subparagraph (B), 'computation base years' include only calendar years occurring—

"(i) after December 31, 1950, and

"(ii) prior to the year in which the individual became entitled to old-age insurance benefits or died, whichever first occurred; except that the year in which the individual became entitled to old-age insurance benefits or died, as the case may be, shall be included as a computation base year if the Secretary determines, on the basis of

evidence available to him at the time of the computation of the primary insurance amount for such individual, that the inclusion of such year would result in a higher primary insurance amount. Any calendar year all of which is included in a period of disability shall not be included as a computation base year.

"(3) For the purposes of paragraph (2), an individual's 'elapsed years' shall be the number of calendar years—

"(A) after (i) December 31, 1950, or (ii) if later, December 31 of the year in which he attained the age of twenty-one, and

"(B) prior to (i) the year in which he died, or (ii) if earlier, the first year after December 31, 1960, in which he both was fully insured and had attained retirement age.

For the purposes of the preceding sentence, any calendar year any part of which was included in a period of disability shall not be included in such number of calendar years.

"(4) The provisions of this subsection shall be applicable only in the case of an individual with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and—

"(A) who becomes entitled to benefits after December 1960 under section 202(a) or section 223; or

42 USC 402, 423.

"(B) who dies after December 1960 without being entitled to benefits under section 202(a) or section 223; or

"(C) who files an application for a recomputation under subsection (f)(2)(A) after December 1960 and is (or would, but for the provisions of subsection (f)(6), be) entitled to have his primary insurance amount recomputed under subsection (f)(2)(A); or

"(D) who dies after December 1960 and whose survivors are (or would, but for the provisions of subsection (f)(6), be) entitled to a recomputation of his primary insurance amount under subsection (f)(4).

"(5) In the case of any individual—

"(A) to whom the provisions of this subsection are not made applicable by paragraph (4), but

"(B)(i) prior to 1961, met the requirements of this paragraph (including subparagraph (E) thereof) as in effect prior to the enactment of the Social Security Amendments of 1960, or (ii) after 1960, meets the conditions of subparagraph (E) of this paragraph as in effect prior to such enactment,

then the provisions of this subsection as in effect prior to such enactment shall apply to such individual for the purposes of column III of the table appearing in subsection (a) of this section."

42 USC 415.

(b) Section 215(c)(2)(B) of such Act is amended to read as follows:

"(B) to whom the provisions of neither paragraph (4) nor paragraph (5) of subsection (b) are applicable."

(c)(1) Section 215(d)(1)(A) of such Act is amended to read as follows:

"(A) In the computation of such benefit, such individual's average monthly wage shall (in lieu of being determined under section 209(f) of this title as in effect prior to the enactment of such amendments) be determined as provided in subsection (b) of this section (but without regard to paragraphs (4) and (5) thereof), except that for the purposes of paragraphs (2)(C)(i) and (3)(A)(i) of subsection (b), December 31, 1936, shall be used instead of December 31, 1950."

(2) Section 215(d)(1)(C) of such Act is amended by striking out "any part" and inserting in lieu thereof "all"; and by striking out the last sentence thereof.

(3) Section 215(d)(2)(B) of such Act is amended by striking out "paragraph (5)" and inserting in lieu thereof "paragraph (4)". 42 USC 415.

(4) Section 215(d) of such Act is further amended by adding at the end thereof the following new paragraph:

"(3) The provisions of this subsection as in effect prior to the enactment of the Social Security Amendments of 1960 shall be applicable in the case of an individual who meets the requirements of subsection (b)(5) (as in effect after such enactment) but without regard to whether such individual has six quarters of coverage after 1950."

(d)(1) Effective with respect to individuals who become entitled to benefits under section 202(a) of the Social Security Act after 1960, section 215(e)(3) of such Act is amended to read as follows: 42 USC 402.

"(3) if an individual has self-employment income in a taxable year which begins prior to the calendar year in which he becomes entitled to old-age insurance benefits and ends after the last day of the month preceding the month in which he becomes so entitled, his self-employment income in such taxable year shall not be counted in determining his benefit computation years, except as provided in subsection (f)(3)(C)."

(2) Effective with respect to individuals who meet any of the subparagraphs of paragraph (4) of section 215(b) of the Social Security Act, as amended by this Act, section 215(e) of the Social Security Act is further amended by inserting "and" after the semicolon at the end of paragraph (2) and by striking out paragraph (4).

(e)(1) Effective with respect to applications for recomputation under section 215(f)(2) of the Social Security Act filed after 1960, section 215(f)(2) of such Act is amended by striking out "1954" the first time it appears and inserting in lieu thereof "1960", and by striking out "no earlier than six months" in subparagraph (A)(iii).

(2) Section 215(f)(2)(B) of such Act is amended to read as follows:

"(B) A recomputation pursuant to subparagraph (A) shall be made—

"(i) only as provided in subsection (a)(1), if the provisions of subsection (b), as amended by the Social Security Amendments of 1960, were applicable to the last previous computation of the individual's primary insurance amount, or

"(ii) as provided in subsection (a)(1) and (3), in all other cases.

Such recomputation shall be made as though the individual became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, except that if clause (i) of this subparagraph is applicable to such recomputation, the computation base years referred to in subsection (b)(2) shall include only calendar years occurring prior to the year in which he filed his application for such recomputation."

(3) Section 215(f)(3) of such Act is amended to read as follows:

"(3)(A) Upon application by an individual—

"(i) who became entitled to old-age insurance benefits under section 202(a) after December 1960, or

"(ii) whose primary insurance amount was recomputed as provided in paragraph (2)(B)(ii) of this subsection on the basis of an application filed after December 1960,

the Secretary shall recompute his primary insurance amount if such application is filed after the calendar year in which he became entitled to old-age insurance benefits or in which he filed application for the recomputation of his primary insurance amount under clause (ii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made as provided in subsection (a)(1) and (3)

of this section, except that such individual's computation base years referred to in subsection (b)(2) shall include the calendar year referred to in the preceding sentence. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed.

"(B) In the case of an individual who dies after December 1960 and—

"(i) who, at the time of death was not entitled to old-age insurance benefits under section 202(a), or 42 USC 402.

"(ii) who became entitled to such old-age insurance benefits after December 1960, or

"(iii) whose primary insurance amount was recomputed under paragraph (2) of this subsection on the basis of an application filed after December 1960, or

"(iv) whose primary insurance amount was recomputed under paragraph (4) of this subsection,

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of such individual's wages and self-employment income. Such recomputation shall be made as provided in subsection (a) (1) and (3) of this section, except that such individual's computation base years referred to in subsection (b)(2) shall include the calendar year in which he died in the case of an individual who was not entitled to old-age insurance benefits at the time of death or whose primary insurance amount was recomputed under paragraph (4) of this subsection, or in all other cases, the calendar year in which he filed his application for the last previous computation of his primary insurance amount. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed.

"(C) In the case of an individual who becomes entitled to old-age insurance benefits in a calendar year after 1960, if such individual has self-employment income in a taxable year which begins prior to such calendar year and ends after the last day of the month preceding the month in which he became so entitled, the Secretary shall recompute such individual's primary insurance amount after the close of such taxable year and shall take into account in determining the individual's benefit computation years only such self-employment income in such taxable year as is credited, pursuant to section 212, to the year preceding the year in which he became so entitled. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits." 42 USC 412.

(4)(A) Section 215(f)(4) of such Act is amended by striking out "1954" in the first sentence and inserting in lieu thereof "1960", and by striking out the second and third sentences and inserting in lieu thereof the following: "If the recomputation is permitted by subparagraph (A), the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2)(A) in the month in which he died. If the recomputation is permitted by subparagraph (B), the recomputation shall take into account only the wages and self-employment income which were considered in the last previous computation of his primary insurance amount and the compensation (described in section 205(o)) paid to him in the years in which such wages were paid or to which such self-employment income was credited." 42 USC 405.

(B) Effective in the case of deaths occurring on or after the date of the enactment of this Act, the first sentence of such section 215 (f)(4) is further amended by striking out "(without the application of clause (iii) thereof)". Ante, p. 963.

(f) Effective with respect to individuals who become entitled to benefits under section 223 of the Social Security Act after 1960, section 223(a)(2) of such Act (as amended by section 402(b) of this Act) is amended to read as follows: 42 USC 423. Post, p. 967.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he had attained retirement age in— 42 USC 415.

"(A) the first month of his waiting period, or

"(B) in any case in which clause (ii) of paragraph (1) of this subsection is applicable, the first month for which he becomes entitled to such disability insurance benefits,

and as though he had become entitled to old-age insurance benefits in the month in which he filed his application for disability insurance benefits. For the purposes of the preceding sentence, in the case of a woman who both was fully insured and had attained retirement age in or before the first month referred to in subparagraph (A) or (B) of such sentence, as the case may be, the elapsed years referred to in section 215(b)(3) shall not include the first year in which she both was fully insured and had attained retirement age, or any year thereafter." Ante, p. 961.

(g)(1) In the case of any individual who both was fully insured and had attained retirement age prior to 1961 and (A) who becomes entitled to old-age insurance benefits after 1960, or (B) who dies after 1960 without being entitled to such benefits, then, notwithstanding the amendments made by the preceding subsections of this section, the Secretary shall also compute such individual's primary insurance amount on the basis of such individual's average monthly wage determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act with a closing date determined under section 215(b)(3)(B) of such Act as then in effect, but only if such closing date would have been applicable to such computation had this section not been enacted. If the primary insurance amount resulting from the use of such an average monthly wage is higher than the primary insurance amount resulting from the use of an average monthly wage determined pursuant to the provisions of section 215 of the Social Security Act, as amended by the Social Security Amendments of 1960, such higher primary insurance amount shall be the individual's primary insurance amount for purposes of such section 215. The terms used in this subsection shall have the meaning assigned to them by title II of the Social Security Act. 42 USC 401 et seq.

(2) Notwithstanding the amendments made by the preceding subsections of this section, in the case of any individual who was entitled (without regard to the provisions of section 223(b) of the Social Security Act) to a disability insurance benefit under such section 223 for the month before the month in which he became entitled to an old-age insurance benefit under section 202(a) of such Act, or in which he died, and such disability insurance benefit was based upon a primary insurance amount determined under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act, the Secretary shall, in applying the provisions of such section 215(a) (except paragraph (4) thereof), for purposes of determining benefits payable under section 202 of such Act on the basis of such individual's wages and self-employment income, determine such individual's average monthly wage under the provisions of section 215 of the Social Security Act in effect prior to the enactment of this Act. Post, pp. 967, 968. 42 USC 402.

The provisions of this paragraph shall not apply with respect to any such individual, entitled to such old-age insurance benefits, (i) who applies, after 1960, for a recomputation (to which he is entitled) of his primary insurance amount under section 215(f)(2) of such Act, or (ii) who dies after 1960 and meets the conditions for a recomputation of his primary insurance amount under section 215(f)(4) of such Act.

Ante, pp. 962, 963.

(h) In any case where application for recomputation under section 215(f)(3) of the Social Security Act is filed on or after the date of the enactment of this Act with respect to an individual for whom the last previous computation of the primary insurance amount was based on an application filed prior to 1961, or who died before 1961, the provisions of section 215 of such Act as in effect prior to the enactment of this Act shall apply except that—

Ante, p. 962.

(1) such recomputation shall be made as provided in section 215(a) of the Social Security Act (as in effect prior to the enactment of this Act) and as though such individual first became entitled to old-age insurance benefits in the month in which he filed his application for such recomputation or died without filing such an application, and his closing date for such purposes shall be as specified in such section 215(f)(3); and

Ante, p. 961.

(2) the provisions of section 215(b)(4) of the Social Security Act (as in effect prior to the enactment of this Act) shall apply only if they were applicable to the last previous computation of such individual's primary insurance amount, or would have been applicable to such computation if there had been taken into account—

(A) his wages and self-employment income in the year in which he became entitled to old-age insurance benefits or filed application for the last previous recomputation of his primary insurance amount, where he is living at the time of the application for recomputation under this subsection, or

(B) his wages and self-employment income in the year in which he died without becoming entitled to old-age insurance benefits, or (if he was entitled to such benefits) the year in which application was filed for the last previous computation of his primary insurance amount or in which he died, whichever first occurred, where he has died at the time of the application for such recomputation.

If the primary insurance amount of an individual was recomputed under section 215(f)(3) of the Social Security Act as in effect prior to the enactment of this Act, and such amount would have been larger if the recomputation had been made under such section as modified by this subsection, then the Secretary shall recompute such primary insurance amount under such section as so modified, but only if an application for such recomputation is filed on or after the date of the enactment of this Act. A recomputation under the preceding sentence shall be effective for and after the first month for which the last previous recomputation of such individual's primary insurance amount under such section 215 was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for a recomputation is filed under the preceding sentence.

(i)(1) In the case of an application for a recomputation under section 215(f)(2) of the Social Security Act filed after 1954 and prior to 1961, the provisions of section 215(f)(2) of such Act in effect prior to the enactment of this Act shall apply.

(2) In the case of an individual who died after 1954 and prior to 1961 and who was entitled to an old-age insurance benefit under sec-

tion 202(a) at the time of his death, the provisions of section 215(f) (4) of the Social Security Act in effect prior to the enactment of this Act shall apply. 42 USC 402. Ante, p. 963.

(j) In the case of an individual whose average monthly wage is computed under the provisions of section 215(b) of the Social Security Act, as amended by this Act, and— Ante, p. 960.

(1) who is entitled, by reason of the provisions of section 202(j)(1) or section 223(b) of the Social Security Act, to a monthly benefit for any month prior to January 1961, or Ante, p. 936. Post, p. 967.

(2) who is (or would, but for the fact that such recomputation would not result in a higher primary insurance amount for such individual, be) entitled, by reason of section 215(f) of the Social Security Act, to have his primary insurance amount recomputed effective for a month prior to January 1961,

his average monthly wage as determined under the provisions of such section 215(b) shall be his average monthly wage for the purposes of determining his primary insurance amount for such prior month.

(k) Section 102(f)(2)(B) of the Social Security Amendments of 1954 is amended by inserting after "Social Security Act" in the second sentence thereof "as in effect prior to the enactment of the Social Security Amendments of 1960"; and by striking out "bond" and inserting in lieu thereof "month". 68 Stat. 1070. 42 USC 403 note.

ELIMINATION OF CERTAIN OBSOLETE RECOMPUTATIONS

SEC. 304. (a) The first sentence of section 215(f)(5) of the Social Security Act is amended by striking out "after the close of such taxable year by such individual or (if he died without filing such application)" and inserting in lieu thereof the following: "by such individual after the close of such taxable year and prior to January 1961 or (if he died without filing such application and such death occurred prior to January 1961)". 42 USC 415.

(b) Section 102(e)(5) of the Social Security Amendments of 1954 is amended by adding at the end thereof the following new subparagraph: 42 USC 403 note.

"(D) Notwithstanding the provisions of subparagraphs (A), (B), and (C), the primary insurance amount of an individual shall not be recomputed under such provisions unless such individual files the application referred to in subparagraph (A) or (B) prior to January 1961 or, if he dies without filing such application, his death occurred prior to January 1961."

(c) Section 102(e)(8) of the Social Security Amendments of 1954 is amended by inserting before the period at the end thereof "but only if such individual files the application referred to in subparagraph (A) of such section prior to January 1961 or (if he dies without filing such application) his death occurred prior to January 1961". 42 USC 403 note.

(d) Section 5(c)(1) of the Social Security Act Amendments of 1952 is amended by adding at the end thereof the following new sentence: "Notwithstanding the preceding provisions of this paragraph, the primary insurance amount of an individual shall not be recomputed under such provisions unless such individual files the application referred to in clause (A) of the first sentence of this paragraph prior to January 1961 or, if he dies without filing such application, his death occurred prior to January 1961." 66 Stat. 775. 42 USC 417 note.

TITLE IV—DISABILITY INSURANCE BENEFITS AND THE DISABILITY FREEZE

ELIMINATION OF REQUIREMENT OF ATTAINMENT OF AGE FIFTY FOR DISABILITY INSURANCE BENEFITS

42 USC 423.

SEC. 401. (a) Section 223(a)(1)(B) of the Social Security Act is amended by striking out "has attained the age of fifty and".

(b) The last sentence of section 223(c)(3) of such Act is amended by striking out the semicolon and all that follows and inserting in lieu thereof a period.

(c) The amendments made by this section shall apply only with respect to monthly benefits under sections 202 and 223 of the Social Security Act for months after the month following the month in which this Act is enacted which are based on the wages and self-employment income of an individual who did not attain the age of fifty in or prior to the month following the month in which this Act is enacted, but only where applications for such benefits are filed in or after the month in which this Act is enacted.

42 USC 402.

ELIMINATION OF THE WAITING PERIOD FOR DISABILITY INSURANCE BENEFITS IN CERTAIN CASES

SEC. 402. (a) Section 223(a)(1) of the Social Security Act is amended by striking out "shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsection (c)(3)) in which he becomes so entitled to such insurance benefits" and inserting in lieu thereof the following: "shall be entitled to a disability insurance benefit (i) for each month beginning with the first month after his waiting period (as defined in subsection (c)(3)) in which he becomes so entitled to such insurance benefits, or (ii) for each month beginning with the first month during all of which he is under a disability and in which he becomes so entitled to such insurance benefits, but only if he was entitled to disability insurance benefits which terminated, or had a period of disability (as defined in section 216(i)) which ceased, within the 60-month period preceding the first month in which he is under such disability,".

42 USC 416.

(b) Section 223(a)(2) of such Act is amended to read as follows:

Ante, p. 964.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in—

42 USC 415.

"(A) the first month of his waiting period, or

"(B) in any case in which clause (ii) of paragraph (1) of this subsection is applicable, the first month for which he becomes so entitled to such disability insurance benefits."

(c) The first sentence of section 223(b) of such Act is amended to read as follows: "No application for disability insurance benefits shall be accepted as a valid application for purposes of this section (1) if it is filed more than nine months before the first month for which the applicant becomes entitled to such benefits, or (2) in any case in which clause (ii) of paragraph (1) of subsection (a) is applicable, if it is filed more than six months before the first month for which the applicant becomes entitled to such benefits; and any application filed within such nine months' period or six months' period, as the case may be, shall be deemed to have been filed in such first month."

(d) The second sentence of section 223(b) of such Act is amended by striking out "if he files application therefor" and inserting in lieu

thereof "if he is continuously under a disability after such month and until he files application therefor, and he files such application".

(e)(1) The first sentence of section 216(i)(2) of such Act is amended to read as follows: "The term 'period of disability' means a continuous period (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)), but only if such period is of not less than six full calendar months' duration or such individual was entitled to benefits under section 223 for one or more months in such period." Post, p. 969. 42 USC 423.

(2)(A) The fifth sentence of such section 216(i)(2) is amended by inserting ", or, in any case in which clause (ii) of section 223(a)(1) is applicable, more than six months before the first month for which such applicant becomes entitled to benefits under section 223," after "(as determined under this paragraph)".

(B) Such section 216(i)(2) is further amended by adding at the end thereof the following new sentence: "Any application for a disability determination which is filed within such three months' period or six months' period shall be deemed to have been filed on such first day or in such first month, as the case may be."

(f) The amendments made by subsections (a) and (b) shall apply only with respect to benefits under section 223 of the Social Security Act for the month in which this Act is enacted and subsequent months. The amendment made by subsection (c) shall apply only in the case of applications for benefits under such section 223 filed after the seventh month before the month in which this Act is enacted. The amendment made by subsection (d) shall apply only in the case of applications for benefits under such section 223 filed in or after the month in which this Act is enacted. The amendment made by subsection (e) shall apply only in the case of individuals who become entitled to benefits under such section 223 in or after the month in which this Act is enacted.

PERIOD OF TRIAL WORK BY DISABLED INDIVIDUAL

SEC. 403. (a) Section 222 of the Social Security Act is amended by striking out subsection (c) and inserting in lieu thereof the following: 42 USC 422.

"Period of Trial Work

"(c)(1) The term 'period of trial work', with respect to an individual entitled to benefits under section 223 or 202(d), means a period of months beginning and ending as provided in paragraphs (3) and (4). 42 USC 402.

"(2) For purposes of sections 216(i) and 223, any services rendered by an individual during a period of trial work shall be deemed not to have been rendered by such individual in determining whether his disability has ceased in a month during such period. For purposes of this subsection 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.

"(3) A period of trial work for any individual shall begin with the month in which he becomes entitled to disability insurance benefits, or, in the case of an individual entitled to benefits under section 202(d) who has attained the age of eighteen, with the month in which he becomes entitled to such benefits or the month in which he attains the age of eighteen, whichever is later. Notwithstanding the preceding sentence, no period of trial work may begin for any individual prior to the beginning of the month following the month in which this paragraph is enacted; and no such period may begin for an in-

dividual in a period of disability of such individual in which he had a previous period of trial work.

"(4) A period of trial work for any individual shall end with the close of whichever of the following months is the earlier:

"(A) 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

"(B) the month in which his disability (as defined in section 223(c)(2)) ceases (as determined after application of paragraph (2) of this subsection).

42 USC 423.

"(5) In the case of an individual who becomes entitled to benefits under section 223 for any month as provided in clause (ii) of subsection (a)(1) of such section, the preceding provisions of this subsection shall not apply with respect to services in any month beginning with the first month for which he is so entitled and ending with the first month thereafter for which he is not entitled to benefits under section 223."

Ante, p. 967.

(b) Section 223(a)(1) of such Act is amended by striking out "the first month in which any of the following occurs: his disability ceases, he dies, or he attains the age of sixty-five" and inserting in lieu thereof "whichever of the following months is the earliest: the month in which he dies, the month in which he attains the age of sixty-five, or the third month following the month in which his disability ceases".

(c) The fourth sentence of section 216(i)(2) of such Act is amended by striking out "the first month in which either the disability ceases or the individual attains the age of sixty-five" and inserting in lieu thereof "the month preceding whichever of the following months is the earlier: the month in which the individual attains age sixty-five or the third month following the month in which the disability ceases".

Ante, p. 946.

(d)(1) The first sentence of section 202(d)(1) of such Act is amended by inserting "or" before "attains the age of eighteen and is not under a disability (as defined in section 223(c)) which began before he attained such age" and by striking out ", or ceases to be under a disability (as so defined) on or after the day on which he attains age eighteen".

(2) Such section 202(d)(1) is further amended by inserting after the first sentence the following new sentence: "Entitlement of any child to benefits under this subsection shall also end with the month preceding the third month following the month in which he ceases to be under a disability (as so defined) after the month in which he attains age eighteen."

(e)(1) The amendment made by subsection (a) shall be effective only with respect to months beginning after the month in which this Act is enacted.

(2) The amendments made by subsections (b) and (d) shall apply only with respect to benefits under section 223(a) or 202(d) of the Social Security Act for months after the month in which this Act is enacted in the case of individuals who, without regard to such amendments, would have been entitled to such benefits for the month in which this Act is enacted or for any succeeding month.

(3) The amendment made by subsection (c) shall apply only in the case of individuals who have a period of disability (as defined in section 216(i) of the Social Security Act) beginning on or after the date of the enactment of this Act, or beginning before such date and continuing, without regard to such amendment, beyond the end of the month in which this Act is enacted.

SPECIAL INSURED STATUS TEST IN CERTAIN CASES FOR DISABILITY PURPOSES

SEC. 404. (a) In the case of any individual who does not meet the requirements of section 216(i)(3) of the Social Security Act with respect to any quarter, or who is not insured for disability insurance benefits as determined under section 223(c)(1) of such Act with respect to any month in a quarter, such individual shall be deemed to have met such requirements with respect to such quarter or to be so insured with respect to such month of such quarter, as the case may be, if— 42 USC 416. 42 USC 423.

(1) he had a total of not less than twenty quarters of coverage (as defined in section 213 of such Act) during the period ending with the close of such quarter, and 42 USC 413.

(2) all of the quarters elapsing after 1950 and up to but excluding such quarter were quarters of coverage with respect to him and there were not fewer than six such quarters of coverage.

(b) Subsection (a) shall apply only in the case of applications for disability insurance benefits under section 223 of the Social Security Act, or for disability determinations under section 216(i) of such Act, filed in or after the month in which this Act is enacted, and then only with respect to an individual who, but for such subsection (a), would not meet the requirements for a period of disability under section 216(i) with respect to the quarter in which this Act is enacted or any prior quarter and would not meet the requirements for benefits under section 223 with respect to the month in which this Act is enacted or any prior month. No benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of the amendment made by such subsection. 42 USC 401 et seq.

TITLE V—EMPLOYMENT SECURITY

PART 1—SHORT TITLE

SEC. 501. This title may be cited as the "Employment Security Act of 1960". Citation of title.

PART 2—EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING AMENDMENTS

AMENDMENT OF TITLE IX OF THE SOCIAL SECURITY ACT

SEC. 521. Title IX of the Social Security Act (42 U.S.C., sec. 1101 and following) is amended to read as follows: 68 Stat. 668.

"TITLE IX—MISCELLANEOUS PROVISIONS RELATING TO EMPLOYMENT SECURITY

"EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT

"Establishment of Account

"SEC. 901. (a) There is hereby established in the Unemployment Trust Fund an employment security administration account.

"Appropriations to Account

"(b) (1) There is hereby appropriated to the Unemployment Trust Fund for credit to the employment security administration account, out of any moneys in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1961, and for each fiscal year there-

after, an amount equal to 100 per centum of the tax (including interest, penalties, and additions to the tax) received during the fiscal year under the Federal Unemployment Tax Act and covered into the Treasury.

Post, p. 980.

"(2) The amount appropriated by paragraph (1) shall be transferred at least monthly from the general fund of the Treasury to the Unemployment Trust Fund and credited to the employment security administration account. Each such transfer shall be based on estimates made by the Secretary of the Treasury of the amounts received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred, to the extent prior estimates (including estimates for the fiscal year ending June 30, 1960) were in excess of or were less than the amounts required to be transferred.

"(3) The Secretary of the Treasury is directed to pay from time to time from the employment security administration account into the Treasury, as repayments to the account for refunding internal revenue collections, amounts equal to all refunds made after June 30, 1960, of amounts received as tax under the Federal Unemployment Tax Act (including interest on such refunds).

"Administrative Expenditures

"(c)(1) There are hereby authorized to be made available for expenditure out of the employment security administration account for the fiscal year ending June 30, 1961, and for each fiscal year thereafter—

"(A) such amounts (not in excess of $350,000,000 for any fiscal year) as the Congress may deem appropriate for the purpose of—

"(i) assisting the States in the administration of their unemployment compensation laws as provided in title III (including administration pursuant to agreements under any Federal unemployment compensation law, except the Temporary Unemployment Compensation Act of 1958, as amended),

42 USC 501-503.
72 Stat. 171.
42 USC 1400.

"(ii) the establishment and maintenance of systems of public employment offices in accordance with the Act of June 6, 1933, as amended (29 U.S.C., secs. 49–49n), and

48 Stat. 113.

"(iii) carrying into effect section 2012 of title 38 of the United States Code;

72 Stat. 1221.

"(B) such amounts as the Congress may deem appropriate for the necessary expenses of the Department of Labor for the performance of its functions under—

"(i) this title and titles III and XII of this Act,

42 USC 501-503.

"(ii) the Federal Unemployment Tax Act,

"(iii) the provisions of the Act of June 6, 1933, as amended,

Post, p. 978.

"(iv) subchapter II of chapter 41 (except section 2012) of title 38 of the United States Code, and

72 Stat. 1217-1222.

"(v) any Federal unemployment compensation law, except the Temporary Unemployment Compensation Act of 1958, as amended.

"(2) The Secretary of the Treasury is directed to pay from the employment security administration account into the Treasury as miscellaneous receipts the amount estimated by him which will be expended during a three-month period by the Treasury Department for the performance of its functions under—

"(A) this title and titles III and XII of this Act, including the expenses of banks for servicing unemployment benefit payment and clearing accounts which are offset by the maintenance of balances of Treasury funds with such banks,

"(B) the Federal Unemployment Tax Act, and Post, p.980.

"(C) any Federal unemployment compensation law with respect to which responsibility for administration is vested in the Secretary of Labor.

In determining the expenses taken into account under subparagraphs (B) and (C), there shall be excluded any amount attributable to the Temporary Unemployment Compensation Act of 1958, as amended. 42 USC 1400. If it subsequently appears that the estimates under this paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Secretary of the Treasury in future payments.

"Additional Tax Attributable to Reduced Credits

"(d)(1) The Secretary of the Treasury is directed to transfer from the employment security administration account—

"(A) To the Federal unemployment account, an amount equal to the amount by which—

"(i) 100 per centum of the additional tax received under the Federal Unemployment Tax Act with respect to any State by reason of the reduced credits provisions of section 3302(c)(2) or (3) of such Act and covered into the Treasury for the repayment of advances made to the State under section 1201, Post, p. 978. exceeds

"(ii) the amount transferred to the account of such State pursuant to subparagraph (B) of this paragraph.

Any amount transferred pursuant to this subparagraph shall be credited against, and shall operate to reduce, that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax.

"(B) To the account (in the Unemployment Trust Fund) of the State with respect to which employers paid such additional tax, an amount equal to the amount by which such additional tax received and covered into the Treasury exceeds that balance of advances, made under section 1201 to the State, with respect to which employers paid such additional tax.

If, for any taxable year, there is with respect to any State both a balance described in section 3302(c)(2) of the Federal Unemployment Tax Act and a balance described in section 3302(c)(3) of such Act, this paragraph shall be applied separately with respect to section 3302(c)(2) (and the balance described therein) and separately with respect to section 3302(c)(3) (and the balance described therein).

"(2) The Secretary of the Treasury is directed to transfer from the employment security administration account—

"(A) To the general fund of the Treasury, an amount equal to the amount by which—

"(i) 100 per centum of the additional tax received under the Federal Unemployment Tax Act with respect to any State by reason of the reduced credit provision of section 104 of the Temporary Unemployment Compensation Act of 1958, 42 USC 1400c. as amended, and covered into the Treasury, exceeds

"(ii) the amount transferred to the account of such State pursuant to subparagraph (B) of this paragraph.

"(B) To the account (in the Unemployment Trust Fund) of the State with respect to which employers paid such additional tax, an amount equal to the amount by which—

"(i) such additional tax received and covered into the Treasury, exceeds

"(ii) the total amount restorable to the Treasury under section 104 of the Temporary Unemployment Compensation Act of 1958, as amended, as limited by Public Law 85-457.

42 USC 1400c.
72 Stat. 187.
42 USC 633 note.

"(3) Transfers under this subsection shall be as of the beginning of the month succeeding the month in which the moneys were credited to the employment security administration account pursuant to subsection (b)(2).

"Revolving Fund

"(e)(1) There is hereby established in the Treasury a revolving fund which shall be available to make the advances authorized by this subsection. There are hereby authorized to be appropriated, without fiscal year limitation, to such revolving fund such amounts as may be necessary for the purposes of this section.

"(2) The Secretary of the Treasury is directed to advance from time to time from the revolving fund to the employment security administration account such amounts as may be necessary for the purposes of this section. If the net balance in the employment security administration account as of the beginning of any fiscal year is $250,000,000, no advance may be made under this subsection during such fiscal year.

"(3) Advances to the employment security administration account made under this subsection shall bear interest until repaid at a rate equal to the average rate of interest (computed as of the end of the calendar month next preceding the date of such advance) borne by all interest-bearing obligations of the United States then forming a part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest shall be the multiple of one-eighth of 1 per centum next lower than such average rate.

"(4) Advances to the employment security administration account made under this subsection, plus interest accrued thereon, shall be repaid by the transfer from time to time, from the employment security administration account to the revolving fund, of such amounts as the Secretary of the Treasury, in consultation with the Secretary of Labor, determines to be available in the employment security administration account for such repayment. Any amount transferred as a repayment under this paragraph shall be credited against, and shall operate to reduce, any balance of advances (plus accrued interest) repayable under this subsection.

"Determination of Excess and Amount To Be Retained in Employment Security Administration Account

"(f)(1) The Secretary of the Treasury shall determine as of the close of each fiscal year (beginning with the fiscal year ending June 30, 1961) the excess in the employment security administration account.

"(2) The excess in the employment security administration account as of the close of any fiscal year is the amount by which the net balance in such account as of such time (after the application of section 902(b)) exceeds the net balance in the employment security administration account as of the beginning of that fiscal year (including the fiscal year for which the excess is being computed) for which the net balance was higher than as of the beginning of any other such fiscal year.

Post, p. 974.

"(3) If the entire amount of the excess determined under paragraph (1) as of the close of any fiscal year is not transferred to the Federal unemployment account, there shall be retained (as of the beginning of the succeeding fiscal year) in the employment security administration account so much of the remainder as does not increase

the net balance in such account (as of the beginning of such succeeding fiscal year) above $250,000,000.

"(4) For the purposes of this section, the net balance in the employment security administration account as of any time is the amount in such account as of such time reduced by the sum of—

"(A) the amounts then subject to transfer pursuant to subsection (d), and

"(B) the balance of advances (plus interest accrued thereon) then repayable to the revolving fund established by subsection (e).

The net balance in the employment security administration account as of the beginning of any fiscal year shall be determined after the disposition of the excess in such account as of the close of the preceding fiscal year.

"TRANSFERS BETWEEN FEDERAL UNEMPLOYMENT ACCOUNT AND EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT

"Transfers to Federal Unemployment Account

"SEC. 902. (a) Whenever the Secretary of the Treasury determines pursuant to section 901(f) that there is an excess in the employment security administration account as of the close of any fiscal year, there shall be transferred (as of the beginning of the succeeding fiscal year) to the Federal unemployment account the total amount of such excess or so much thereof as is required to increase the amount in the Federal unemployment account to whichever of the following is the greater:

Ante, p. 973.

"(1) $550,000,000, or

"(2) The amount (determined by the Secretary of Labor and certified by him to the Secretary of the Treasury) equal to four-tenths of 1 per centum of the total wages subject to contributions under all State unemployment compensation laws for the calendar year ending during the fiscal year for which the excess is determined.

"Transfers to Employment Security Administration Account

"(b) The amount, if any, by which the amount in the Federal unemployment account as of the close of any fiscal year exceeds the greater of the amounts specified in paragraphs (1) and (2) of subsection (a) shall be transferred to the employment security administration account as of the close of such fiscal year.

"AMOUNTS TRANSFERRED TO STATE ACCOUNTS

"In General

"SEC. 903. (a)(1) Except as provided in subsection (b), whenever, after the application of section 1203 with respect to the excess in the employment security administration account as of the close of any fiscal year, there remains any portion of such excess, the remainder of such excess shall be transferred (as of the beginning of the succeeding fiscal year) to the accounts of the States in the Unemployment Trust Fund.

Post, p. 979.

"(2) Each State's share of the funds to be transferred under this subsection as of any July 1—

"(A) shall be determined by the Secretary of Labor and certified by him to the Secretary of the Treasury before that date on the basis of reports furnished by the States to the Secretary of Labor before June 1, and

"(B) shall bear the same ratio to the total amount to be so transferred as the amount of wages subject to contributions under such State's unemployment compensation law during the preceding calendar year which have been reported to the State before May 1 bears to the total of wages subject to contributions under all State unemployment compensation laws during such calendar year which have been reported to the States before May 1.

"Limitations on Transfers

"(b) (1) If the Secretary of Labor finds that on July 1 of any fiscal year—

42 USC 503. "(A) a State is not eligible for certification under section 303, or

"(B) the law of a State is not approvable under section 3304 of the Federal Unemployment Tax Act,

Post, p. 986. then the amount available for transfer to such State's account shall, in lieu of being so transferred, be transferred to the Federal unemployment account as of the beginning of such July 1. If, during the fiscal year beginning on such July 1, the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, that the law of such State is approvable under such section 3304, or both, the Secretary of the Treasury shall transfer such amount from the Federal unemployment account to the account of such State. If the Secretary of Labor does not so find and certify to the Secretary of the Treasury before the close of such fiscal year then the amount which was available for transfer to such State's account as of July 1 of such fiscal year shall (as of the close of such fiscal year) become unrestricted as to use as part of the Federal unemployment account.

"(2) The amount which, but for this paragraph, would be transferred to the account of a State under subsection (a) or paragraph (1) of this subsection shall be reduced (but not below zero) by the balance

Post, p. 978. of advances made to the State under section 1201. The sum by which such amount is reduced shall—

"(A) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(B) be credited against, and operate to reduce—

"(i) first, any balance of advances made before the date of the enactment of the Employment Security Act of 1960 to the State under section 1201, and

"(ii) second, any balance of advances made on or after such date to the State under section 1201.

"Use of Transferred Amounts

"(c) (1) Except as provided in paragraph (2), amounts transferred to the account of a State pursuant to subsections (a) and (b) shall be used only in the payment of cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration.

"(2) A State may, pursuant to a specific appropriation made by the legislative body of the State, use money withdrawn from its account in the payment of expenses incurred by it for the administration of its unemployment compensation law and public employment offices if and only if—

"(A) the purposes and amounts were specified in the law making the appropriation,

"(B) the appropriation law did not authorize the obligation of such money after the close of the two-year period which began on the date of enactment of the appropriation law,

"(C) the money is withdrawn and the expenses are incurred after such date of enactment, and

"(D) the appropriation law limits the total amount which may be obligated during a fiscal year to an amount which does not exceed the amount by which (i) the aggregate of the amounts transferred to the account of such State pursuant to subsections (a) and (b) during such fiscal year and the four preceding fiscal years, exceeds (ii) the aggregate of the amounts used by the State pursuant to this subsection and charged against the amounts transferred to the account of such State during such five fiscal years.

For the purposes of subparagraph (D), amounts used by a State during any fiscal year shall be charged against equivalent amounts which were first transferred and which have not previously been so charged; except that no amount obligated for administration during any fiscal year may be charged against any amount transferred during a fiscal year earlier than the fourth preceding fiscal year.

"UNEMPLOYMENT TRUST FUND

"Establishment, etc.

"SEC. 904. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the 'Unemployment Trust Fund', hereinafter in this title called the 'Fund'. The Secretary of the Treasury is authorized and directed to receive and hold in the Fund all moneys deposited therein by a State agency from a State unemployment fund, or by the Railroad Retirement Board to the credit of the railroad unemployment insurance account or the railroad unemployment insurance administration fund, or otherwise deposited in or credited to the Fund or any account therein. Such deposit may be made directly with the Secretary of the Treasury, with any depositary designated by him for such purpose, or with any Federal Reserve Bank.

"Investments

"(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in his judgment, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Obligations other than such special obligations may be acquired for the Fund only on such terms as to provide an investment yield not less than the yield which would be required in the case of special obligations if issued to the Fund upon the date of such acquisition. Advances made to the Federal unemployment account pursuant to section 1203 shall not be invested.

40 Stat. 288.
31 USC 774.

Post, p. 979.

"Sale or Redemption of Obligations

"(c) Any obligations acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold at the market price, and such special obligations may be redeemed at par plus accrued interest.

"Treatment of Interest and Proceeds

"(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

"Separate Book Accounts

"(e) The Fund shall be invested as a single fund, but the Secretary of the Treasury shall maintain a separate book account for each State agency, the employment security administration account, the Federal unemployment account, the railroad unemployment insurance account, and the railroad unemployment insurance administration fund and shall credit quarterly (on March 31, June 30, September 30, and December 31, of each year) to each account, on the basis of the average daily balance of such account, a proportionate part of the earnings of the Fund for the quarter ending on such date. For the purpose of this subsection, the average daily balance shall be computed—

"(1) in the case of any State account, by reducing (but not below zero) the amount in the account by the balance of advances made to the State under section 1201, and

Post, pp. 978, 979.

"(2) in the case of the Federal unemployment account—

"(A) by adding to the amount in the account the aggregate of the reductions under paragraph (1), and

"(B) by subtracting from the sum so obtained the balance of advances made under section 1203 to the account.

"Payments to State Agencies and Railroad Retirement Board

"(f) The Secretary of the Treasury is authorized and directed to pay out of the Fund to any State agency such amount as it may duly requisition, not exceeding the amount standing to the account of such State agency at the time of such payment. The Secretary of the Treasury is authorized and directed to make such payments out of the railroad unemployment insurance account for the payment of benefits, and out of the railroad unemployment insurance administration fund for the payment of administrative expenses, as the Railroad Retirement Board may duly certify, not exceeding the amount standing to the credit of such account or such fund, as the case may be, at the time of such payment.

"Federal Unemployment Account

"(g) There is hereby established in the Unemployment Trust Fund a Federal unemployment account. There is hereby authorized to be appropriated to such Federal unemployment account a sum equal to (1) the excess of taxes collected prior to July 1, 1946, under title IX of this Act or under the Federal Unemployment Tax Act, over the total unemployment administrative expenditures made prior to July 1, 1946, plus (2) the excess of taxes collected under the Federal Unemployment Tax Act after June 30, 1946, and prior to July 1, 1953, over the unemployment administrative expenditures made after June 30, 1946, and prior to July 1, 1953. As used in this subsection, the term 'unemployment administrative expenditures' means expenditures for grants under title III of this Act, expenditures for the

Ante, p. 970.

42 USC 501-503.

administration of that title by the Social Security Board, the Federal Security Administrator, or the Secretary of Labor, and expenditures for the administration of title IX of this Act, or of the Federal Unemployment Tax Act, by the Department of the Treasury, the Social Security Board, the Federal Security Administrator, or the Secretary of Labor. For the purposes of this subsection, there shall be deducted from the total amount of taxes collected prior to July 1, 1943, under title IX of this Act, the sum of $40,561,886.43 which was authorized to be appropriated by the Act of August 24, 1937 (50 Stat. 754), and the sum of $18,451,846 which was authorized to be appropriated by section 11(b) of the Railroad Unemployment Insurance Act."

Ante, p. 970.
Post, p. 980.

42 USC 1103 note.

52 Stat. 1105.
45 USC 361.

AMENDMENT OF TITLE XII OF THE SOCIAL SECURITY ACT

SEC. 522. (a) Title XII of the Social Security Act (42 U.S.C., sec. 1321 and following) is amended to read as follows:

"TITLE XII—ADVANCES TO STATE UNEMPLOYMENT FUNDS

"ADVANCES TO STATE UNEMPLOYMENT FUNDS

"SEC. 1201. (a)(1) Advances shall be made to the States from the Federal unemployment account in the Unemployment Trust Fund as provided in this section, and shall be repayable, without interest, in the manner provided in sections 901(d)(1), 903(b)(2), and 1202. An advance to a State for the payment of compensation in any month may be made if—

Ante, pp. 972, 975.

"(A) the Governor of the State applies therefor no earlier than the first day of the preceding month, and

"(B) he furnishes to the Secretary of Labor his estimate of the amount of an advance which will be required by the State for the payment of compensation in such month.

"(2) In the case of any application for an advance under this section to any State for any month, the Secretary of Labor shall—

"(A) determine the amount (if any) which he finds will be required by such State for the payment of compensation in such month, and

"(B) certify to the Secretary of the Treasury the amount (not greater than the amount estimated by the Governor of the State) determined under subparagraph (A).

The aggregate of the amounts certified by the Secretary of Labor with respect to any month shall not exceed the amount which the Secretary of the Treasury reports to the Secretary of Labor is available in the Federal unemployment account for advances with respect to such month.

"(3) For purposes of this subsection—

"(A) an application for an advance shall be made on such forms, and shall contain such information and data (fiscal and otherwise) concerning the operation and administration of the State unemployment compensation law, as the Secretary of Labor deems necessary or relevant to the performance of his duties under this title,

"(B) the amount required by any State for the payment of compensation in any month shall be determined with due allowance for contingencies and taking into account all other amounts that will be available in the State's unemployment fund for the payment of compensation in such month, and

"(C) the term 'compensation' means cash benefits payable to individuals with respect to their unemployment, exclusive of expenses of administration.

"(b) The Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, transfer from the Federal unemployment account to the account of the State in the Unemployment Trust Fund the amount certified under subsection (a) by the Secretary of Labor (but not exceeding that portion of the balance in the Federal unemployment account at the time of the transfer which is not restricted as to use pursuant to section 903(b)(1)).

Ante, p. 975.

"REPAYMENT BY STATES OF ADVANCES TO STATE UNEMPLOYMENT FUNDS

"SEC. 1202. The Governor of any State may at any time request that funds be transferred from the account of such State to the Federal unemployment account in repayment of part or all of that balance of advances, made to such State under section 1201, specified in the request. The Secretary of Labor shall certify to the Secretary of the Treasury the amount and balance specified in the request; and the Secretary of the Treasury shall promptly transfer such amount in reduction of such balance.

"ADVANCES TO FEDERAL UNEMPLOYMENT ACCOUNT

"SEC. 1203. There are hereby authorized to be appropriated to the Federal unemployment account, as repayable advances (without interest), such sums as may be necessary to carry out the purposes of this title. Whenever, after the application of section 901(f)(3) with respect to the excess in the employment security administration account as of the close of any fiscal year, there remains any portion of such excess, so much of such remainder as does not exceed the balance of advances made pursuant to this section shall be transferred to the general fund of the Treasury and shall be credited against, and shall operate to reduce, such balance of advances.

Ante, p. 973.

"DEFINITION OF GOVERNOR

"SEC. 1204. When used in this title, the term 'Governor' includes the Commissioners of the District of Columbia."

(b)(1) No amount shall be transferred on or after the date of the enactment of this Act from the Federal unemployment account to the account of any State in the Unemployment Trust Fund pursuant to any application made under section 1201(a) of the Social Security Act as in effect before such date; except that, if—

(A) some but not all of an amount certified by the Secretary of Labor to the Secretary of the Treasury for transfer to the account of any State was transferred to such account before such date, and

(B) the Governor of such State, after the date of the enactment of this Act, requests the Secretary of the Treasury to transfer all or any part of the remainder to such account,

the Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, transfer from the Federal unemployment account to the account of such State in the Unemployment Trust Fund the amount so requested or (if smaller) the amount available in the Federal unemployment account at the time of the transfer. No such amount shall be transferred under this paragraph after the one-year period beginning on the date of the enactment of this Act.

(2) For purposes of section 3302(c) of the Federal Unemployment Tax Act and titles IX and XII of the Social Security Act, if any

Post, p. 980.
Ante, pp. 970, 978.

amount is transferred pursuant to paragraph (1) to the unemployment account of any State, such amount shall be treated as an advance made before the date of the enactment of this Act.

AMENDMENTS TO THE FEDERAL UNEMPLOYMENT TAX ACT

Increase in Tax Rate

SEC. 523. (a) Section 3301 of the Internal Revenue Code of 1954 (relating to rate of tax under Federal Unemployment Tax Act) is amended— 26 USC 3301.

(1) by striking out "1955" and inserting in lieu thereof "1961", and

(2) by striking out "3 percent" and inserting in lieu thereof "3.1 percent".

Computation of Credits Against Tax

(b) Section 3302 of such Code (relating to credits against tax) is amended by striking out subsection (c) and inserting in lieu thereof the following new subsections: 26 USC 3302.

"(c) LIMIT ON TOTAL CREDITS.—

"(1) The total credits allowed to a taxpayer under this section shall not exceed 90 percent of the tax against which such credits are allowable.

"(2) If an advance or advances have been made to the unemployment account of a State under title XII of the Social Security Act before the date of the enactment of the Employment Security Act of 1960, then the total credits (after applying subsections (a) and (b) and paragraph (1) of this subsection) otherwise allowable under this section for the taxable year in the case of a taxpayer subject to the unemployment compensation law of such State shall be reduced— Ante, pp. 978, 970.

"(A) in the case of a taxable year beginning with the fourth consecutive January 1 as of the beginning of which there is a balance of such advances, by 5 percent of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State; and

"(B) in the case of any succeeding taxable year beginning with a consecutive January 1 as of the beginning of which there is a balance of such advances, by an additional 5 percent, for each such succeeding taxable year, of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State.

"(3) If an advance or advances have been made to the unemployment account of a State under title XII of the Social Security Act on or after the date of the enactment of the Employment Security Act of 1960, then the total credits (after applying subsections (a) and (b) and paragraphs (1) and (2) of this subsection) otherwise allowable under this section for the taxable year in the case of a taxpayer subject to the unemployment compensation law of such State shall be reduced—

"(A) (i) in the case of a taxable year beginning with the second consecutive January 1 as of the beginning of which there is a balance of such advances, by 10 percent of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State; and

"(ii) in the case of any succeeding taxable year beginning with a consecutive January 1 as of the beginning of which there is a balance of such advances, by an additional 10 percent, for each such succeeding taxable year, of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State;

Ante, p. 980.

"(B) in the case of a taxable year beginning with the third or fourth consecutive January 1 as of the beginning of which there is a balance of such advances, by the amount determined by multiplying the wages paid by such taxpayer during such taxable year which are attributable to such State by the percentage (if any) by which—

"(i) 2.7 percent, exceeds

"(ii) the average employer contribution rate for such State for the calendar year preceding such taxable year; and

"(C) in the case of a taxable year beginning with the fifth or any succeeding consecutive January 1 as of the beginning of which there is a balance of such advances, by the amount determined by multiplying the wages paid by such taxpayer during such taxable year which are attributable to such State by the percentage (if any) by which—

"(i) the 5-year benefit cost rate applicable to such State for such taxable year or (if higher) 2.7 percent, exceeds

"(ii) the average employer contribution rate for such State for the calendar year preceding such taxable year.

"(d) DEFINITIONS AND SPECIAL RULES RELATING TO SUBSECTION (c).—

"(1) RATE OF TAX DEEMED TO BE 3 PERCENT.—In applying subsection (c), the tax imposed by section 3301 shall be computed at the rate of 3 percent in lieu of 3.1 percent.

"(2) WAGES ATTRIBUTABLE TO A PARTICULAR STATE.—For purposes of subsection (c), wages shall be attributable to a particular State if they are subject to the unemployment compensation law of the State, or (if not subject to the unemployment compensation law of any State) if they are determined (under rules or regulations prescribed by the Secretary or his delegate) to be attributable to such State.

"(3) ADDITIONAL TAXES INAPPLICABLE WHERE ADVANCES ARE REPAID BEFORE NOVEMBER 10 OF TAXABLE YEAR.—Paragraph (2) or (3) of subsection (c) shall not apply with respect to any State for the taxable year if (as of the beginning of November 10 of such year) there is no balance of advances referred to in such paragraph.

"(4) AVERAGE EMPLOYER CONTRIBUTION RATE.—For purposes of subparagraphs (B) and (C) of subsection (c)(3), the average employer contribution rate for any State for any calendar year is that percentage obtained by dividing—

"(A) the total of the contributions paid into the State unemployment fund with respect to such calendar year, by

"(B) the total of the remuneration subject to contributions under the State unemployment compensation law with respect to such calendar year.

For purposes of subparagraph (C) of subsection (c)(3), if the average employer contribution rate for any State for any calendar year (determined without regard to this sentence) equals or exceeds 2.7 percent, such rate shall be determined by increas-

ing the amount taken into account under subparagraph (A) of the preceding sentence by the aggregate amount of employee payments (if any) into the unemployment fund of such State with respect to such calendar year which are to be used solely in the payment of unemployment compensation.

"(5) 5-YEAR BENEFIT COST RATE.—For purposes of subparagraph (C) of subsection (c)(3), the 5-year benefit cost rate applicable to any State for any taxable year is that percentage obtained by dividing—

"(A) one-fifth of the total of the compensation paid under the State unemployment compensation law during the 5-year period ending at the close of the second calendar year preceding such taxable year, by

"(B) the total of the remuneration subject to contributions under the State unemployment compensation law with respect to the first calendar year preceding such taxable year.

"(6) ROUNDING.—If any percentage referred to in either subparagraph (B) or (C) of subsection (c)(3) is not a multiple of .1 percent, it shall be rounded to the nearest multiple of .1 percent.

"(7) DETERMINATION AND CERTIFICATION OF PERCENTAGES.—The percentage referred to in subsection (c)(3) (B) or (C) for any taxable year for any State having a balance referred to therein shall be determined by the Secretary of Labor, and shall be certified by him to the Secretary of the Treasury before June 1 of such year, on the basis of a report furnished by such State to the Secretary of Labor before May 1 of such year. Any such State report shall be made as of the close of March 31 of the taxable year, and shall be made on such forms, and shall contain such information, as the Secretary of Labor deems necessary to the performance of his duties under this section.

"(8) CROSS REFERENCE.—

"For reduction of total credits allowable under subsection (c), see section 104 of the Temporary Unemployment Compensation Act of 1958."

Effective Date

(c) The amendments made by subsection (a) shall apply only with respect to the calendar year 1961 and calendar years thereafter.

CONFORMING AMENDMENTS

SEC. 524. (a) Section 301 of the Social Security Act is amended to read as follows: 42 USC 501.

"APPROPRIATIONS

"SEC. 301. The amounts made available pursuant to section 901(c)(1)(A) for the purpose of assisting the States in the administration of their unemployment compensation laws shall be used as hereinafter provided." Ante, p. 971.

(b) Section 104 of the Temporary Unemployment Compensation Act of 1958, as amended, is amended— 42 USC 1400c.

(1) by striking out subsection (b); and

(2) by amending subsection (a) by striking out the heading and "(a)", and by striking out "by December 1" and inserting in lieu thereof "before November 10".

PART 3—EXTENSION OF COVERAGE UNDER UNEMPLOYMENT COMPENSATION PROGRAM

FEDERAL INSTRUMENTALITIES

26 USC 3305.

SEC. 531. (a) Section 3305(b) of the Internal Revenue Code of 1954 is amended to read as follows:

"(b) FEDERAL INSTRUMENTALITIES IN GENERAL.—The legislature of any State may require any instrumentality of the United States (other than an instrumentality to which section 3306(c)(6) applies), and the individuals in its employ, to make contributions to an unemployment fund under a State unemployment compensation law approved by the Secretary of Labor under section 3304 and (except as provided in section 5240 of the Revised Statutes, as amended (12 U.S.C., sec. 484), and as modified by subsection (c)), to comply otherwise with such law. The permission granted in this subsection shall apply (A) only to the extent that no discrimination is made against such instrumentality, so that if the rate of contribution is uniform upon all other persons subject to such law on account of having individuals in their employ, and upon all employees of such persons, respectively, the contributions required of such instrumentality or the individuals in its employ shall not be at a greater rate than is required of such other persons and such employees, and if the rates are determined separately for different persons or classes of persons having individuals in their employ or for different classes of employees, the determination shall be based solely upon unemployment experience and other factors bearing a direct relation to unemployment risk; (B) only if such State law makes provision for the refund of any contributions required under such law from an instrumentality of the United States or its employees for any year in the event such State is not certified by the Secretary of Labor under section 3304 with respect to such year; and (C) only if such State law makes provision for the payment of unemployment compensation to any employee of any such instrumentality of the United States in the same amount, on the same terms, and subject to the same conditions as unemployment compensation is payable to employees of other employers under the State unemployment compensation law."

Infra.

Post, p. 986.

(b) The third sentence of section 3305(g) of such Code is amended by striking out "not wholly" and inserting in lieu thereof "neither wholly nor partially".

26 USC 3306.

(c) Section 3306(c)(6) of such Code is amended to read as follows:

"(6) service performed in the employ of the United States Government or of an instrumentality of the United States which is—

"(A) wholly or partially owned by the United States, or

"(B) exempt from the tax imposed by section 3301 by virtue of any provision of law which specifically refers to such section (or the corresponding section of prior law) in granting such exemption;".

Ante, p. 980.

26 USC 3308, 3309, 3307.

(d)(1) Chapter 23 of such Code is amended by renumbering section 3308 as section 3309 and by inserting after section 3307 the following new section:

"SEC. 3308. INSTRUMENTALITIES OF THE UNITED STATES.

"Notwithstanding any other provision of law (whether enacted before or after the enactment of this section) which grants to any instrumentality of the United States an exemption from taxation, such instrumentality shall not be exempt from the tax imposed by section 3301 unless such other provision of law grants a specific exemption, by reference to section 3301 (or the corresponding section of prior law), from the tax imposed by such section."

(2) The table of sections for such chapter is amended by striking out the last line and inserting in lieu thereof the following:

"Sec. 3308. Instrumentalities of the United States.
"Sec. 3309. Short title."

(e) So much of the first sentence of section 1501(a) of the Social Security Act as precedes paragraph (1) is amended by striking out "wholly" and inserting in lieu thereof "wholly or partially". 42 USC 1361.

(f) The first sentence of section 1507(a) of the Social Security Act is amended by striking out "wholly" and inserting in lieu thereof "wholly or partially". 42 USC 1367.

(g) Notwithstanding section 203(b) of the Farm Credit Act of 1959, sections 3305(b), 3306(c)(6), and 3308 of the Internal Revenue Code of 1954 and sections 1501(a) and 1507(a) of the Social Security Act shall be applicable, according to their terms, to the Federal land banks, Federal intermediate credit banks, and banks for cooperatives. 73 Stat. 390. 12 USC 6401 note. Ante, p. 983.

AMERICAN AIRCRAFT

SEC. 532. (a) So much of section 3306(c) of the Internal Revenue Code of 1954 as precedes paragraph (1) thereof is amended by striking out "or (B) on or in connection with an American vessel" and all that follows down through the phrase "outside the United States," and by inserting in lieu thereof the following: "or (B) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States,". 26 USC 3306.

(b) Section 3306(c)(4) of such Code is amended to read as follows:

"(4) service performed on or in connection with a vessel or aircraft not an American vessel or American aircraft, if the employee is employed on and in connection with such vessel or aircraft when outside the United States;".

(c) Section 3306(m) of such Code is amended—

(1) by striking out the heading and inserting in lieu thereof the following:

"(m) AMERICAN VESSEL AND AIRCRAFT.—"; and

(2) by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: "and the term 'American aircraft' means an aircraft registered under the laws of the United States."

FEEDER ORGANIZATIONS, ETC.

SEC. 533. Section 3306(c)(8) of the Internal Revenue Code of 1954 is amended to read as follows:

"(8) service performed in the employ of a religious, charitable, educational, or other organization described in section 501(c)(3) which is exempt from income tax under section 501(a);". 26 USC 501.

FRATERNAL BENEFICIARY SOCIETIES, AGRICULTURAL ORGANIZATIONS, VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATIONS, ETC.

SEC. 534. Section 3306(c)(10) of the Internal Revenue Code of 1954 is amended to read as follows:

"(10)(A) service performed in any calendar quarter in the employ of any organization exempt from income tax under section 501(a) (other than an organization described in section

26 USC 401, 521.

401(a)) or under section 521, if the remuneration for such service is less than $50, or

"(B) 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;".

EFFECTIVE DATE

SEC. 535. The amendments made by this part (other than the amendments made by subsections (e) and (f) of section 531) shall apply with respect to remuneration paid after 1961 for services performed after 1961. The amendments made by subsections (e) and (f) of section 531 shall apply with respect to any week of unemployment which begins after December 31, 1960.

PART 4—EXTENSION OF FEDERAL-STATE UNEMPLOYMENT COMPENSATION PROGRAM TO PUERTO RICO

EXTENSION OF TITLES III, IX, AND XII OF THE SOCIAL SECURITY ACT

SEC. 541. Effective on and after January 1, 1961, paragraphs (1) and
42 USC 1301. (2) of section 1101(a) of the Social Security Act are amended to read as follows:

"(1) The term 'State', except where otherwise provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles I, IV, V, VII, X, and XIV includes the Virgin Islands and Guam.

Post, p.987.
42 USC 301, 601, 701, 902, 1201, 1351.

"(2) The term 'United States' when used in a geographical sense means, except where otherwise provided, the States, the District of Columbia, and the Commonwealth of Puerto Rico."

FEDERAL EMPLOYEES AND EX-SERVICEMEN

SEC. 542. (a)(1) Effective with respect to weeks of unemployment
42 USC 1363. beginning after December 31, 1965, section 1503(b) of such Act is amended by striking out "Puerto Rico or".

(2) Effective with respect to first claims filed after December 31,
42 USC 1364. 1965, paragraph (3) of section 1504 of such Act is amended by striking out "Puerto Rico or" wherever appearing therein.

(b)(1) Effective on and after January 1, 1961 (but only in the case of weeks of unemployment beginning before January 1, 1966)—

42 USC 1362. (A) Section 1502(b) of such Act is amended by striking out "(b) Any" and inserting in lieu thereof "(b)(1) Except as provided in paragraph (2), any", and by adding at the end thereof the following new paragraph:

"(2) In the case of the Commonwealth of Puerto Rico, the agreement shall provide that compensation will be paid by the Commonwealth of Puerto Rico to any Federal employee whose Federal service and Federal wages are assigned under section 1504 to such Commonwealth, with respect to unemployment after December 31, 1960 (but only in the case of weeks of unemployment beginning before January 1, 1966), in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis

of his Federal service and Federal wages. In applying this paragraph or subsection (b) of section 1503, as the case may be, employment and wages under the unemployment compensation law of the Commonwealth of Puerto Rico shall not be combined with Federal service or Federal wages." Ante, p. 985.

(B) Section 1503(a) of such Act is amended by adding at the end thereof the following: "For the purposes of this subsection, the term 'State' does not include the Commonwealth of Puerto Rico."

(C) Section 1503(b) of such Act is amended by adding at the end thereof the following: "This subsection shall apply in respect of the Commonwealth of Puerto Rico only if such Commonwealth does not have an agreement under this title with the Secretary."

(2) Effective on and after January 1, 1961 (but only in the case of first claims filed before January 1, 1966), section 1504 of such Act is amended by adding after and below paragraph (3) the following: "For the purposes of paragraph (2), the term 'United States' does not include the Commonwealth of Puerto Rico."

(c) Effective on and after January 1, 1961—

(1) section 1503(d) of such Act is amended by striking out "Puerto Rico and", and by striking out "agencies" each place it appears and inserting in lieu thereof "agency"; and

(2) section 1511(e) of such Act is amended by striking out "Puerto Rico or". 42 USC 1371.

(d) The last sentence of section 1501(a) of such Act is amended to read as follows: Ante, p. 984.

"For the purpose of paragraph (5) of this subsection, the term 'United States' when used in the geographical sense means the States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands."

EXTENSION OF FEDERAL UNEMPLOYMENT TAX ACT

SEC. 543. (a) Effective with respect to remuneration paid after December 31, 1960, for services performed after such date, section 3306(j) of the Internal Revenue Code of 1954 is amended to read as follows: 26 USC 3306.

"(j) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

"(1) STATE.—The term 'State' includes the District of Columbia and the Commonwealth of Puerto Rico.

"(2) UNITED STATES.—The term 'United States' when used in a geographical sense includes the States, the District of Columbia, and the Commonwealth of Puerto Rico.

An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered for purposes of this section, as a citizen of the United States."

(b) The unemployment compensation law of the Commonwealth of Puerto Rico shall be considered as meeting the requirements of—

(1) Section 3304(a)(2) of the Federal Unemployment Tax Act, if such law provides that no compensation is payable with respect to any day of unemployment occurring before January 1, 1959. 26 USC 3304.

(2) Section 3304(a)(3) of the Federal Unemployment Tax Act and section 303(a)(4) of the Social Security Act, if such law contains the provisions required by those sections and if it requires that, on or before February 1, 1961, there be paid over to the Secretary of the Treasury, for credit to the Puerto Rico 42 USC 503.

account in the Unemployment Trust Fund, an amount equal to the excess of—

(A) the aggregate of the moneys received in the Puerto Rico unemployment fund before January 1, 1961, over

(B) the aggregate of the moneys paid from such fund before January 1, 1961, as unemployment compensation or as refunds of contributions erroneously paid.

48 Stat. 114. (c) Effective on and after January 1, 1961, section 5(b) of the Act of June 6, 1933, as amended (29 U.S.C., sec. 49d(b)), is amended by striking out "Puerto Rico, Guam," and inserting in lieu thereof "Guam".

TITLE VI—MEDICAL SERVICES FOR THE AGED

AMENDMENTS TO TITLE I OF THE SOCIAL SECURITY ACT

SEC. 601. (a) The heading of title I of the Social Security Act is amended to read as follows:

"TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE AND MEDICAL ASSISTANCE FOR THE AGED"

42 USC 301, 302. (b) Sections 1 and 2 of such Act are amended to read as follows:

"APPROPRIATION

"SECTION 1. For the purpose (a) of enabling each State as far as practicable under the conditions in such State, to furnish financial assistance to aged needy individuals and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-care, and (b) of enabling each State, as far as practicable under the conditions in such State, to furnish medical assistance on behalf of aged individuals who are not recipients of old-age assistance but whose income and resources are insufficient to meet the costs of necessary medical services, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare (hereinafter referred to as the 'Secretary'), State plans for old-age assistance, or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged.

"STATE OLD-AGE AND MEDICAL ASSISTANCE PLANS

"SEC. 2. (a) A State plan for old-age assistance, or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged must—

"(1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(2) provide for financial participation by the State;

"(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; 74 STAT. 987.

"(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for assistance under the plan is denied or is not acted upon with reasonable promptness; 74 STAT. 988.

"(5) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan;

"(6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

"(7) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the State plan;

"(8) provide that all individuals wishing to make application for assistance under the plan shall have opportunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals;

"(9) provide, if the plan includes assistance for or on behalf of 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;

"(10) if the State plan includes old-age assistance—

"(A) provide that the State agency shall, in determining need for such assistance, take into consideration any other income and resources of an individual claiming old-age assistance;

"(B) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of such assistance; and

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

"(11) if the State plan includes medical assistance for the aged—

"(A) provide for inclusion of some institutional and some noninstitutional care and services;

"(B) provide that no enrollment fee, premium, or similar charge will be imposed as a condition of any individual's eligibility for medical assistance for the aged under the plan;

"(C) provide for inclusion, to the extent required by regulations prescribed by the Secretary, of provisions (conforming to such regulations) with respect to the furnishing of such assistance to individuals who are residents of the State but are absent therefrom;

"(D) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of such assistance; and

"(E) provide that no lien may be imposed against the property of any individual prior to his death on account of medical assistance for the aged paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such individual), and that there shall be no adjustment or recovery (except, after the death of such individual and his surviving spouse, if any, from such individual's estate) of any medical assistance for the aged correctly paid on behalf of such individual under the plan.

"(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 assistance under the plan—

"(1) an age requirement of more than sixty-five years; or

"(2) any residence requirement which (A) in the case of applicants for old-age assistance, excludes any resident of the State who has resided therein five years during the nine years immediately preceding the application for old-age assistance and has resided therein continuously for one year immediately preceding the application, and (B) in the case of applicants for medical assistance for the aged, excludes any individual who resides in the State; or

"(3) any citizenship requirement which excludes any citizen of the United States.

"(c) Nothing in this title shall be construed to permit a State to have in effect with respect to any period more than one State plan approved under this title."

42 USC 303. (c) Section 3(a) of such Act is amended to read as follows:

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1960—

"(1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of recipients of old-age assistance for such month (which total number, for purposes of this subsection, means (i) the number of individuals who received old-age assistance in the form of money payments for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as old-age assistance in the form of medical or any other type of remedial care); plus

Post, p. 992. "(B) the Federal percentage (as defined in section 1101(a)(8)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of $65 multiplied by the total number of such recipients of old-age assistance for such month; plus

"(C) the larger of the following: (i) the Federal medical percentage (as defined in section 6(c)) of the amount by which such expenditures exceed the maximum which may be counted under clause (B), not counting so much of any expenditure with respect to any month as exceeds (I) the product of $77 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of $65 multiplied by such total number of such recipients, or (ii) 15 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of $12 multiplied by the total number of such recipients of old-age assistance for such month; and

"(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to—

"(A) one-half of the total of the sums expended during such quarter as old-age assistance under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds $35 multiplied by the total number of recipients of old-age assistance for such month; plus

"(B) the larger of the following amounts: (i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds (I) the product of $41 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of $35 multiplied by the total number of such recipients, or (ii) 15 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of $6 multiplied by the total number of such recipients of old-age assistance for such month; and

"(3) in the case of any State, an amount equal to the Federal medical percentage (as defined in section 6(c)) of the total amounts expended during such quarter as medical assistance for the aged under the State plan (including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof); and

"(4) in the case of any State, an amount equal to one-half of the total of the sums 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, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care."

(d) Section 3(b)(2)(B) of such Act is amended by striking out "old-age assistance" and inserting in lieu thereof "assistance". 42 USC 303.

42 USC 304. (e) Section 4 of such Act is amended by striking out "State plan for old-age assistance which has been approved" and inserting in lieu thereof "State plan which has been approved under this title".

42 USC 306. (f) (1) Section 6 of such Act is amended by striking out "but does not include" and all that follows and inserting in lieu thereof "but does not include—

"(1) any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution), or any individual who is a patient in an institution for tuberculosis or mental diseases, or

"(2) any such payments to any individual who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof, or

"(3) any such care in behalf of any individual, who is a patient in a medical institution as a result of a diagnosis that he has tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days."

(2) Section 6 is further amended by inserting "(a)" immediately after "SEC. 6." and by adding after such section 6 the following new subsections:

"(b) For purposes of this title, the term 'medical assistance for the aged' means payment of part or all of the cost of the following care and services for individuals sixty-five years of age or older who are not recipients of old-age assistance but whose income and resources are insufficient to meet all of such cost—

"(1) inpatient hospital services;
"(2) skilled nursing-home services;
"(3) physicians' services;
"(4) outpatient hospital or clinic services;
"(5) home health care services;
"(6) private duty nursing services;
"(7) physical therapy and related services;
"(8) dental services;
"(9) laboratory and X-ray services;
"(10) prescribed drugs, eyeglasses, dentures, and prosthetic devices;
"(11) diagnostic, screening, and preventive services; and
"(12) any other medical care or remedial care recognized under State law;

except that such term does not include any such payments with respect to—

"(A) care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases; or

"(B) care or services for any individual, who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.

"(c) For purposes of this title, the term 'Federal medical percentage' for any State shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 50 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (i) the Federal medical percentage shall in no case be less than 50 per centum or more than 80 per centum, and (ii) the Federal medical per-

centage for Puerto Rico, the Virgin Islands, and Guam shall be 50 per centum. The Federal medical percentage for any State shall be determined and promulgated in accordance with the provisions of subparagraph (B) of section 1101(a)(8) (other than the proviso at the end thereof); except that the Secretary shall, as soon as possible after enactment of the Social Security Amendments of 1960, determine and promulgate the Federal medical percentage for each State— Infra.

"(1) for the period beginning October 1, 1960, and ending with the close of June 30, 1961, which promulgation shall be based on the same data with respect to per capita income as the data used by the Secretary in promulgating the Federal percentage (under section 1101(a)(8)) for such State for the fiscal year ending June 30, 1961 (which promulgation of the Federal medical percentage shall be conclusive for such period), and

"(2) for the period beginning July 1, 1961, and ending with the close of June 30, 1963, which promulgation shall be based on the same data with respect to per capita income as the data used by the Secretary in promulgating the Federal percentage (under section 1101(a)(8)) for such State for such period (which promulgation of the Federal medical percentage shall be conclusive for such period)."

INCREASE IN LIMITATIONS ON ASSISTANCE PAYMENT TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 602. Section 1108 of the Social Security Act is amended by— 42 USC 1308.

(1) striking out "$8,500,000" and inserting in lieu thereof "$9,000,000, of which $500,000 may be used only for payments certified with respect to section 3(a)(2)(B)"; Ante, p.

(2) striking out "$300,000" and inserting in lieu thereof "$315,000, of which $15,000 may be used only for payments certified in respect to section 3(a)(2)(B)";

(3) striking out "$400,000" and inserting in lieu thereof "$420,000, of which $20,000 may be used only for payments certified in respect to section 3(a)(2)(B)"; and

(4) striking out "titles I, IV, X, and XIV", and inserting in lieu thereof "titles I (other than section 3(a)(3) thereof), IV, X, and XIV".

TECHNICAL AMENDMENT

SEC. 603. (a) Section 618 of the Revenue Act of 1951 (65 Stat. 569) is amended by striking out "title I" and inserting in lieu thereof "title I (other than section 3(a)(3) thereof)".

(b) The amendment made by subsection (a) shall take effect October 1, 1960.

EFFECTIVE DATES

SEC. 604. The amendments made by section 601 of this Act shall take effect October 1, 1960, and the amendments made by section 602 shall be effective with respect to fiscal years ending after 1960.

TITLE VII—MISCELLANEOUS

INVESTMENT OF TRUST FUNDS

SEC. 701. (a) Section 201(c) of the Social Security Act is amended by inserting after the third sentence the following new sentence: "The Board of Trustees shall meet not less frequently than once each six months." 42 USC 401. 74 STAT. 992.

(b) Section 201(c)(3) of such Act is amended to read as follows: 74 STAT. 993.

"(3) Report immediately to the Congress whenever the Board of Trustees is of the opinion that the amount of either of the Trust Funds is unduly small;".

(c) Section 201(c) of such Act is further amended by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and by inserting after paragraph (4) the following new paragraph:

"(5) Review the general policies followed in managing the Trust Funds, and recommend changes in such policies, including necessary changes in the provisions of the law which govern the way in which the Trust Funds are to be managed."

42 USC 401. (d) Section 201(d) of such Act is amended to read as follows:

"(d) It shall be the duty of the Managing Trustee to invest such portion of the Trust Funds as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligation for purchase by the Trust Funds. Such obligations issued for purchase by the Trust Funds shall have maturities fixed with due regard for the needs of the Trust Funds and shall bear interest at a rate equal to the average market yield (computed by the Managing Trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield. The Managing Trustee may purchase other interest-bearing obligations of the United States or obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, only where he determines that the purchase of such other obligations is in the public interest."

40 Stat. 288.
31 USC 774.

42 USC 401. (e) Section 201(e) of such Act is amended by striking out "special obligations" each place it appears and inserting in lieu thereof "public-debt obligations".

(f) The amendments made by this section shall take effect on the first day of the first month beginning after the date of the enactment of this Act.

SURVIVAL OF ACTIONS

42 USC 405. SEC. 702. (a) Section 205(g) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Any action instituted in accordance with this subsection shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in such office."

(b) The amendment made by subsection (a) shall apply to actions which are pending in court on the date of the enactment of this Act or are commenced after such date.

74 STAT. 993.
74 STAT. 994.

PERIODS OF LIMITATION ENDING ON NONWORK DAYS

Ante, p. 968. SEC. 703. Section 216 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Periods of Limitation Ending on Nonwork Days

"(j) Where this title, any provision of another law of the United States (other than the Internal Revenue Code of 1954) relating to or changing the effect of this title, or any regulation issued by the Secretary pursuant thereto provides for a period within which an

act is required to be done which affects eligibility for or the amount of any benefit or payment under this title or is necessary to establish or protect any rights under this title, and such period ends on a Saturday, Sunday, or legal holiday, or on any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order, then such act shall be considered as done within such period if it is done on the first day thereafter which is not a Saturday, Sunday, or legal holiday or any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive order. For purposes of this subsection, the day on which a period ends shall include the day on which an extension of such period, as authorized by law or by the Secretary pursuant to law, ends. The provisions of this subsection shall not extend the period during which benefits under this title may (pursuant to section 202(j)(1) or 223(b)) be paid for months prior to the day application for such benefits is filed, or during which an application for benefits under this title may (pursuant to section 202(j)(2) or 223(b)) be accepted as such."

Ante, pp. 936, 967.

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

SEC. 704. (a) Section 116(e) of the Social Security Amendments of 1956 is amended to read as follows:

42 USC 401a.

"(e) During 1963, 1966, and every fifth year thereafter, the Secretary shall appoint an Advisory Council on Social Security Financing, with the same functions, and constituted in the same manner, as prescribed in the preceding subsections of this section. Each such Council shall report its findings and recommendations, as prescribed in subsection (d), not later than January 1 of the second year after the year in which it is appointed, after which date such Council shall cease to exist, and such report and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1."

(b) Section 116 of the Social Security Amendments of 1956 is further amended by adding at the end thereof the following new subsection:

"(f) The Advisory Council appointed under subsection (e) during 1963 shall, in addition to the other findings and recommendations it is required to make, include in its report its findings and recommendations with respect to extensions of the coverage of the old-age, survivors, and disability insurance program, the adequacy of benefits under the program, and all other aspects of the program."

74 STAT. 994.
74 STAT. 995.

MEDICAL CARE GUIDES AND REPORTS FOR PUBLIC ASSISTANCE AND MEDICAL ASSISTANCE FOR THE AGED

SEC. 705. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

42 USC 1301-1310.

"MEDICAL CARE GUIDES AND REPORTS FOR PUBLIC ASSISTANCE AND MEDICAL ASSISTANCE FOR THE AGED

"SEC. 1112. In order to assist the States to extend the scope and content, and improve the quality, of medical care and medical services for which payments are made to or on behalf of needy and low-income individuals under this Act and in order to promote better public understanding about medical care and medical assistance for needy and low-income individuals, the Secretary shall develop and revise from time to time guides or recommended standards as to the level,

content, and quality of medical care and medical services for the use of the States in evaluating and improving their public assistance medical care programs and their programs of medical assistance for the aged; shall secure periodic reports from the States on items included in, and the quantity of, medical care and medical services for which expenditures under such programs are made; and shall from time to time publish data secured from these reports and other information necessary to carry out the purposes of this section."

TEMPORARY EXTENSION OF CERTAIN SPECIAL PROVISIONS RELATING TO STATE PLANS FOR AID TO THE BLIND

42 USC 1202a note.

SEC. 706. Section 344(b) of the Social Security Act Amendments of 1950 is amended by striking out "June 30, 1961" and inserting in lieu thereof "June 30, 1964".

MATERNAL AND CHILD WELFARE

42 USC 701.

SEC. 707. (a)(1)(A) Section 501 of the Social Security Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the sum of $21,500,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the sum of $25,000,000".

42 USC 702.

(B) Section 502(a)(2) of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the Secretary shall allot $10,750,000 as follows: He shall allot to each State $60,000 (even though the amount appropriated for such year is less than $21,500,000), and shall allot each State such part of the remainder of the $10,750,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the Secretary shall allot $12,500,000 as follows: He shall allot to each State $70,000 (even though the amount appropriated for such year is less than $25,000,000), and shall allot each State such part of the remainder of the $12,500,000".

(C) The first sentence of section 502(b) of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the sum of $10,750,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the sum of $12,500,000".

42 USC 711.

(2)(A) Section 511 of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the sum of $20,000,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the sum of $25,000,000".

74 STAT. 995.
74 STAT. 996.

42 USC 712.

(B) Section 512(a)(2) of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the Secretary shall allot $10,000,000 as follows: He shall allot to each State $60,000 (even though the amount appropriated for such year is less than $20,000,000) and shall allot the remainder of the $10,000,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the Secretary shall allot $12,500,000 as follows: He shall allot to each State $70,000 (even though the amount appropriated for such year is less than $25,000,000) and shall allot the remainder of the $12,500,000"

(C) The first sentence of section 512(b) of such Act is amended by striking out "for each fiscal year beginning after June 30, 1958, the sum of $10,000,000" and inserting in lieu thereof "for each fiscal year beginning after June 30, 1960, the sum of $12,500,000".

42 USC 721.

(3)(A) Section 521 of such Act is amended by striking out "for each fiscal year, beginning with the fiscal year ending June 30, 1959, the sum of $17,000,000" and inserting in lieu thereof "for each fiscal year, beginning with the fiscal year ending June 30, 1961, the sum of $25,000,000".

(B) Section 522(a) such Act is amended by striking out "such portion of $60,000" and inserting in lieu thereof "$50,000 or, if greater, such portion of $70,000". 42 USC 722.

(b)(1)(A) The second sentence of section 502(b) of such Act is amended by inserting "from time to time" after "shall be allotted", and by inserting before the period at the end thereof the following: "; except that not more than 25 per centum of such sums shall be available for grants to State health agencies (administering or supervising the administration of a State plan approved under section 503), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of maternal and child health". 42 USC 702. 42 USC 703.

(B) Section 504(c) of such Act is amended by adding at the end thereof the following new sentence: "Payments of grants for special projects under section 502(b) may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the grants." 42 USC 704.

(2)(A) The second sentence of section 512(b) of such Act is amended by inserting "from time to time" after "shall be allotted", and by inserting before the period at the end thereof the following: "; except that not more than 25 per centum of such sums shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 513), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of services for crippled children". 42 USC 712.

(B) Section 514(c) of such Act is amended by adding at the end thereof the following new sentence: "Payments of grants for special projects under section 512(b) may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the grants." 42 USC 714.

(3) Part 3 of title V of such Act is amended by inserting at the end thereof the following new section: 74 STAT. 996. 74 STAT. 997.

"RESEARCH OR DEMONSTRATION PROJECTS

"SEC. 526. (a) There are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine for grants by the Secretary to public or other nonprofit institutions of higher learning, and to public or other nonprofit agencies and organizations engaged in research or child welfare activities, for special research or demonstration projects in the field of child welfare which are of regional or national significance and for special projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare.

"(b) Payments of grants for special projects under this section may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the grants."

(c) The amendments made by this section shall be effective only with respect to fiscal years beginning after June 30, 1960.

AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

45 USC 228a.

SEC. 708. Section 1(q) of the Railroad Retirement Act of 1937 is amended by striking out "1958" and inserting in lieu thereof "1960".

MEANING OF TERM "SECRETARY"

SEC. 709. As used in this Act and the provisions of the Social Security Act amended by this Act the term "Secretary", unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

AID TO THE BLIND

SEC. 710. (a) Effective for the period beginning with the first day of the calendar quarter which begins after the date of enactment of this Act, and ending with the close of June 30, 1962, clause (8) of section

42 USC 1202.

1002(a) of the Social Security Act is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard either (i) the first $50 per month of earned income, or (ii) the first $85 per month of earned income plus one-half of earned income in excess of $85 per month;".

(b) Effective July 1, 1962, clause (8) of such section 1002(a) is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard the first $85 per month of earned income, plus one-half of earned income in excess of $85 per month;".

Approved September 13, 1960.

COMMITTEE ON FINANCE
UNITED STATES SENATE

Harry Flood Byrd, *Chairman*

JUNE 24, 1960

MAJOR DIFFERENCES IN THE PRESENT SOCIAL SECURITY LAW AND H.R. 12580 AS PASSED BY THE HOUSE OF REPRESENTATIVES

Printed for the use of the Committee on Finance

COMMITTEE ON FINANCE

HARRY FLOOD BYRD, Virginia, *Chairman*

ROBERT S. KERR, Oklahoma
J. ALLEN FREAR, JR., Delaware
RUSSELL B. LONG, Louisiana
GEORGE A. SMATHERS, Florida
CLINTON P. ANDERSON, New Mexico
PAUL H. DOUGLAS, Illinois
ALBERT GORE, Tennessee
HERMAN E. TALMADGE, Georgia
EUGENE J. McCARTHY, Minnesota
VANCE HARTKE, Indiana

JOHN J. WILLIAMS, Delaware
FRANK CARLSON, Kansas
WALLACE F. BENNETT, Utah
JOHN MARSHALL BUTLER, Maryland
CARL T. CURTIS, Nebraska
THRUSTON B. MORTON, Kentucky

ELIZABETH B. SPRINGER, *Chief Clerk*

CONTENTS

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

MEDICAL SERVICES FOR THE AGED

(New Title XIV)

PUBLIC ASSISTANCE

MATERNAL AND CHILD WELFARE SERVICES

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS

Major differences in the present social security law and H.R. 12580 as passed by the House of Representatives

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

I. COVERAGE

[References are to the sections of the bill as referred to the Senate, and the pages to H. Rept. 1799, 86th Cong., 2d sess.]

Item	Present law	H.R. 12580
A. Self-employed:		
1. Professional groups	Covers all professional groups except physicians.	Covers physicians. Effective date: Taxable years ending on or after Dec. 31, 1960. Bill: Sec. 104. House report, pp. 4, 5, 17, 75–77. (Also covers as employees medical and dental interns and medical and dental residents in training who are employed in hospitals of the Federal Government, and interns in the employ of a privately operated hospital who have completed a 4-year course in a medical school chartered according to State law.)
2. Ministers	*Covers* duly ordained, commissioned or licensed ministers, Christian Science practitioners, and members of religious orders (other than those who have taken a vow of poverty) serving in the United States, and those serving outside the country who are citizens and either working for United States employers or serving a congregation predominantly made up of United States citizens. Coverage is available under the self-employment coverage provisions on an individual voluntary basis regardless of whether they are employees or self-employed.	
	Allows election of coverage by filing of certificate for present minister, generally up until Apr. 15, 1959.	Extends the period of time generally through Apr. 15, 1962, within which present ministers may elect coverage. Bill: Sec. 101. House report, pp. 21, 22, 59. Permits the validation of coverage of certain clergymen who filed tax returns reporting self-employment earnings from the ministry for certain years after 1954 and before 1960 even though, through error, they had not filed waiver certificates effective for those years. Waiver certificate must be filed and taxes for these years must be paid by Apr. 15, 1962. Bill: Sec. 101(c). House report: Pp. 22, 59, 60.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	H.R. 12580
B. Employees	*Covers* employees including certain agent or commission drivers, life-insurance salesmen, homeworkers, traveling salesmen, and officers of corporations regardless of the common law definition of employee.	No change.
1. Domestic workers	*Covers* persons performing domestic service in private nonfarm homes if they receive $50 or more during a calendar quarter from 1 employer. Noncash remuneration is excluded. *Excludes* students performing domestic service in clubs or fraternities if enrolled and regularly attending classes at a school, college, or university.	Lowers coverage requirements to $25 or more during a calendar quarter from 1 employer. Excludes from coverage all earnings of domestic workers who are under the age of 16. Effective date: Jan. 1, 1961. Bill: Sec. 108. House report: Pp. 17–18, 83–84.
2. Casual labor	*Covers* cash remuneration for service not in the course of the employer's trade or business if the remuneration is $50 or more from 1 employer during a calendar quarter.	Lowers coverage requirements to $25 or more during a calendar quarter from 1 employer. Excludes from coverage all earnings of casual workers who are under the age of 16. Effective date: Jan. 1, 1961. Bill: Sec. 108. House report: Pp. 17–18, 83–84.
3. State and local government employees.	*Covers* employees of State and local governments *provided* the individual State enters into an agreement with the Federal Government to provide such coverage, with the following special provisions: a. Employees who are in positions covered under an existing State or local retirement system (except policemen and firemen in most States) may be covered under State agreements only if a referendum is held by a secret written ballot, after not less than 90 days' notice, and if the majority of eligible employees under the retirement system vote in favor of coverage. The Governor of a State must personally certify that certain Social Security Act requirements under the referendum procedure have been properly carried out.	Permits the Governor of a State to delegate to a designated State official the making of the certifications required under the referendum procedure. Bill: Sec. 102(a). House report: pp. 24, 61, 62.
	In most States, all members of a retirement system (with minor exceptions) must be covered if any members are covered.	
	Employees of any institution of higher learning (including a junior college or a teachers' college) under a retirement system can, if the State so desires, be covered as a seperate coverage group. 1 or more political subdivisions may be considered as a separate coverage group even though its employees are under a statewide retirement system.	Allows employees of municipal or county hospital to be treated as a separate coverage group if the State so desires. Bill: Sec. 102(g). House report: pp. 25, 67, 68.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	H.R. 12580
B. Employees—Continued		
3. State and local government employees—Con.	*Retroactive coverage.*—An agreement, or modification of an agreement, agreed to prior to 1960 could be made effective as early as Jan. 1, 1956. Agreements or modifications made after 1959 could only be made retroactive to the 1st day of the year in which they were agreed to. Coverage must begin on the same date for all persons in a coverage group.	Allows agreements or modifications made after 1959 to begin as early as 5 years before the year in which an agreement is made, but no earlier than Jan. 1, 1956. Where a retirement system is covered as a single retirement system coverage group, permits the State to provide different beginning dates for coverage of the employees of different political subdivisions. Bill: Sec. 102(c). House report: pp. 22–23, 62–63.
	Exceptions to general law authorizing coverage in named States: (1) *Split-system provision.*—Authorizes California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Vermont, Washington, and Wisconsin, and all inter-State instrumentalities, at their option, to extend coverage to the members of a State retirement system by dividing such a system into 2 divisions, 1 to be composed of those persons who desire coverage and the other of those persons who do not wish coverage, provided that new members of the retirement system coverage group are covered compulsorily. Also authorizes similar treatment of political subdivision retirement systems of these States.	Provides that where an individual who has chosen not to be covered under the divided retirement system provision becomes a member of a different retirement system group because of the annexation of the employing political subdivision by another political subdivision, or through some other action taken by a political subdivision, such individual will continue to be excluded from coverage. Bill: Sec. 102(b). House report: pp. 23–24, 62.
	(2) *Policemen and firemen.*—Allows the States of Alabama, California, Florida, Georgia, Hawaii, Kansas, Maryland, New York, North Carolina, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, Vermont, and Washington and all inter-State instrumentalities to make coverage available to policemen and firemen in those States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.	Adds Virginia to the list. Bill: Sec. 102(d). House report: p. 24, 63. *Validation of coverage.*—Validates the coverage of certain teachers and school administrative personnel who, for the period Mar. 1, 1951, to Oct. 1, 1959, were reported under the Mississippi coverage agreement as State employees, rather than as employees of the various school districts in Mississippi. Bill: Sec. 102(h). House report: p. 25, 68.
4. Employees of nonprofit organizations.	*Covers* employees of religious, charitable, educational, and other nonprofit organizations (which are exempt from income tax and are described in sec. 501(c)(3) of the Internal Revenue Code) *on a voluntary basis* if—	

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	H.R. 12580
B. Employees—Continued 4. Employees of nonprofit organization—Con.	a. the employer organization certifies that it desires to extend coverage to its employees, and b. at least ⅔ of the organization's employees concur in the filing of a waiver certificate. Employees who do not concur in the filing of the certificate are not covered *except* that all employees hired after a certificate becomes effective are covered. Waiver certificate may be made effective at the option of the organization on the 1st day of the quarter in which the certificate is filed or the 1st day of the succeeding quarter.	Eliminates requirement that ⅔ of the employees concur in filing a certificate. Effective date: Certificates filed after date of enactment. Bill: Sec. 106(a). House report: pp. 20, 78–79.
	Employees of nonprofit organizations who are in positions covered by State and local retirement systems and are members or eligible to become members of such systems must be treated apart from those not in such positions. Certificates must be filed separately for each group and ⅔ of the employees in each group must concur in the filing of its certificate. All new employees who belong to a group for which a certificate has been filed are automatically covered, and new employees who belong to a group for which a certificate has not been filed are not covered.	Eliminates requirement that ⅔ of the employees in the group concur in filing a certificate. Effective date: Certificates filed after date of enactment. Bill: Sec. 106(a). House report: pp. 20, 78–79.
		Validates wages for services performed after 1950 and before July 1, 1960, by certain employees of nonprofit organizations where the organization has been reporting and paying taxes but did not comply with certain provisions of the law: i.e., failed to file a certificate, filed it too late to cover employees who had left, or failed to obtain the signatures of employees who wished coverage. Effective date: No benefits payable or increased for month of enactment or prior month; no lump sum death payment payable or increased if individual died prior to date of enactment. Bill: Sec. 106(b). House report: pp. 20–21, 79–80.
		Validates remuneration erroneously reported as self-employment income for taxable years ending after 1954 and before 1962 by certain lay missionaries (and others). Effective date: No benefits payable or increased for months of enactment or prior month; no lump sum death payment payable or increased if individual died prior to date of enactment. Bill: Sec. 106(c). House report: pp. 20, 80–81.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	H.R. 12580
B. Employees—Continued		
5. Family employment.	*Excludes* persons in the employ of a son, daughter, or spouse; or child under 21, if in the employ of a parent.	Covers parents in the employ of their children, but not if it is domestic service performed in the home of the child or other work not in the course of the child's trade or business. Effective as to services after 1960. Bill: Sec. 105. House report: pp. 18–19, 78.
C. Geographical scope	*Covers* the 50 States, Puerto Rico and the Virgin Islands, and the District of Columbia.	Extends coverage to Guam and American Samoa. Effective for employees, except governmental employees, on Jan. 1, 1960, and for self-employed for taxable years beginning after 1960. Coverage of employees of the governments of Guam and American Samoa—including members of the legislature, their political subdivisions, and their wholly owned instrumentalities—would be on a mandatory basis rather than under the State-Federal agreement method. Coverage will not be extended to these employees until the legislatures of these territories express a desire for coverage. In no event can this coverage start before 1961. Filipino workers who come to Guam under contract to work temporarily will be excluded from coverage. The Secretary of the Treasury would have the tax-collecting authority, and would be authorized to delegate this function. Bill: Sec. 103. House report: pp. 19–20, 68–75.
	Excludes the following from coverage within the United States: a. Nonresident aliens engaged in self-employment.	No change except—
	b. Employees of foreign governments and their instrumentalities.	b. Covers U.S. citizens so employed within the United States on self-employment basis. Effective as to taxable years ending after 1960; for retirement test purposes effective for years beginning after date of enactment. Bill: Sec. 107. House report: pp. 22, 82–83.
	c. Employees of international organizations entitled to certain privileges under the International Organizations Immunities Act.	c. Covers as in b. (above).
	d. Employees on foreign registered aircraft or ships who also perform services while the plane or ship is outside of the United States, if the employee is not a citizen of the United States or the employer is not an American employer.	

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	H.R. 12580
C. Geographical scope—Con.	*Coverage outside of the United States is limited to—* a. American citizens either self-employed or employed by an American employer, except ministers outside the United States if they serve a congregation predominantly made up of United States citizens even though their employer may not be a United States employer. b. Citizens of the United States employed by certain foreign subsidiaries of American corporations are covered by voluntary agreements between the Federal Government and the parent American company. The domestic corporation can include some or all of its foreign subsidiaries in the agreement and must agree to pay the equivalent of both employer and employee taxes on behalf of the subsidiaries included. c. Individuals, regardless of citizenship, who are employed on American registered ships and aircraft if either the contract of service was entered into in the United States or the plane or vessel touches a port in the United States.	a. Covers service of U.S. citizens after 1960 working for certain labor organizations organized in the Panama Canal Zone by modifying the definition of American employer to include labor organizations which are chartered by labor organizations created or organized in the United States. Validates certain wage credits for which taxes were erroneously paid for service after 1954 and before 1961 for such employees. Effective date: No benefits payable or increased for month of enactment or prior month. No lump sum death payments payable or increased if individual died prior to date of enactment. Bill: Sec. 106(d). House report: pp. 21, 81–82. b. and c. No change.

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY

A. Nature of the Provisions		
1. Benefits	Provides an insurance benefit (for months beginning July 1957) for disabled workers between ages of 50 and 65 meeting eligibility requirements. Benefits are computed in the same way as retirement benefits and are payable from the Federal Disability Insurance Trust Fund.	Eliminates the requirement that an individual must have attained age 50 in order to be eligible for benefits. Effective date: 2d month after the month of enactment. Bill: Sec. 401. House report: pp. 12, 102.
2. Disability "freeze"	Provides that when an individual for whom a period of disability has been established dies or retires on account of age or disability his period of disability will be disregarded in determining his eligibility for benefits and his average monthly wage for benefit computation purposes.	
B. Eligibility requirements		
1. Definition	For benefits an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. The impairment must be medically determinable and one which can be expected to be of long-continued and indefinite duration or to result in death.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

Item	Present law	H.R. 12580
B. Eligibility requirements—Con.		
2. Waiting period	A 6 months' "waiting period" is required before disability insurance benefits can begin.	Provides that people who become disabled within 60 months (5 years) after termination of a period of disability would not be required to serve another 6-month "waiting period" before they are again eligible to receive benefits. Effective date: Benefits payable for month of enactment and subsequent months. Bill: Sec. 402. House report: pp. 13–14, 103–4.
3. Work requirement	To be eligible for disability benefits, an individual must— (1) Have acquired at least 20 quarters of coverage out of the last 40 quarters ending with the quarter in which the period of disability begins; (2) be fully insured.	Provides alternative work requirement for individuals who have (1) 20 quarters of coverage, whenever acquired, and (2) quarters of coverage in all calendar quarters elapsing after 1950 up to the quarter in which they become disabled, but not less than 6 quarters. Bill: Sec. 404. House report: pp. 14, 106–107.
C. Rehabilitation	The policy of Congress is stated that disabled persons applying for a determination of disability be promptly referred to State vocational rehabilitation agencies for necessary rehabilitation services. Act provides for deduction of benefits for refusal, without good cause, to accept rehabilitation services available under a State plan approved under the Vocational Rehabilitation Act in such amounts as the Secretary shall determine. A member or adherent of a recognized church or religious sect that relies on spiritual healing who refuses rehabilitation services is deemed to have done so with good cause.	
	A disabled person who is receiving rehabilitation services from a State vocational rehabilitation agency and returns to work shall not, for at least 1 year after his work first started, be regarded as able to engage in substantial gainful activity solely by reason of such work.	Broadens present provision to allow, in effect, a 12-month trial work period for *all* beneficiaries (including childhood disability beneficiaries) who attempt to work. If, after 9 months, the beneficiary has demonstrated that he is no longer disabled within the meaning of the law, he will receive benefits for an additional 3 months. (Only 1 trial work period permitted for each period of disability; no trial work period for persons disabled a 2d time within 60 months.) Any beneficiary who has been determined to be no longer disabled within the meaning of the law will be given an additional 3 months of benefits as above. Effective date: Month beginning after month of enactment. Bill: Sec. 403. House report: Pp. 12–13, 104–106.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. ELIGIBILITY FOR BENEFITS

Item	Present law	H.R. 12580
A. Insured status	To be fully insured an individual who was living on Sept. 1, 1950, must have either: (1) 40 quarters of coverage, *or* (2) 1 quarter of coverage (acquired at any time after 1936) for every 2 calendar quarters elapsing after 1950 (or after quarter in which age 21 was attained, if later) and before quarter of death or attainment of retirement age whichever first occurs, but such individual must have at least 6 quarters of coverage.	(2) Liberalizes alternative requirement so that an individual will need 1 quarter of coverage (acquired at any time after 1936), for every 4 calendar quarters elapsing after 1950, or after the calendar year in which he attained the age of 21 (if that was later) and up to the beginning of the calendar year in which he attained retirement age or died, whichever occurred first, but such individual must have at least 6 quarters of coverage.

Number of quarters of coverage required for fully insured status under present law and under H.R. 12580

Year of death, disability, or attainment of retirement age	Required quarters	
	Present law [1]	H.R. 12580
1953 and earlier	6	6
1954	6– 7	6
1955	8– 9	6
1956	10–11	6
1957	12–13	6
1958	14–15	7
1959	16–17	8
1960	18–19	9
1961	20–21	10
1966	30–31	15
1971	40	20
1976	40	25
1981	40	30
1986	40	35
1991 and after	40	40

[1] This column represents the requirement under the basic insured status formula in existing law; for those individuals who meet the "special (continuous coverage) insured status" test established by the Social Security Amendments of 1954, the requirement would be somewhat less for persons dying or reaching retirement age before October 1960.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. ELIGIBILITY FOR BENEFITS—Continued

Item	Present law	H.R. 12580
	Persons who died before Sept. 1, 1950, and after 1939 with at least 6 quarters of coverage are considered fully insured for purposes of survivors' benefits (other than for former wife divorced).	Provides that any person who died or attained retirement age before 1951 and had at least 6 quarters of coverage would be fully insured. Effective for benefits starting with the month after the enactment of the bill; effective for lump-sum death payments based on deaths occurring after month of enactment. Bill: Sec. 204. House report, pp. 14–15, 86–88.
B. Survivors of workers who died prior to 1940.	Benefits are not payable to otherwise eligible widows, children, and parents if the wage earner had died prior to 1940.	Allows benefits to such individuals even though earner died before 1940 if he had at least 6 quarters of coverage. Effective for month after month of enactment. Bill: Sec. 205. House report: pp. 16, 88–89.
C. Widowers of workers who died prior to 1950.	Benefits are not payable to eligible widowers unless the insured worker's death was after August 1950 and she was fully and currently insured.	Eliminates August 1950 cutoff date. Effective for month after month of enactment. Bill: Sec. 205. House report: pp. 16, 88–89.
D. Children born or adopted after parent's disability.	Benefits are not payable to an otherwise eligible child unless he was born, or adopted, or became a stepchild before the worker became disabled.	Permits payment of benefits to children born or adopted after worker's disability. A child cannot become entitled unless he is the natural child or stepchild of the disabled worker or is adopted within 2 years after the month in which the worker became entitled to benefits. Effective for September 1958. Bill: Sec. 201. House report: pp. 33, 84–85.
E. Dependency of stepchild on natural father.	A child is deemed dependent on natural father or adopting father for benefit purposes unless the father is not contributing to the child's support *and* the child is living with and being supported by the stepfather at the time he files application.	Provides for payment of child's benefit even though the child was living with and receiving more than ½ of his support from his stepfather. Effective for month of enactment. Bill: Sec. 202. House report: pp. 16, 85.
F. Time needed to acquire status of wife, child, or husband for retirement or disability benefit purposes.	A wife, stepchild, or husband must be in this relationship for 3 years prior to the application for benefits.	Provides that the 3-year duration requirement be changed to 1 year. Effective for month of enactment. Bill: Sec. 207. House report: pp. 17, 90.
G. Invalid marriages	The validity of a marriage (under the law of the State in which the worker lives) may determine eligibility for mother's, wife's, husband's, widow's, widower's, and child's benefits.	Provides that certain invalid marriages of insured workers will not result in ineligibility. Applicant must have gone through the marriage ceremony with insured worker in the belief that it would create a valid marriage and the couple must have been living together at the time of the worker's death or, be living together at the time of application for benefits. Effective for month of enactment. Bill: Sec. 208. House report: pp. 16, 91–92.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. ELIGIBILITY FOR BENEFITS—Continued

Item	Present law	H.R. 12580
H. Lump sum death payment	Lump sum death payment paid (in cases where no eligible spouse survives) only after burial expenses are paid.	Allows lump sum to be sent directly to funeral director on application of person who assumes responsibility for funeral home expenses. If any of the lump sum remains, it is paid to person who paid funeral bill; if any still remains to persons who paid other burial expenses in a certain order of priority. Effective date: For deaths after enactment and for deaths before enactment if no application is filed before the 3d month after month of enactment. Bill: Sec. 203. House report: pp. 30–31, 85–86.
IV. BENEFIT AMOUNTS		
A. Computing average monthly wage.	In general, an individual's average monthly wage for computing his monthly old-age insurance benefit amount is determined by dividing the total of his creditable earnings after the applicable starting date and up to the applicable closing date, by the number of months involved. Excluded from this computation are all months and all earnings in any year any part of which was included in a period of disability under the disability "freeze" (except that the months and earnings in the year in which the period of disability begins may be included if the resulting benefit would be higher). Also excluded from the computation are all months in any year prior to the year the individual attained age 22 if less than 2 quarters of such year were quarters of coverage. Starting dates may be last day of (1) 1936, or (2) 1950, or, if later, the year of attainment of age 21. The closing date may be either (1) the 1st day of the year the individual died or became entitled to benefits or (2) the 1st day of the year in which he was fully insured and attained retirement age, whichever results in a higher benefit. Applicable starting and closing dates are those which yield the highest benefit amount. The minimum divisor is 18 months.	Provides for computation of the average monthly wage, in retirement cases, on the basis of a constant number of years, regardless of when, before age 22, the person started to work or when, after age 65 (age 62 in the case of a woman), he files application for benefits. The number of years would be equal to 5 less than the number of years (excluding years in periods of disability) elapsing after 1950 or after the year in which the individual attained age 21, whichever is later, and up to the year in which the person was first eligible for old-age insurance benefits (generally the year in which he attained age 65—or age 62 in the case of a woman). In death and disability cases the number of years would be determined by the date of death or disability. In those cases where a larger benefit would result (because the individual's best earnings were in years before 1951) the number of years would be those elapsing after 1936, rather than 1950; this alternative is similar to the 1936 alternative "starting date" available under present law in such cases. The subtraction of 5 from the number of elapsed years is the equivalent of the present dropout of the 5 years during which the individual's earnings were the lowest.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS—Continued

Item	Present law	H.R. 12580
A. Computing average monthly wage—Con.	Individuals can "drop out" up to 5 years of lowest or no earnings in computing average monthly wage.	The earnings used in the computation would be earnings in the highest years. Earnings in years prior to attainment of age 22 or after attainment of retirement age could be used if they were higher than earnings in intervening years. The span of years could never be less than 2. Generally, the span of years to be used for the benefit computation in retirement cases could not be less than 5—the number of years that would have to be used under the present law by people who attain retirement age in 1960. Effective, in general, on Jan. 1, 1961. Bill: Sec. 303(a). House report: pp. 28–29, 94–96.
B. Child's survivor benefit	Benefit payable to each child is ½ of workers' benefit plus ¼ of his benefit divided by the number of children he has (if he has 2 children, each child will get ½ plus ⅛ (⅝) of his benefit).	Benefit payable to each child would be ¾ of workers' benefit. Effective for 3d month after enactment. Bill: Sec. 301, House report: pp. 15–16, 93.

V. FINANCING

A. Investment of the trust funds.	Provides that the managing trustee (Secretary of the Treasury) shall invest such portion of the trust funds as is not, in his judgment, needed to meet current withdrawals. Investments must be made in interest-bearing obligations of the United States or in obligations guaranteed as to both interest and principal by the United States.	No change.
	Such obligations issued for purchase by the trust funds shall have maturities fixed with due regard for the needs of the funds, and bear interest at a rate equal to the average rate of all marketable interest-bearing obligations not due or callable until after the expiration of 5 years from the date of original issue. This interest rate, if not a multiple of ⅛ of 1 percent, is rounded to the nearest multiple of ⅛ of 1 percent.	Changes interest provision so that obligations shall bear interest at a rate equal to the average market yield (computed by the managing trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month.
	The special obligations shall be issued for purchase by the trust fund only if the managing trustee determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, is not in the public interest.	Reverses the provision so that the managing trustee is authorized to make purchases in the open market when he deems it is within the public interest.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

V. FINANCING—Continued

Item	Present law	H.R. 12580
A. Investment of the trust funds—Continued	Bonds purchased may be acquired— (1) on original issue at par or (2) by purchase of outstanding obligations at the market price.	Changes (1) so that bonds may be purchased on original issue at the issue price. Effective date: 1st day of the month after the month of enactment. Bill: Sec. 701(d). House report: pp. 26–28, 137.
B. Review of status of trust funds.		
1. Board of Trustees..	These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as secretary). It shall be the duty of the Board of Trustees to—	
	(1) Hold the trust funds;	No change.
	(2) Report to the Congress not later than the 1st day of March of each year on the operation and status of the trust funds during the preceding fiscal year and on their expected operation and status during the next ensuing 5 fiscal years;	No change.
	(3) Report immediately to the Congress whenever it is their opinion that during the ensuing 5 fiscal years either of the trust funds will exceed 3 times the highest annual expenditures anticipated during the next 5 years, or whenever in their opinion either of the trust funds is unduly small.	(3) Changes requirement so that Board has to report immediately only if it believes that the amount of either trust fund is unduly small.
	(4) Recommend improvements in administrative procedures and policies designed to effectuate the proper coordination of the old-age and survivors insurance and Federal-State unemployment compensation programs.	No change.
		Adds requirements that the Board review the general policies followed in managing the trust funds, and recommend changes in such policies, including necessary changes in the provisions of the law which govern the way in which the trust funds are to be managed. The Board is also required to meet at least once each 6 months. Effective date: 1st day of the month after the month of enactment. Bill: Sec. 701 (a), (b), (c). House report: pp. 26–28, 137.
2. Advisory Council...	An Advisory Council on Social Security Financing will periodically review the status of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in relation to the long-term commitments of the programs.	

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

V. FINANCING—Continued

Item	Present law	H.R. 12580
B. Review of status of trust funds—Continued 2. Advisory Council—Continued	The first such Council will be appointed by the Secretary after February 1957 and before January 1958 and will consist of the Commissioner of Social Security, as Chairman, and 12 other persons representing employers and employees, in equal numbers, self-employed persons and the public. The Council shall make its report, including recommendations for changes in the tax rate, to the Board of Trustees of the trust funds before Jan. 1, 1959. The Board shall submit the recommendations to Congress before Mar. 1, 1959, in its annual report. Other advisory councils with the same functions and constituted in the same manner will be appointed by the Secretary not earlier than 3 years nor later than 2 years prior to Jan. 1 of the years in which the tax rates are scheduled to be increased. These advisory councils will report to the Board on Jan. 1 of the year before the tax increase will occur and the Board will report to Congress not later than Mar. 1 of the same year.	Changes appointment and report dates of advisory councils: will be appointed during 1963, 1966, and every 5th year thereafter and will report not later than Jan. 1 of the 2d year after the year in which they are appointed. The advisory council appointed in 1963 shall, in addition to the other findings it is required to make, include its findings and recommendations with respect to extensions of the coverage, benefit adequacy, and all other aspects of the program. Effective date: Date of enactment. Bill: Sec. 704. House report: pp. 31–32, 138.
C. Maximum taxable amount	$4,800 a year.	No change.
D. Tax rate for self-employed	Taxable years beginning after— *Percent* 1959 — 4½ 1962 — 5¼ 1965 — 6 1968 — 6¾	Do.
E Tax rate for employees and employers.	Calendar years: 1960–62 — 3 1963–65 — 3½ 1966–68 — 4 1969 and after — 4½	Do.

MEDICAL SERVICES FOR THE AGED

(New title XVI)

Item	H.R. 12580
I. Purpose	The new title XVI provides for Federal payments to States which institute programs to make medical benefits available to aged persons of low income who are unable to meet the cost of their medical needs. Such benefits would be provided only in the form of direct payments to providers of medical services. Federal payments to States would reimburse the States for a portion of their expenditures under approved plans according to the equalization formula now used to compute the Federal portion of old-age assistance payments between $30 and $65 per month, The Federal share will range from 50 to 65 percent depending upon the per capita income of the State as related to the national per capita income. As under the public assistance program the Federal Government would bear half of the administrative expenses. (For State matching percentages under public assistance (approximate) see p.—.) In order to be eligible for such payments, the State must operate a program according to a plan submitted to the Secretary of Health, Education, and Welfare, and approved by him, which meets the requirements set out in the bill. The administrative provisions are essentially the same as now required for State old-age assistance plans. The requirements relating to medical benefits are outlined below. The Secretary may suspend payments to States, in whole or part, when he finds that the State is not complying with its plan, or that the plan no longer complies with the requirements of the bill.
II. Scope of benefits	The State plan may specify medical services of any scope and duration, provided that both institutional and noninstitutional services are included, and provided further that the medical benefits are not greater in scope, amount or duration than those available for old-age assistance recipients in the State. Moreover, the Secretary may not approve any plan which will result in a reduction in old-age assistance, aid to the totally and permanently disabled, aid to the blind, or aid to dependent children. The Federal Government would share in the expense of providing the following kinds of medical services without limit: 1. Skilled nursing home services; 2. Physicians' services; 3. Outpatient hospital services; 4. Organized home care services; 5. Private duty nursing services; 6. Therapeutic services; and 7. Major dental care. The Federal Government would share in the expense of providing the following medical services up to the limits stated: 1. Inpatient hospital services—up to 120 days per year; 2. Laboratory and X-ray services (other than those included as inpatient hospital services)—up to $200 per year; and, 3. Prescribed drugs—up to $200 per year. The Federal Government would *not* share in the expense of providing the following kinds of medical benefits: 1. Services not determined to be medically necessary by a physician; 2. Services rendered to patients in mental or tuberculosis hospitals; 3. Services rendered to persons in hospitals (other than mental or tuberculosis hospitals) on a diagnosis of tuberculosis or psychosis, after the first 42 days; 4. Services rendered to inmates of public institutions (other than medical institutions); and, 5. Any other type of medical service not mentioned above. The State plan must designate or establish an agency which will be responsible for setting and maintaining standards for the providers of hospital, nursing home, and organized home care services. The plan must also include methods for determining rates of payment for institutional services, and methods for determining schedules of fees or rates of payment for other medical services.

MEDICAL SERVICES FOR THE AGED—Continued

Item	H.R. 12580
II. Scope of benefits—Continued	The State plan must provide medical benefits to all persons who— 1. Have attained age 65; 2. Have income and resources, considering their other living requirements, as determined by the State, which are insufficient to meet the cost of their medical services; 3. Are citizens of the United States; and, 4. Are residents of the State (provision must also be made, in accordance with the Secretary's regulations, which will make benefits available to residents of the State who are absent therefrom).
III. Eligibility for benefits	The State plan must exclude from eligibility for medical benefits all persons who— 1. Are receiving payments, or are having payments made in their behalf, under the programs for aid to the blind, aid to the totally and permanently disabled, aid to dependent children, or old-age assistance; or 2. Are under age 65. The State plan must contain provisions, in accordance with the Secretary's regulations, which will make benefits available to residents of the State who are absent therefrom. The plan may not require a premium or enrollment fee as a condition of eligibility. The State plan must include reasonable standards for determining eligibility, but such standards may not be inconsistent with the above requirements. The plan must provide that no lien may be imposed against the property of a beneficiary prior to his death (or the death of his spouse, whichever is later) on account of any benefit he may have correctly received, and that there may be no recovery of any benefits correctly paid until after the death of the recipient (or the death of his spouse, whichever is later).
IV. Beginning date	Payments to State will first be made for calendar quarter beginning July 1, 1961. Bill: Sec. 601. House report: pp. 2–3, 6–9, 10–11, 129–135.
V. Planning grants	Authorizes appropriation of Federal funds to the States to make plans and initiate administrative arrangements for the new programs under title XVI. Such grants shall be made upon application of the State agency, and may not exceed 50 percent of the cost of planning with the further limitation that aggregate payments to a State may not exceed $50,000. Effective date: Date of enactment. Funds appropriated would be available for grants to and obligation by the States through June 30, 1962. Bill: Sec. 603. House report: pp. 9, 136.

PUBLIC ASSISTANCE

Item	Present law	H.R. 12580
I. Old-age assistance medical program.	The following formula is applicable for a combined program which includes both money payments and vendor expenditures for medical care.	No change.
A. Matching formula	Federal matching share is $24 of the 1st $30 (⅘ of the 1st $30) with matching above this amount varying from 50 to 65 percent. States whose per capita income is equal to or above the per capita income for the United State have 50 percent Federal matching, while those States below the national average have Federal matching which varies up to a maximum of 65 percent.	

PUBLIC ASSISTANCE—Continued

Item	Present law	H.R. 12580
I. Old-age assistance medical program—Continued A. Matching formula—Continued	The Federal percentages as promulgated for the period Oct. 1, 1958, through June 30, 1961, are as follows: State. *Federal percentage* Alabama 65.00 Alaska 50.00 Arizona 63.23 Arkansas 65.00 California 50.00 Colorado 53.42 Connecticut 50.00 Delaware 50.00 District of Columbia 50.00 Florida 59.68 Georgia 65.00 Hawaii 50.00 Idaho 65.00 Illinois 50.00 Indiana 50.00 Iowa 63.23 Kansas 60.78 Kentucky 65.00 Louisiana 65.00 Maine 65.00 Maryland 50.00 Massachusetts 50.00 Michigan 50.00 Minnesota 58.57 Mississippi 65.00 Missouri 53.42 Montana 54.07 Nebraska 63.41 Nevada 50.00 New Hampshire 57.91 New Jersey 50.00 New Mexico 65.00 New York 50.00 North Carolina 65.00 North Dakota 65.00 Ohio 50.00 Oklahoma 65.00 Oregon 52.58 Pennsylvania 50.00 Rhode Island 50.00 South Carolina 65.00 South Dakota 65.00 Tennessee 65.00 Texas 61.36 Utah 65.00 Vermont 65.00 Virginia 65.00 Washington 50.00 West Virginia 65.00 Wisconsin 54.60 Wyoming 50.92 [23 F.R. 7150]	

PUBLIC ASSISTANCE—Continued

Item	Present law	H.R. 12580
I. Old-age assistance medical program—Continued A. Matching formula—Continued	The maximum amount, upon which the Federal Government will match, is $65 a month, times the number of people on the old-age assistance roll (on an averaging basis).	If a State submits to the Secretary of Health, Education, and Welfare a modification of its plan which satisfies the Secretary that it will result in a substantial improvement in its old-age assistance medical program, it will receive additional Federal matching. An increase of 5 percentage points in the Federal share of the additional vendor medical expenditures up to an average of $5 a month per recipient would be made. For example: (1) It will increase the Federal share on the additional amount, within the matching maximum of $65 per month, from 65 to 70 percent in the lowest income States. (2) It will increase the Federal share on the additional amount, within the matching maximum of $65 per month, from 50 to 55 percent in the highest income States. (3) For States who are over the $65-a-month matching maximum, the Federal share would be 5 percent of the additional amount. Effective for quarter beginning Oct. 1, 1960. Bill: sec. 602. House report, pp. 9–11, 135, 136.
B. Definition of old-age assistance.	For Federal matching purposes excludes any money or vendor medical care payments for persons who have been diagnosed as having tuberculosis or psychosis and are patients in medical institutions as a result thereof.	Modifies exclusion as to vendor medical care payments to permit Federal sharing as to an individual in a medical institution as a result of a diagnosis of tuberculosis or psychosis for a period of 42 days. Effective date: July 1, 1961. Bill: Sec. 602. House report: p. 136.
II. Medical care guides and reports.	No provision.	Provides that the Secretary would develop and revise from time to time guides or recommended standards as to the level, content, and quality of medical care and medical services for the use of the States in evaluating and improving their public assistance medical care programs and their programs of medical services for the aged. For this purpose, the Secretary would also be directed to secure information from the States on their medical care and medical services under these programs and to publish these reports and other necessary information. Bill: Sec. 705. House report: pp. 9–10, 139.

PUBLIC ASSISTANCE—Continued

Item	Present law	H.R. 12580
III. Temporary extension of certain special provisions relating to State plans for aid to the blind.	Temporary legislation (sec. 344(b) of the Social Security Amendments of 1950) relates to the approval by the Secretary of certain State plans for aid to the blind which do not meet in full the requirements of clause (8) of sec. 1002(a) of title X relating to the "needs" test. Expires June 30, 1961.	Postpones termination date until June 30, 1964. Bill: Sec. 706. House report: pp. 57, 139.
MATERNAL AND CHILD WELFARE SERVICES		
I. Maternal and child health services:		
A. Authorization of annual appropriation	Authorizes $21,500,000 per year	Authorizes $25 million per year. Effective date: Fiscal year 1961. Bill: Sec. 707(a)(1)(A) House report: pp. 5, 34, 49, 139.
B. Allotment to States.	Out of the sum appropriated— 1. $10,750,000 shall be allotted as follows: to each State a uniform base grant of $60,000 and the remainder in the proportion of live births in that State to the whole United States. 2. The other $10,750,000 is allotted according to the financial need of each State after taking into consideration the number of live births in that State [proportionate reduction in amounts if full authorized sum is not appropriated].	Substitutes $12,500,000 for $10,750,000 in both 1 and 2 and also provides that the uniform grant in 1 be increased from $60,000 to $70,000. Bill: Sec. 707(a)(1)(B). House report: p. 139.
C. Special project grants.	No specific provision in the law	Adds provision that not more than 25 percent of the sums under B–2 (above) shall be available for grants to State health agencies, and to public or other nonprofit institutions of higher learning for special projects of regional or national significance which may contribute to the advancement of maternal and child health. Bill: Sec. 707(b)(1)(A). House report: pp. 34, 50, 139–140.
II. Crippled children's services:		
A. Authorization of annual appropriation.	Authorizes $20 million per year	Authorizes $25 million per year. Effective date: Fiscal year 1961. Bill: Sec. 707(2)(A). House report: pp. 5, 34, 49, 139.
B. Allotment to States.	Out of the sum appropriated— 1. $10 million shall be allotted as follows: to each State $60,000 and the remainder according to need after taking into consideration the number of crippled children in each State in need of services and the cost of furnishing such services. 2. The other $10 million according to need of State as determined after taking into consideration the number of crippled children in each State in need of services and the cost of furnishing such services to them.	Same as B above. Bill: Sec. 707(a)(2)(B).

MATERNAL AND CHILD WELFARE SERVICES—Continued

Item	Present law	H.R. 12580
II. Crippled children's services—Continued		
C. Special project grants.	No specific provision in the law	Same as C above. Bill: Sec. 707(a)(2)(B).
III. Child welfare services:		
A. Authorization of annual appropriation.	Authorizes $17 million per year.	Authorizes $20 million per year. Effective date: Fiscal year 1961. Bill: Sec. 707(a)(3)(A). House report: pp. 5, 34, 49, 139.
B. Allotment to States.	Out of the sum appropriated allots to a State such portion of $60,000 as the amount appropriated bears to the amount authorized to be appropriated. The remainder of sums appropriated shall be alloted so that each State shall have an amount which bears the same ratio to the total remainder as the product of (1) the population of each State under the age of 21 and (2) the allotment percentage (based on relative per capita income) bears to the sum of the corresponding products of all the States.	Changes the $60,000 to $70,000. Bill: Sec. 707(a)(3)(A)(B). House report: pp. 5, 34, 49, 139.
C. Research and demonstration projects.	No provision.	Authorizes appropriation for grants by the Secretary of Health, Education, and Welfare to public or other nonprofit institutions of higher learning and to public and nonprofit agencies and organizations engaged in research or child welfare activities, for special research or demonstration projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare. Bill: Sec. 707(b)(3). House report: pp. 50, 140.

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)

Item	Present law	H.R. 12580
I. Coverage	In general, the unemployment compensation program covers all employees in commerce and industry who are employed by an employer of 4 or more workers on at least 1 day of 20 weeks in a calendar year. 17 specific exclusions from coverage are spelled out in the Federal Unemployment Tax Act (sec. 3306(c)).	Coverage is extended, generally effective in 1962, to several categories of employees presently specifically excluded. These include: (1) Employees of certain instrumentalities of the United States which are neither wholly or partially owned by the United States, including Federal Reserve banks, Federal credit unions, Federal land banks, and others. Employees of partially owned instrumentalities such as banks for cooperatives and Federal intermediate credit banks are brought under the unemployment compensation program for Federal employees, effective in 1961. (2) Employees serving on or in connection with American aircraft outside the United States. (3) Employees of "feeder organizations," all of whose profits are payable to a nonprofit organization and employees of nonprofit organizations which are not exempt from income tax. (4) Certain employees of certain tax-exempt organizations, including agricultural and horticultural organizations, voluntary employee beneficiary associations, and fraternal beneficiary societies. Bill: Secs. 531–535. House report, pp. 55–56, 124–126.
II. Extension to Puerto Rico	The Commonwealth of Puerto Rico has an independent unemployment compensation program. Employers in Puerto Rico are not subject to the Federal unemployment tax and Puerto Rico is not entitled to Federal grants to cover the administrative expenses of its unemployment compensation program. The cost of employment service, however, is covered by Federal grants under the Wagner-Peyser Act.	Puerto Rico will be treated as a State for the purposes of the Federal-State unemployment compensation system beginning Jan. 1, 1961. Federal employees and ex-servicemen will not have their benefits computed under Puerto Rican law until 1966. Bill: Secs. 541–543. House report, pp. 57, 127–128.
III. Administrative financing:		
A. Federal unemployment tax rate.	Each employer is taxed 3 percent on the 1st $3,000 of an employees' covered wages, of which 90 percent (2.7 percent of taxable payrolls) may be offset by unemployment taxes paid under State law or tax savings allowed under State law through experience rating. The net Federal tax is 0.3 percent of taxable payroll.	Effective in 1961, the tax rate is raised to 3.1 percent on the 1st $3,000 of covered wages, which results in a net Federal tax of 0.4 percent of taxable payroll. Bill: Sec. 523. House report, pp. 55, 118.
B. Unemployment Trust Fund.	Receipts from State taxes go into the various State accounts in the Unemployment Trust Fund. The sums allocated to State accounts are generally available for benefit payments.	No change in State accounts.

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)—Continued

Item	Present law	H.R. 12580
III. Administrative financing —Continued B. Unemployment Trust Fund—Continued	Receipts from the net Federal unemployment tax (0.3 percent) are used to pay the cost of administering Federal and State operations of the employment security program. At the end of each fiscal year, after Federal and State administrative expenses have been paid, any excess net Federal unemployment tax receipts are earmarked and placed in the Federal unemployment account to maintain a balance of $200,000,000 in that account. This account is used to make advances to the States with depleted reserve accounts. Any excess receipts not required to maintain the $200,000,000 balance in the Federal unemployment account is allocated to the trust accounts of the various States in the proportion that their covered payrolls bear to the aggregate of all the States. These excess receipts may, under certain conditions, be used by a State to supplement Federal grants in financing administrative operations.	A new account, called the employment security administration account, will be established in the Unemployment Trust Fund. All receipts from the net Federal unemployment tax (0.4 percent) will be credited initially to this new account. Federal and State administrative expenses will be paid out of this account with a maximum of $350,000,000 per year allowable for State administrative expenses. At the end of a fiscal year, excess receipts after administrative expenses will be credited to the Federal unemployment account to build up and maintain a maximum balance of $550,000,000 or 0.4 percent of covered payrolls, whichever is greater, for use in making advances to States. After the Federal unemployment account reaches its statutory limit, any remaining excess of net Federal unemployment taxes over administrative expenses will be retained in the employment security administration account until that account shows a net balance at the close of the fiscal year of $250,000,000. This net balance is to be used to provide funds out of which administrative expenses may be paid during each fiscal year prior to the receipt of the bulk of Federal unemployment taxes in January and February. Pending the building up of the $250,000,000 balance in the employment security administration account, advances to the account are authorized from a revolving fund which would be financed by a continuing appropriation from the general fund of the Treasury. These advances will be repaid with interest. After the Federal unemployment account is built up to its statutory limit, and the year-end net balance of the employment security administration account reaches $250,000,000, and after any advances from the general fund of the Treasury have been repaid, any excess in the employment security administration account will be distributed to the accounts of the various States in the same manner as is provided under present law, except that if any State has outstanding advances from the Federal unemployment account its share of the surplus funds will be used to reduce these outstanding advances. Effective date: Fiscal year 1961. Bill: Sec. 521. House report, pp. 51–53, 108, 116.

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)—Continued

Item	Present law	H.R. 12580
III. Administrative Financing—Continued		
C. Advances to the States:		
1. Eligibility for advances.	A State whose reserve account at the end of any quarter is less than the amount of benefits paid in the last four preceding quarters may apply for an advance from the Federal unemployment account.	A State's eligibility for advances (applied for after enactment) may be determined at any time. Advances will be made only if in the account of the State requesting an advance the sum of reserves on hand plus expected tax receipts will be inadequate to meet the expected level of benefit payments during the current or following month. Bill: Sec. 522(a). House report, pp. 53–54, 116–117.
2. Amount of advances.	A State is advanced the amount specified in the State's application but such amount may not exceed the largest amount of benefits paid by it in any one of the last four preceding quarters.	Advances will be made in amounts which the Secretary of Labor estimates will be required to pay compensation during the current or following month, including amounts to cover unexpected contingencies. The aggregate amount of loans approved by the Secretary of Labor may not exceed the amount available for advances in the Federal unemployment account. Bill: Sec. 522(a). House report, pp. 53–54, 116–117.
3. Repayment of advances.	The Governor of any State may at any time request that funds be transferred from the State's account to the Federal unemployment account in repayment of part or all of the balance of advances made to the State.	Same as present law.

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)—Continued

Item	Present law	H.R. 12580
III. Administrative Financing—Continued C. Advances to the States—Continued 3. Repayment of advances—Con.	If an advance to any State has been outstanding at the beginning of four consecutive years, the employers' credit in that State against the Federal tax is reduced from 2.7% to 2.55%. This increase in the net Federal tax is used to pay off the advance. During successive years in which the advance is outstanding the employers' credit is reduced by an additional 0.15% a year. If a State repays outstanding advances by Dec. 1 of any year the reduced credit provisions do not come into operation for that year.	If an advance to any State made after enactment is outstanding at the beginning of two consecutive years, the employers' credit in that State against the Federal tax is reduced from 2.7% to 2.4%. During successive years in which the advance is outstanding the employers' credit is reduced by an additional 0.3% a year. If a State repays outstanding advances by Nov. 10 of any year the reduced credit provisions do not come into operation for that year. In addition to the reduction of 0.3% a year in the employers' tax credit against the Federal tax two other possible credit reductions are provided. The first provides that beginning in the third year in which an advance is outstanding the maximum employers' credit is reduced by the amount, if any, by which the average employer contribution rate in the preceding year was less than 2.7%. The second credit reduction provides that in the fifth year in which an advance is outstanding if the State's benefit-cost rate over the preceding five years is higher than 2.7% then the employers' credit shall be reduced by the amount, if any, by which the State's average contribution rate in the preceding year is less than such benefit-cost rate. Bill: Sec. 522(a), 523(b). House report, pp. 54–55, 118–124.

TABLE 1.—**Summary information on medical care available to old-age assistance recipients through federally aided public assistance vendor payments, and other resources (based on information supplied by Bureau of Public Assistance, June 1960)**

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Alabama	No	No	No	No	No	No	Maximum OAA money payment of $75 may be exceeded up to $110 for nursing home care. Recipient in hospital continues to receive money payment. State has program of hospitalization for medically indigent, administered by State health department.
Alaska	No	No	No	No	No	No	Maximum OAA money payment of $100 available for nursing home care. For nonnatives, State program of general assistance is used to meet medical needs, including hospitalization and nursing-convalescent home care not met in the money payment to the recipient. For natives, Bureau of Indian Affairs is a resource for medical care including hospitalization.
Arizona	No	No	No	No	No	No	Nursing home care provided through money payment up to maximum of $80 for OAA recipients. Recipients in hospital continue to receive money payment. Hospitalization and general medical care are county responsibility. For reservation Indians, Indian Health Service is a resource.
Arkansas	Yes	Yes [1]	As recommended by physician for all acute illnesses and injuries. General rule: 30 days a year; extension possible.	No [2]	$90 maximum, plus $5 in money payment for personal needs.	Yes	
California	Yes	Yes	No (vendor payments for OAA recipients in public medical insti-	Yes	No	Yes	Nursing home care provided through money payment of $115 or $95 maximum (depending on recipients income). Hospitalization available in

			tutions after 1st 60 days).				all locations from county hospitals.
Colorado	Yes	Yes	All recommended by physician, except for purpose of diagnosis only. General rule: 30 days; extension possible.	Yes	Money payment $106, plus $20 to $95 vendor payment based on patient's needs.	Yes	
Connecticut	Yes	Yes	All recommended by physician for definitive medical treatment. No limitation on number of days.	Yes	No	Yes	Nursing home care provided through money payment to recipient. Pay budgetary deficit up to approved rate. Maximum rate: $212.33.
Delaware	No	No	No	No	No	No	Nursing home care provided through money payment. Maximum of $75 may be supplemented up to approved rate. Hospitalization for indigent persons reported as provided by county governments.
District of Columbia.	Yes	Yes	All essential surgical and medical care and treatment. No limitation on number of days.	No [3]	No	Yes [3]	Nursing home care provided through money payment to $100 maximum, plus $10 for personal needs. Drugs available through District of Columbia Public Health.
Florida	Yes	No	Limited to acute injuries and illness. Maximum: 30 days a year.	Yes	No	No	Nursing home care provided through money payment to $66 maximum, which may be supplemented from other sources up to rate determined for community.
Georgia	No	No	No	No	No	No	Nursing home care provided through money payment to $65 maximum, which may be supplemented from other sources up to maximum rate. Limited hospitalization through board of commissioners. Hospital care for medically indigent enacted in 1958, but not in operation.

[1] Applicable only if surgery is authorized by remedial eye services section for cooperating ophthalmologist.

[2] Some drugs provided by vendor payment when dispensed by hospital for continuation of treatment after discharge of a patient who has received inpatient care for the same condition.

[3] Vendor payments may be made for drugs, appliances, dental services, and optical supplies recommended by physician, hospital, or clinic when such are not available without cost to the agency through other services.

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Guam	No	No	No	No	No	No	Hospitalization and other medical care available through Government hospital.
Hawaii	Yes	No	All recommended by physician except Hansen's disease (leprosy). No day limitation.	No	No	Yes	Nursing home care provided through money payment. State agency and medical care provisions being reorganized. Outpatient care provided by State paid physicians who also dispense drugs to limited extent.
Idaho	Yes	No	No	No	$150 maximum, plus money payment for personal needs; maximum may be exceeded.	No	Hospitalization furnished under annual contract with private hospitals in some counties; general assistance used primarily for medical care. Public assistance recipient in a public medical institution can continue to receive assistance grant.
Illinois	Yes	Yes	All recommended by physician. General rule: 2 weeks, with provision for extension.	Yes	To meet need for care, not to exceed "going rate" in community.	Yes	
Indiana	Yes	Yes	Limited to nonelective surgery, injuries, acute illness, diagnosis. No day limitation.	Yes	Money payment or vendor, as determined by county. Rates negotiated in each county.	Yes	Scope of medical care determined by individual counties in line with content recommended by State agency.
Iowa	Yes	Yes	No	Yes	No	No	Nursing home care provided through money payment to meet rate for needed care; basic rate $80, plus amounts for additional care needed. Hospitalization available through general assistance and Iowa University Hospital.

Kansas	Yes	Yes	All recommended by physician. No day limitation.	Yes	No	Yes	Nursing home care provided through money payment to meet budgetary deficit of recipient up to the local rate. No statewide rates or ranges.
Kentucky	No	No	No	No	No	No	Nursing home care provided through money payment up to $66 (for total needs). New legislation to start in 1961. Covers all types of medical care to limited amount. Some counties make contributions to local hospitals for care of needy.
Louisiana	Yes	Yes	No	Yes	$110 maximum, plus $17 money payment for personal needs. $105 money payment in home not subject to license.	Yes	Practitioner services paid by vendor payment in nursing home cases only; in other circumstances, provided through money payment. Hospitalization available through State hospital program.
Maine	Yes	No	All recommended by physician. Maximum: 45 days a year.	No	$65 maximum money payment, remainder by vendor payment up to $130 or $165.	No	Other medical care must be met by recipient from money payment. OAA maximum is $65.
Maryland	Yes	Yes	All recommended by physician; 21 days for illness, exception possible upon medical recommendation.	Yes	No	Yes	Nursing home care provided through money payment up to $115.50 for total care. Maximums of $190, $200, $210 (according to group into which county is classified) on total money payment for total needs of recipient.
Massachusetts	Yes	Yes	All recommended by physician. No day limitation.	Yes	$6.50 maximum a day; may be exceeded. All other medical needs are met.	Yes	
Michigan	Yes	Applicable only if connected with hospitalization.	do	Applicable only if connected with hospitalization.	No	Applicable only if connected with hospitalization.	Nursing home care provided through money payment, $90 maximum; may be supplemented from State and local general assistance funds to maximum regional rate ($150 to $175). Practitioner services are in money payment. OAA maximum $80.

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Minnesota	Yes	Yes	All recommended by physician. Maximum: 30 days; extension on recommendation of county medical advisory committee.	Yes	$60 by money payment, plus vendor up to $150, may be exceeded.	Yes	
Mississippi	No	No	No	No	No	No	Nursing home care provided through money payment, $33 administrative maximum; may be supplemented from local or private funds to $150 maximum. Some hospitalization available through State subsidies. Some counties contribute.
Missouri	Yes	No	For acute illness and injury when recommended by physician. Maximum: 14 days per hospital admission.	No	No	No	Nursing home care provided through money payment, $65 maximum, except $100 for "completely bedfast and totally disabled." Other medical care by money payment. Provisions being revised.
Montana	Yes	Yes	Limited to remedial eye care.	Yes	No	No	Nursing home care and all other medical care provided through money payment, $85 maximum. "Medical component" of nursing home care paid through general assistance. Vendor payment method limited to prevention of blindness and restoration of sight.
Nebraska	Yes	No	All recommended by physician. General rule: 31 days; extension possible.	No	Meet budgetary deficit up to fee range negotiated in each county.	No	Practitioner services and other medical services are in money payment up to $70 maximum for OAA.

Nevada	Yes	Yes	No	Yes	No	Yes	Nursing home care provided through money payment, $130 maximum, plus $8 for personal needs. Hospitalization is responsibility of county commissioners. Hospitalized recipients may continue to receive money payments to $75 maximum.
New Hampshire	Yes	Yes	All recommended by physician. General rule: 14 days; extension possible.	Yes	No	Yes	Nursing home care provided through money payment, $150 maximum; may be exceeded in unusual circumstances.
New Jersey	Yes	No	No	No	$180 basic; $190, including physician and prescriptions. Cash payment for personal use.	No	All medical care except nursing home provided through money payment. No maximum.
New Mexico	Yes	Yes	All except elective. No maximum; 7 days with reauthorization required.	Yes	$55 maximum on money payment, plus vendor to $150.	Yes	
New York	Yes	Yes	All recommended by physician. No day limitation.	Yes	Rates set locally. Personal needs met by money payment.	Yes	Counties have option as to method of payment for each of the services provided, subject to State approval.
North Carolina	Yes	No	All recommended by by physician. Maximum: 180 days.	No	No	No	Nursing home care provided through money payment, $175 maximum, applicable only to need for skilled nursing service following hospitalization; limited to 3 months; may be extended 3 times. All other medical care provided through money payment. No maximum. Average OAA payment, $40.
North Dakota	Yes	Yes	All recommended by physician. Maximum: 60 days.	Yes	Meet budgetary deficit up to maximum rates from $100 to $175.	Yes	

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Ohio	Yes	Yes	All recommended by physician; non-elective surgery only, except after special review; 10 days each admission with possible extension.	Yes	No	Yes	Nursing home care provided through money payment to meet budgetary deficit for care needed up to approved rates, $65 to $160.
Oklahoma	Yes	Yes	Limited to life endangering conditions and conditions producing or alleviating blindness; 21 days per admission.	No	$66 maximum on money payment, plus $69 vendor payment.	Yes	Hospitalization limited; no specific items of medical care provided in budgeting for money payment.
Oregon	Yes	Yes	All recommended by physician. No maximum; reauthorization every 7 days.	Yes	$124 to $184 according to care needed. Personal items in money payment.	Yes	In lieu of nursing-home care, housekeeping or nursing service in own home provided in special payment directly to recipient.
Pennsylvania	Yes	Yes	No	Yes	No	Yes	Nursing-home care provided through money payment, $100 to $165 maximum, according to type of care; plus $5 for personal needs in money payment. Hospitalization through State-owned and State-aided hospitals.
Puerto Rico	No	No	No	No	No	No	Medical services of all types available from resources of public health department.
Rhode Island	Yes	Yes	All recommended by physician. Gen-	Yes	No	Yes	Nursing-home care provided through money payment, $182 maximum, de-

			eral rule: 21 days with provision for extension.				pending on type of care, plus $6 for clothing and personal needs.
South Carolina	Yes	No	Acute illness and injury. 30 days maximum.	No	(1) For continuing care, money payment to $60, plus supplement to $150 from other sources; (2) for persons who have been hospitalized, up to $94 vendor payment, plus $60 money payment.	No	Medicine provided through money payment; OAA maximum, $60.
South Dakota	No	No	No	No	No	No	Nursing home care provided through money payment of $75 to $165 depending on type of care needed. Hospitalization provided by county poor relief fund, financed in part by return to county of portion of State taxes earmarked for this purpose. Specified drugs and appliances provided in money payment. No maximum except for nursing home.
Tennessee	Yes	No	Acute illness or injury, and illnesses and injuries requiring hospitalization; 10-day maximum.	No	No	No	Nursing home care provided through money payment of $60 maximum; may be supplemented from other sources to $150, plus allowance for personal needs. No other items of medical care specified in provisions for money payment. OAA maximum, $55.
Texas	No	No	No	No	No	No	Nursing home care provided through money payment, $67 maximum; may be supplemented from county funds up to $100 for nursing care, plus $64.50 for maintenance. Limited medical care through money payment. County commissioners generally maintain county hospitals or make payment to private hospitals.

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Utah	Yes	Yes	All recommended by physician, except elective surgery. General rule: 30 days; extension possible.	Yes	No	Yes	Nursing home care provided through money payment of $87.50, $110 maximum, which may be supplemented from other sources to $200; $5 allowance for personal items.
Vermont	Yes	No	No	No	$165 for skilled nursing care; $135 for personal nursing service; $5 money payment for personal needs.	No	Hospitalization provided by "town" general assistance; other medical needs included in money payment. OAA maximum, $75.
Virgin Islands	Yes	No	No	Yes	No	No	Other medical treatment through department of health. Hospitalization available under system of municipal hospitals.
Virginia	Yes	No	Extension of vendor payment provisions to hospital care effective July 1, 1960.	No	$150 maximum, plus $6 money payment for personal items.	No	Other medical care provided through money payment; average OAA money payment, $37. (To July 1, 1960, hospitalization provided through State-local payments, not part of public assistance program.)
Washington	Yes	Yes	All recommended by physician. No day limitation.	Yes	$102 to $192 according to type of home. Personal items through money payment.	Yes	

West Virginia	Yes	Yes	Limited to acute illness, immediate surgery, diagnostic services; exceptions if will increase capacity for self-care. Maximum 30 days.	Yes	No	Yes	Nursing home care provided through money payment, $60 maximum a person, $165 a household, supplemented by general assistance under specified conditions. Practitioner services through money payment.
Wisconsin	Yes	Yes	All recommended by physician. No day limitation; reauthorization stipulated.	Yes	Pay budgetary deficit to meet rate for care needed; rates negotiated in each county. Allowance for personal needs in money payment.	Yes	
Wyoming	Yes	Yes	All recommended by physician. No day limitation.	No	$85 maximum money payment for maintenance, plus vendor payment up to $100.	No	Other medical services are responsibility of counties.

Table 2.—Old-age assistance: Payments for vendor medical bills: Total amount, amount for which type of service was not reported, and amount in all States reporting for specified type of service, by State, fiscal year 1959 (supplied by the Bureau of Public Assistance) [1]

State	Total	Type of service not reported	In all States reporting for specified type of service				
			Practitioners' services	Hospitalization	Drugs and supplies	Nursing and convalescent home care	Other
Total	$220,749,925	$24,953,705	$21,344,694	$71,879,997	$31,877,084	$56,944,998	$13,749,447
Alabama	17,473		2,329	15,144			
Alaska							
Arizona							
Arkansas	2,989,720		21,393	1,671,037		1,294,030	3,260
California	22,140,019		6,649,307		13,100,862		2,389,850
Colorado	7,739,663		1,097,093	4,878,353	77,096	1,624,167	62,954
Connecticut	3,710,081		453,372	2,259,290	940,438	1,494	55,487
Delaware							
District of Columbia	202,936			196,454			6,482
Florida	1,390,427				1,390,427		
Georgia							
Hawaii	99,977	99,977					
Idaho	24,130					24,130	
Illinois	24,788,904		2,022,275	6,612,511	2,722,576	12,541,541	890,001
Indiana	5,807,135		1,277,606	1,619,147	872,201	1,849,526	188,655
Iowa	667,938		315,954		334,334		17,650
Kansas	3,913,454		622,473	1,366,940	795,779		1,128,262
Kentucky							
Louisiana	2,394,230		32,935		115,304	2,239,448	6,543
Maine	1,354,849			625,785		729,064	
Maryland	463,099	463,099					
Massachusetts	29,654,045		683,863	10,306,418	4,640,549	13,030,875	992,340
Michigan	4,985,744	4,985,744					
Minnesota	14,723,821		1,419,212	6,027,400	1,536,242	5,354,227	386,740
Mississippi							
Missouri							
Montana	17,855		6,916	9,878	17		1,044
Nebraska	3,391,745			1,044,795		2,346,950	
Nevada	229,642		79,443		82,553		67,646
New Hampshire	1,222,136		178,044	709,419	274,920	32,661	27,092
New Jersey	5,800,800	5,800,800					
New Mexico	914,908		143,955	420,400	120,940	190,197	39,416
New York	26,050,471			14,766,084		4,918,973	6,365,414
North Carolina	832,317			832,317			
North Dakota	2,027,898		243,415	1,086,083	219,043	421,484	57,873
Ohio	9,402,926		1,543,879	5,747,637	1,753,514	17,721	340,175
Oklahoma	11,233,765		1,688,688	4,346,185		5,182,308	16,584

Oregon	4, 335, 246		170, 611	912, 817	404, 232	2, 805, 116	42, 470
Pennsylvania	2, 708, 931		588, 050		1, 197, 393	687, 050	236, 438
Puerto Rico							
Rhode Island	980, 836	980, 836					
South Carolina							
South Dakota							
Tennessee	1, 394, 994			1, 394, 994			
Texas							
Utah	593, 496		71, 664	130, 380	264, 556	88, 099	38, 797
Vermont							
Virgin Islands	3, 657	3, 657					
Virginia	445, 582					445, 582	
Washington	8, 326, 489		1, 843, 036	4, 113, 408	913, 708	1, 071, 204	385, 133
West Virginia	745, 866		113, 924	591, 393	19, 758		20, 791
Wisconsin	12, 619, 592	12, 619, 592					
Wyoming	403, 128		75, 257	178, 078	100, 642	49, 151	

[1] In some instances, figures are presented where no federally aided vendor payments are made; in others, no figures are presented where vendor payment programs are now in existence. These discrepancies are generally the result of the method and of the timing of the State reports. For example, Alabama, although it has no federally approved plan for vendor method payment, reports total payments of $17,473. This amount, however, represents payments from local funds only. New York, which has a vendor program for all types of services, reported its payments for practitioners' services and drugs and supplies under the heading designated "Other." Another example is the fact that no hospitalization payments are listed for Florida, because the program did not go into effect until October 1959.

COMMITTEE ON FINANCE
UNITED STATES SENATE

Harry Flood Byrd, *Chairman*

AUGUST 19, 1960

MAJOR DIFFERENCES IN THE PRESENT SOCIAL SECURITY LAW AND H.R. 12580 AS REPORTED BY THE COMMITTEE ON FINANCE

Printed for the use of the Committee on Finance

COMMITTEE ON FINANCE

HARRY FLOOD BYRD, Virginia, *Chairman*

ROBERT S. KERR, Oklahoma
J. ALLEN FREAR, JR., Delaware
RUSSELL B. LONG, Louisiana
GEORGE A. SMATHERS, Florida
CLINTON P. ANDERSON, New Mexico
PAUL H. DOUGLAS, Illinois
ALBERT GORE, Tennessee
HERMAN E. TALMADGE, Georgia
EUGENE J. McCARTHY, Minnesota
VANCE HARTKE, Indiana

JOHN J. WILLIAMS, Delaware
FRANK CARLSON, Kansas
WALLACE F. BENNETT, Utah
JOHN MARSHALL BUTLER, Maryland
CARL T. CURTIS, Nebraska
THRUSTON B. MORTON, Kentucky

ELIZABETH B. SPRINGER, *Chief Clerk*

CONTENTS

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

MEDICAL SERVICES FOR THE AGED

AID TO THE BLIND (PUBLIC ASSISTANCE)

MATERNAL AND CHILD WELFARE SERVICES

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)

Major differences in the present Social Security law and H.R. 12580 as reported by the Committee on Finance

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

I. COVERAGE

[References are to the sections of the bill as reported by the Committee on Finance]

Item	Present law	H.R. 12580 as reported
A. Self-employed:		
1. Ministers	*Covers* duly ordained, commissioned or licensed ministers, Christian Science practitioners, and members of religious orders (other than those who have taken a vow of poverty) serving in the United States, and those serving outside the country who are citizens and either working for United States employers or serving a congregation predominantly made up of United States citizens. Coverage is available under the self-employment coverage provisions on an individual voluntary basis regardless of whether they are employees or self-employed.	
	Allows election of coverage by filing of certificate for present minister, generally up until Apr. 15, 1959.	Extends the period of time generally through Apr. 15, 1962, within which present ministers may elect coverage. Bill: Sec. 101(a). Permits the validation of coverage of certain clergymen who filed tax returns reporting self-employment earnings from the ministry for certain years after 1954 and before 1960 even though, through error, they had not filed waiver certificates effective for those years. Waiver certificate must be filed and taxes for these years must be paid by Apr. 15, 1962. Extends option of ministers (which expired Apr. 15, 1959) to amend waiver certificate so as to cover the year 1956 where that year could have been covered in original filing. Bill: Sec. 101(b)(c).
B. Employees	*Covers* employees including certain agent or commission drivers, life-insurance salesmen, homeworkers, traveling salesmen, and officers of corporations regardless of the common law definition of employee.	No change.
1. Domestic workers	*Covers* persons performing domestic service in private nonfarm homes if they receive $50 or more during a calendar quarter from 1 employer. Noncash remuneration is excluded.	Excludes from coverage all earnings of such domestic workers who are under the age of 16. Effective date: Jan. 1, 1961. Bill: Sec. 105.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	H.R. 12580 as reported
B. Employees—Continued		
1. Domestic workers—Continued	*Excludes* students performing domestic service in clubs or fraternities if enrolled and regularly attending classes at a school, college, or university.	
2. Casual labor	*Covers* cash remuneration for service not in the course of the employer's trade or business if the remuneration is $50 or more from 1 employer during a calendar quarter.	Excludes from coverage all earnings of casual workers who are under the age of 16. Effective date: Jan. 1, 1961. Bill: Sec. 105.
3. State and local government employees.	*Covers* employees of State and local governments *provided* the individual State enters into an agreement with the Federal Government to provide such coverage, with the following special provisions:	
	a. Employees who are in positions covered under an existing State or local retirement system (except policemen and firemen in most States) may be covered under State agreements only if a referendum is held by a secret written ballot, after not less than 90 days' notice, and if the majority of eligible employees under the retirement system vote in favor of coverage. The Governor of a State must personally certify that certain Social Security Act requirements under the referendum procedure have been properly carried out.	Permits the Governor of a State to delegate to a designated State official the making of the certifications required under the referendum procedure. Bill: Sec. 102(a).
	In most States, all members of a retirement system (with minor exceptions) must be covered if any members are covered.	
	Employees of any institution of higher learning (including a junior college or a teachers' college) under a retirement system can, if the State so desires, be covered as a separate coverage group. 1 or more political subdivisions may be considered as a separate coverage group even though its employees are under a statewide retirement system.	Allows employees of municipal or county hospital to be treated as a separate coverage group if the State so desires. Bill: Sec. 102(g).
	b. *States have the option* of covering or excluding employees in any class of elective position, part-time position, fee-basis position, or performing emergency services.	Allows Nebraska to exclude prospectively certain justices of the peace and certain constables, who are compensated on fee basis, who were previously covered by State agreement. Bill: Sec. 102(i).
	Retroactive coverage.—An agreement, or modification of an agreement, agreed to prior to 1960 could be made effective as early as Jan. 1, 1956. Agreements or modifications made after 1959 could only be made retroactive to the 1st day of the year in which they were agreed to. Coverage must begin on the same date for all persons in a coverage group.	Allows agreements or modifications made after 1959 to begin as early as 5 years before the year in which an agreement is made, but no earlier than Jan. 1, 1956. Where a retirement system is covered as a single retirement system coverage group, permits the State to provide different beginning dates for coverage of the employees of different political subdivisions. Bill: Sec. 102(c).

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	H.R. 12580 as reported
B. Employees—Continued		
3. State and local government employees—Continued	*Exceptions to general law authorizing coverage in named States:*	
	(1) *Split-system provision.*—Authorizes California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Vermont, Washington, and Wisconsin, and all inter-State instrumentalities, at their option, to extend coverage to the members of a State retirement system by dividing such a system into 2 divisions, 1 to be composed of those persons who desire coverage and the other of those persons who do not wish coverage, provided that new members of the retirement system coverage group are covered compulsorily. Also authorizes similar treatment of political subdivision retirement systems of these States.	Provides that where an individual who has chosen not to be covered under the divided retirement system provision becomes a member of a different retirement system group because of the annexation of the employing political subdivision by another political subdivision, or through some other action taken by a political subdivision, such individual will continue to be excluded from coverage. Bill: Sec. 102(b).
	(2) *Policemen and firemen.*—Allows the States of Alabama, California, Florida, Georgia, Hawaii, Kansas, Maryland, New York, North Carolina, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, Vermont, and Washington and all inter-State instrumentalities to make coverage available to policemen and firemen in those States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.	Adds Virginia to the list. Bill: Sec. 102(d).
	(3) *Nonprofessional school employees and teachers (1958 amendments).*—Allows State of Maine until July 1, 1960, to treat the positions of teachers (and other related positions) and the positions of other members of the same retirement system as separate systems for coverage purposes.	Extends cutoff date to July 1, 1961. Sec. 102(j). *Validation of coverage.*—Validates the coverage of certain teachers and school administrative personnel who, for the period Mar. 1, 1951, to Oct. 1, 1959, were reported under the Mississippi coverage agreement as State employees, rather than as employees of the various school districts in Mississippi. Bill: Sec. 102(h).
4. Employees of nonprofit organizations.	*Covers* employees of religious, charitable, educational, and other nonprofit organizations (which are exempt from income tax and are described in sec. 501(c)(3) of the Internal Revenue Code) *on a voluntary basis* if—	
	a. the employer organization certifies that it desires to extend coverage to its employees, and	a. No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	H.R. 12580 as reported
B. Employees—Continued 4. Employees of nonprofit organizations—Continued	b. at least ⅔ of the organization's employees concur in the filing of a waiver certificate. Employees who do not concur in the filing of the certificate are not covered *except* that all employees hired after a certificate becomes effective are covered. Waiver certificate may be made effective at the option of the organization on the 1st day of the quarter in which the certificate is filed or the 1st day of the succeeding quarter.	b. Eliminates requirement that ⅔ of the employees concur in filing a certificate. Effective date: Certificates filed after date of enactment. Bill: See 106(a).
	Employees of nonprofit organizations who are in positions covered by State and local retirement systems and are members or eligible to become members of such systems must be treated apart from those not in such positions. Certificates must be filed separately for each group and ⅔ of the employees in each group must concur in the filing of its certificate. All new employees who belong to a group for which a certificate has been filed are automatically covered, and new employees who belong to a group for which a certificate has not been filed are not covered.	Eliminates requirement that ⅔ of the employees in the group concur in filing a certificate. Effective date: Certificates filed after date of enactment. Bill: Sec. 106(a).
		Validates wages for services performed after 1950 and before July 1, 1960, by certain employees of nonprofit organizations where the organization has been reporting and paying taxes but did not comply with certain provisions of the law: i.e., failed to file a certificate, filed it too late to cover employees who had left, or failed to obtain the signatures of employees who wished coverage. Effective date: No benefits payable or increased for month of enactment or prior month; no lump sum death payment payable or increased if individual died prior to date of enactment. Validates remuneration erroneously reported as self-employment income for taxable years ending after 1954 and before 1962 by certain lay missionaries (and others). Effective date: No benefits payable or increased for months of enactment or prior month; no lump sum death payment payable or increased if individual died prior to date of enactment. Bill: Sec. 103.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Present law	H.R. 12580 as reported
B. Employees—Continued		
5. Employees of foreign governments and their instrumentalities.	Excludes (among other groups) employees of foreign governments and their instrumentalities.	Covers U.S. citizens so employed within the United States on self-employment basis. Effective as to taxable years ending after 1960; for retirement test purposes effective for years beginning after date of enactment. Bill: Sec. 104.

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY

A. Nature of the Provisions		
1. Benefits	Provides an insurance benefit (for months beginning July 1957) for disabled workers between ages of 50 and 65 meeting eligibility requirements. Benefits are computed in the same way as retirement benefits and are payable from the Federal Disability Insurance Trust Fund.	Eliminates the requirement that an individual must have attained age 50 in order to be eligible for benefits. Effective date: 2d month after the month of enactment. Bill: Sec. 401.
2. Disability "freeze"	Provides that when an individual for whom a period of disability has been established dies or retires on account of age or disability his period of disability will be disregarded in determining his eligibility for benefits and his average monthly wage for benefit computation purposes.	No change.
B. Eligibility requirements		
1. Definition	For benefits an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. The impairment must be medically determinable and one which can be expected to be of long-continued and indefinite duration or to result in death.	No change.
2. Waiting period	A 6 months' "waiting period" is required before disability insurance benefits can begin.	Provides that people who become disabled within 60 months (5 years) after termination of a period of disability would not be required to serve another 6-month "waiting period" before they are again eligible to receive benefits. Effective date: Benefits payable for month of enactment and subsequent months. Bill: Sec. 402.
3. Work requirement	To be eligible for disability benefits, an individual must— (1) Have acquired at least 20 quarters of coverage out of the last 40 quarters ending with the quarter in which the period of disability begins; (2) be fully insured.	Provides alternative work requirement for individuals who have (1) 20 quarters of coverage, whenever acquired, and (2) quarters of coverage in all calendar quarters elapsing after 1950 up to the quarter in which they become disabled, but not less than 6 quarters. Bill: Sec. 404.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

Item	Present law	H.R. 12580 as reported
C. Rehabilitation	The policy of Congress is stated that disabled persons applying for a determination of disability be promptly referred to State vocational rehabilitation agencies for necessary rehabilitation services. Act provides for deduction of benefits for refusal, without good cause, to accept rehabilitation services available under a State plan approved under the Vocational Rehabilitation Act in such amounts as the Secretary shall determine. A member or adherent of a recognized church or religious sect that relies on spiritual healing who refuses rehabilitation services is deemed to have done so with good cause. A disabled person who is receiving rehabilitation services from a State vocational rehabilitation agency and returns to work shall not, for at least 1 year after his work first started, be regarded as able to engage in substantial gainful activity solely by reason of such work.	Broadens present provision to allow, in effect, a 12-month trial work period for *all* beneficiaries (including childhood disability beneficiaries) who attempt to work. If, after 9 months, the beneficiary has demonstrated that he is no longer disabled within the meaning of the law, he will receive benefits for an additional 3 months. (Only 1 trial work period permitted for each period of disability: no additional trial work period for persons disabled a 2d time within 60 months.) Any beneficiary who has been determined to be no longer disabled within the meaning of the law will be given an additional 3 months of benefits as above. Effective date: Month beginning after month of enactment. Bill: Sec. 403.

III. ELIGIBILITY FOR BENEFITS

A. Retirement age	Retirement age for men is 65. Retirement age for women is 62 with a reduced benefit upon retirement between age 62 and 65 for wives and women workers. Full benefits are payable at age 62 to widows and dependent mothers of deceased workers.	Provides option of earlier retirement for male workers and dependent husbands at age 62 with an actuarial reduction on the same basis presently provided for women workers and wives. The actuarial reduction for workers (5/9 of 1 percent for each month prior to age 65) would, if the worker retires at age 62, be 80 percent of the full benefit payable if he had retired at age 65. The actuarial reduction for dependent husbands (25/36 of 1 percent for each month prior to age 65) would, if benefits commence at age 62, be 75 percent of the amount which would be payable if benefits commenced at age 65. Full benefits payable to widowers and dependent fathers of deceased workers at age 62. Effective for benefits payable November 1960. Bill: Sec. 210.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. ELIGIBILITY FOR BENEFITS—Continued

Item	Present law	H.R. 12580 as reported
B. Survivors of workers who died prior to 1940.	Benefits are not payable to otherwise eligible widows, children, and parents if the wage earner had died prior to 1940.	Allows benefits to such individuals even though earner died before 1940 if he had at least 6 quarters of coverage. Effective for month after month of enactment. Bill: Sec. 205.
C. Widowers of workers who died prior to 1950.	Benefits are not payable to eligible widowers unless the insured worker's death was after August 1950 and she was fully and currently insured.	Eliminates August 1950 cutoff date. Effective for month after month of enactment. Bill: Sec. 205.
D. Former wives divorced of workers who died before September 1950.	Deemed fully insured status provided for all categories of survivors of workers who died prior to September 1950 with 6 quarters of coverage except former wives divorced.	Provides fully insured status for any person who died or attained retirement age before 1951 and thus would allow benefits to such former wives divorced. Effective for benefits for months after month of enactment. Bill: Sec. 204.
E. Children born or adopted after parent's disability.	Benefits are not payable to an otherwise eligible child unless he was born, or adopted, or became a stepchild before the worker became disabled.	Permits payment of benefits to children born or adopted after worker's disability. A child cannot become entitled unless he is the natural child or stepchild of the disabled worker or is adopted within 2 years after the month in which the worker became entitled to benefits, but only if such adoption proceedings were started before period of disability began or child was living with under the start of the period of disability. Effective for September 1958. Bill: Sec. 201.
F. Dependency of stepchild on natural father.	A child is deemed dependent on natural father or adopting father for benefit purposes unless the father is not contributing to the child's support *and* the child is living with and being supported by the stepfather at the time he files application.	Provides for payment of child's benefit even though the child was living with and receiving more than ½ of his support from his stepfather. Effective for month of enactment. Bill: Sec. 202.
G. Invalid marriages	The validity of a marriage (under the law of the State in which the worker lives) may determine eligibility for mother's, wife's, husband's, widow's, widower's, and child's benefits.	Provides that certain invalid marriages of insured workers will not result in ineligibility. Applicant must have gone through the marriage ceremony with insured worker in the belief that it would create a valid marriage and the couple must have been living together at the time of the worker's death or, be living together at the time of application for benefits. Effective for month of enactment. Bill: Sec. 207.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. ELIGIBILITY FOR BENEFITS—Continued

Item	Present law	H.R. 12580 as reported
H. Lump sum death payment..	Lump sum death payment paid (in cases where no eligible spouse survives) only after burial expenses are paid.	Allows lump sum to be sent directly to funeral director on application of person who assumes responsibility for funeral home expenses. If any of the lump sum remains, it is paid to person who paid funeral bill; if any still remains to persons who paid other burial expenses in a certain order of priority. Effective date: For deaths after enactment and for deaths before enactment if no application is filed before the 3d month after month of enactment. Bill: Sec. 203.

IV. BENEFIT AMOUNTS

A. Computing average monthly wage.	In general, an individual's average monthly wage for computing his monthly old-age insurance benefit amount is determined by dividing the total of his creditable earnings after the applicable starting date and up to the applicable closing date, by the number of months involved. Excluded from this computation are all months and all earnings in any year any part of which was included in a period of disability under the disability "freeze" (except that the months and earnings in the year in which the period of disability begins may be included if the resulting benefit would be higher). Also excluded from the computation are all months in any year prior to the year the individual attained age 22 if less than 2 quarters of such year were quarters of coverage. Starting dates may be last day of (1) 1936, or (2) 1950, or, if later, the year of attainment of age 21. The closing date may be either (1) the 1st day of the year the individual died or became entitled to benefits or (2) the 1st day of the year in which he was fully insured and attained retirement age, whichever results in a higher benefit. Applicable starting and closing dates are those which yield the highest benefit amount. The minimum divisor is 18 months.	Provides for computation of the average monthly wage, in retirement cases, on the basis of a constant number of years, regardless of when, before age 22, the person started to work or when, after age 62, he files application for benefits. The number of years would be equal to 5 less than the number of years (excluding years in periods of disability) elapsing after 1950 or after the year in which the individual attained age 21, whichever is later, and up to the year in which the person was first eligible for old-age insurance benefits (generally the year in which he attained age 62. In death and disability cases the number of years would be determined by the date of death or disability. In those cases where a larger benefit would result (because the individual's best earnings were in years before 1951) the number of years would be those elapsing after 1936, rather than 1950; this alternative is similar to the 1936 alternative "starting date" available under present law in such cases. The subtraction of 5 from the number of elapsed years is the equivalent of the present dropout of the 5 years during which the individual's earnings were the lowest.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS—Continued

Item	Present law	H.R. 12580 as reported
A. Computing average monthly wage—Con.	Individuals can "drop out" up to 5 years of lowest or no earnings in computing average monthly wage.	The earnings used in the computation would be earnings in the highest years. Earnings in years prior to attainment of age 22 or after attainment of retirement age could be used if they were higher than earnings in intervening years. The span of years could never be less than 2. Generally, the span of years to be used for the benefit computation in retirement cases could not be less than 5—the number of years that would have to be used under the present law by people who attain retirement age in 1960. Effective, in general, on Jan. 1, 1961. Bill: Sec. 303.
B. Child's survivor benefit	Benefit payable to each child is ½ of worker's benefit plus ¼ of his benefit divided by the number of children he has (if he has 2 children, each child will get ½ plus ⅛ (⅝) of his benefit).	Benefit payable to each child would be ¾ of worker's benefit. Effective for 3d month after enactment. Bill: Sec. 301.

V. RETIREMENT TEST

	Annual test of earnings under which 1 month's benefit is withheld from beneficiaries under age 72 (and from any dependents drawing on their records) for each unit of $80 (or fraction thereof) by which annual earnings from employment or self-employment exceed $1,200. However, benefits are not withheld for any month during which individuals neither rendered services for wages in excess of $100 nor rendered substantial services in self-employment. The retirement test does not apply to beneficiaries age 72 or over.	Raises annual earnings limitation to $1,800. The other provisions of the retirement test would not be changed. Effective with respect to taxable years ending after 1960. Bill: Sec. 211.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. FINANCING

A. Investment of the trust funds.	Provides that the managing trustee (Secretary of the Treasury) shall invest such portion of the trust funds as is not, in his judgment, needed to meet current withdrawals. Investments must be made in interest-bearing obligations of the United States or in obligations guaranteed as to both interest and principal by the United States.	
	Such obligations issued for purchase by the trust funds shall have maturities fixed with due regard for the needs of the funds, and bear interest at a rate equal to the average rate of all marketable interest-hearing obligations not due or callable until after the expiration of 5 years from the date of original issue. This interest rate, if not a multiple of ⅛ of 1 percent, is rounded to the nearest multiple of ⅛ of 1 percent.	Changes interest provision so that obligations purchased in the future shall bear interest at a rate equal to the average market yield (computed by the managing trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month.
	The special obligations shall be issued for purchase by the trust fund only if the managing trustee determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, is not in the public interest.	Reverses the provision so that the managing trustee is authorized to make purchases in the open market only when he deems it is within the public interest. Effective date: First day of the month after the month of enactment. Bill: Sec. 701.
B. Review of status of trust funds.		
1. Board of Trustees..	These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as secretary).	
	It shall be the duty of the Board of Trustees to—	
	(1) Hold the trust funds;	No change.
	(2) Report to the Congress not later than the 1st day of March of each year on the operation and status of the trust funds during the preceding fiscal year and on their expected operation and status during the next ensuing 5 fiscal years;	No change.
	(3) Report immediately to the Congress whenever it is their opinion that during the ensuing 5 fiscal years either of the trust funds will exceed 3 times the highest annual expenditures anticipated during the next 5 years, or whenever in their opinion either of the trust funds is unduly small.	(3) Changes requirement so that Board has to report immediately only if it believes that the amount of either trust fund is unduly small.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. FINANCING—Continued

Item	Present law	H.R. 12580 as reported
B. Review of status of trust funds—Continued		
1. Board of Trustees—Continued	(4) Recommend improvements in administrative procedures and policies designed to effectuate the proper coordination of the old-age and survivors insurance and Federal-State unemployment compensation programs.	No change.
		Adds requirements that the Board review the general policies followed in managing the trust funds, and recommend changes in such policies, including necessary changes in the provisions of the law which govern the way in which the trust funds are to be managed. The Board is also required to meet at least once each 6 months. Effective date: 1st day of the month after the month of enactment. Bill: Sec. 701.
2. Advisory Council	An Advisory Council on Social Security Financing will periodically review the status of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in relation to the long-term commitments of the programs. The first such Council will be appointed by the Secretary after February 1957 and before January 1958 and will consist of the Commissioner of Social Security, as Chairman, and 12 other persons representing employers and employees, in equal numbers, self-employed persons and the public. The Council shall make its report, including recommendations for changes in the tax rate, to the Board of Trustees of the trust funds before Jan. 1, 1959. The Board shall submit the recommendations to Congress before Mar. 1, 1959, in its annual report.	
	Other advisory councils with the same functions and constituted in the same manner will be appointed by the Secretary not earlier than 3 years nor later than 2 years prior to Jan. 1 of the years in which the tax rates are scheduled to be increased. These advisory councils will report to the Board on Jan. 1 of the year before the tax increase will occur and the Board will report to Congress not later than Mar. 1 of the same year.	Changes appointment and report dates of advisory councils: will be appointed during 1963, 1966, and every 5th year thereafter and will report not later than Jan. 1 of the 2d year after the year in which they are appointed. Effective date: Date of enactment. Bill: Sec. 704.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. FINANCING—Continued

Item	Present law	H.R. 12580 as reported
C. Maximum taxable amount	$4,800 a year.	No change.
D. Tax rate for self-employed	Taxable years beginning after— *Percent*	
	1959 — 4½	Do.
	1962 — 5¼	
	1965 — 6	
	1968 — 6¾	
E. Tax rate for employees and employers.	Calendar years:	
	1960–62 — 3	Do.
	1963–65 — 3½	
	1966–68 — 4	
	1969 and after — 4½	

MEDICAL SERVICES FOR THE AGED

Item	H.R. 12580 as reported
I. Medical assistance for the aged: A. Purpose	The bill would amend title I (relating to old-age assistance) to permit the States to enlarge their programs thereunder to include plans for medical assistance for the aged; that is, to provide medical benefits for aged persons who are not old-age assistance recipients, but whose income and resources are insufficient to meet the costs of necessary medical services. Federal payments to States would reimburse the States for a portion of their expenditures under approved plans for medical assistance for the aged according to the equalization formula now used to compute the Federal portion of old-age assistance payments between $30 and $65 per month, except that the Federal share would range from 50 to 80 percent depending upon the per capita income of the State as related to the national per capita income. The Federal Government would bear half of the administrative expenses under such plans. For Federal matching percentages, see below.

Federal medical percentage applicable for October 1, 1960 through June 30, 1961

State	Percent	State	Percent
Alabama	79. 15	Montana	54. 07
Alaska	50. 00	Nebraska	63. 41
Arizona	63. 23	Nevada	50. 00
Arkansas	80. 00	New Hampshire	57. 91
California	50. 00	New Jersey	50. 00
Colorado	53. 42	New Mexico	67. 99
Connecticut	50. 00	New York	50. 00
Delaware	50. 00	North Carolina	77. 46
District of Columbia	50. 00	North Dakota	74. 18
Florida	59. 68	Ohio	50. 00
Georgia	74. 36	Oklahoma	67. 54
Guam	50. 00	Oregon	52. 58
Hawaii	53. 38	Pennsylvania	50. 00
Idaho	67. 04	Puerto Rico	50. 00
Illinois	50. 00	Rhode Island	50. 00
Indiana	50. 00	South Carolina	80. 00
Iowa	63. 23	South Dakota	75. 42
Kansas	60. 78	Tennessee	76. 55
Kentucky	76. 94	Texas	61. 36
Louisiana	72. 00	Utah	65. 00
Maine	65. 23	Vermont	65. 82
Maryland	50. 00	Virgin Islands	50. 00
Massachusetts	50. 00	Virginia	65. 44
Michigan	50. 00	Washington	50. 00
Minnesota	58. 57	West Virginia	72. 69
Mississippi	80. 00	Wisconsin	54. 60
Missouri	53. 42	Wyoming	50. 92

In order to be eligible for such payments, the State must provide medical assistance for the aged according to a plan submitted to the Secretary of Health, Education, and Welfare, and approved by him which meets the requirements set out in the bill. The administrative provisions are generally the same as now required for State old-age assistance plans. The requirements relating to plans for medical assistance for the aged are described later. The Secretary may suspend payments to States, in whole or part, when he finds that the State is not complying with its plan, or that the plan no longer complies with the requirements of the bill.

MEDICAL SERVICES FOR THE AGED—Continued

Item	H.R. 12580 as reported
I. Medical assistance for the aged—Continued	
B. Scope of benefits	The State plan for medical assistance for the aged may specify medical services of any scope and duration, provided that both institutional and noninstitutional services are included. The Federal Government would share in the expense of providing the following kinds of medical services: (1) Inpatient hospital services; (2) Skilled nursing home services; (3) Physicians' services; (4) Outpatient hospital or clinic services; (5) Home health care services; (6) Private duty nursing services; (7) Physical therapy and related services; (8) Dental services; (9) Laboratory and X-ray services; (10) Prescribed drugs, eyeglasses, dentures, and prosthetic devices; (11) Diagnostic, screening, and preventive services; and, (12) Any other medical care or remedial care recognized under State law. The Federal Government would not share as to services in pulmonary tuberculosis or mental hospital.
C. Eligibility for benefits	The State plan must provide medical benefits to all persons who— (1) Have attained age 65; (2) Are not recipients of old-age assistance, but whose incomes and resources are insufficient to meet all of the cost of the medical services outlined above. (3) Are residents of the State (provision must be made, in accordance with the Secretary's regulations, which will make benefits available to residents of the State who are absent therefrom). The State plan for Medical Assistance for the Aged cannot provide medical benefits for persons who— (1) Are recipients of old-age assistance; (2) Are under age 65. The plan may not require a premium or enrollment fee as a condition of eligibility. The State plan must include reasonable standards for determining eligibility, but such standards may not be inconsistent with the above requirements. The plan must provide that no lien may be imposed against the property of a beneficiary prior to his death (or that of his surviving spouse, if any) or on account of any benefit he may have correctly received, and that there may be no recovery of any benefits correctly paid until after the death of the recipient (or that of his surviving spouse, if any).
D. Beginning date	Payments may be made to States with approved plans for medical assistance for the aged for calendar quarters commencing Oct. 1, 1960, or thereafter. Bill: Sec. 601.

MEDICAL SERVICES FOR THE AGED—Continued

Item	Present law	H.R. 12580 as reported
II. Old-age assistance medical program.	The following formula is applicable for a combined program which includes both money payments and vendor expenditures for medical care.	Provides for Federal financial participation in expenditures to vendors of medical services of up to $12 per month in addition to the existing $65 maximum provision. Where the State average payment is over $65 per month, the Federal share in respect to such medical services costs would be a minimum of 50 percent and a maximum of 80 percent depending on each State's per capita income. (See p. 12 for approximate Federal percentages.) Where the State average payment is $65 a month or under, the Federal share, in respect to such medical service costs, would be 15 percentage points in addition to the existing Federal percentage (50 to 65 percent); thus for these States the Federal percent applicable to such medical services costs would range from 65 to 80 percent (see p. 15). A State with an average payment of over $65 a month would never receive less in additional Federal funds in respect to such medical-services costs than if it had an average payment of $65.
A. Matching formula	Federal matching share is $24 of the 1st $30 (⅘ of the 1st $30) with matching above this amount varying from 50 to 65 percent. States whose per capita income is equal to or above the per capita income for the United States have 50 percent Federal matching, while those States below the national average have Federal matching which varies up to a maximum of 65 percent.	Bill: Sec. 601.
	The Federal percentages as promulgated for the period Oct. 1, 1958, through June 30, 1961, are as follows:	Federal matching percentage applicable to medical expenditures expenses of old-age assistance recipients for States with average total payment of under $65 (shown for States in this category in May 1960):
	State: *Federal percentage* Alabama 65.00 Alaska 50.00 Arizona 63.23 Arkansas 65.00 California 50.00 Colorado 53.42 Connecticut 50.00 Delaware 50.00 District of Columbia 50.00 Florida 59.68 Georgia 65.00 Guam 50.00	State: *Federal percentage* Alabama 80.00 Alaska 65.00 Arizona 78.23 Arkansas 80.00 California (1) Colorado (1) Connecticut (1) Delaware 65.00 District of Columbia 65.00 Florida 74.68 Georgia 80.00 Guam [2] 65.00

See footnotes at bottom of p 16.

MEDICAL SERVICES FOR THE AGED—Continued

Item	Present law	H.R. 12580 as reported
II. Old-age assistance medical program—Continued A. Matching formula—Continued	State: *Federal percentage* Hawaii 53.38 Idaho 65.00 Illinois 50.00 Indiana 50.00 Iowa 63.23 Kansas 60.78 Kentucky 65.00 Louisiana 65.00 Maine 65.00 Maryland 50.00 Massachusetts 50.00 Michigan 50.00 Minnesota 58.57 Mississippi 65.00 Missouri 53.42 Montana 54.07 Nebraska 63.41 Nevada 50.00 New Hampshire 57.91 New Jersey 50.00 New Mexico 65.00 New York 50.00 North Carolina 65.00 North Dakota 65.00 Ohio 50.00 Oklahoma 65.00 Oregon 52.58 Pennsylvania 50.00 Puerto Rico 50.00 Rhode Island 50.00 South Carolina 65.00 South Dakota 65.00 Tennessee 65.00 Texas 61.36 Utah 65.00 Vermont 65.00 Virgin Islands 50.00 Virginia 65.00 Washington 50.00 West Virginia 65.00 Wisconsin 54.60 Wyoming 50.92	State: *Federal percentage* Hawaii 68.38 Idaho [1] Illinois [1] Indiana 65.00 Iowa [1] Kansas [1] Kentucky 80.00 Louisiana [1] Maine [1] Maryland 65.00 Massachusetts [1] Michigan [1] Minnesota [1] Mississippi 80.00 Missouri 68.42 Montana 69.07 Nebraska [1] Nevada [1] New Hampshire [1] New Jersey [1] New Mexico [1] New York [1] North Carolina 80.00 North Dakota [1] Ohio [1] Oklahoma [1] Oregon [1] Pennsylvania [1] Puerto Rico [2] 65.00 Rhode Island [1] South Carolina 80.00 South Dakota 80.00 Tennessee 80.00 Texas 76.36 Utah [1] Vermont 80.00 Virgin Islands [2] 65.00 Virginia 80.00 Washington [1] West Virginia 80.00 Wisconsin [1] Wyoming [1]

[1] Average total assistance payment in May 1960 was $65 or more. See p. 12 for applicable Federal percentage.

[2] In Puerto Rico, Guam, and the Virgin Islands the existing average old-age assistance matching maximum is $35 rather than $65, and the additional matching for vendor payments is based on $6 a month per recipient rather than $12 a month.

MEDICAL SERVICES FOR THE AGED—Continued

Item	Present law	H.R. 12580
II. Old-age assistance medical program—Continued		
B. Definition of old-age assistance.	For Federal matching purposes excludes any money or vendor medical care payments for persons who have been diagnosed as having tuberculosis or psychosis and are patients in medical institutions as a result thereof.	Extends definition by making exclusion applicable only to pulmonary tuberculosis or psychosis. Bill: Sec. 601.
III. Medical care guides and reports.	No provision.	Provides that the Secretary would develop and revise from time to time guides or recommended standards as to the level, content, and quality of medical care and medical services for the use of the States in evaluating and improving their public assistance medical care programs and their programs of medical assistance for the aged. For this purpose, the Secretary would also be directed to secure information from the States on their medical care and medical services under these programs and to publish these reports and other necessary information. Bill: Sec. 705.

AID TO BLIND
(Public Assistance)

I. Temporary extension of certain special provisions relating to State plans for aid to the blind.	Temporary legislation (sec. 344(b) of the Social Security Amendments of 1950) relates to the approval by the Secretary of certain State plans for aid to the blind which do not meet in full the requirements of clause (8) of sec. 1002(a) of title X relating to the "needs" test. Expires June 30, 1961.	Postpones termination date until June 30, 1964. Bill: Sec. 706.
II. Earnings exemption for recipients.	State agency must, in determining need, take into consideration income and resources of individuals, except that State must disregard the first $50 per month ($600 per year) of earned income.	Until July 1, 1961, the States *may* disregard the first $1,000 of annual earned income, plus one-half of annual earned income in excess of $1,000 in lieu of the monthly exemption contained in existing law. After June 30, 1961, the States *must* use this annual exemption in lieu of the monthly exemption contained in existing law. Bill: Sec. 710.

MATERNAL AND CHILD WELFARE SERVICES

Item	Present law	As reported
I. Maternal and child health services:		
A. Authorization of annual appropriation.	Authorizes $21,500,000 per year	Authorizes $25 million per year. Effective date: Fiscal year 1961. Bill: Sec.
B. Allotment to States.	Out of the sum appropriated— 1. $10,750,000 shall be allotted as follows: to each State a uniform base grant of $60,000 and the remainder in the proportion of live births in that State to the whole United States. 2. The other $10,750,000 is allotted according to the financial need of each State after taking into consideration the number of live births in that State [proportionate reduction in amounts if full authorized sum is not appropriated].	Substitutes $12,500,000 for $10,750,000 in both 1 and 2 and also provides that the uniform grant in 1 be increased from $60,000 to $70,000. Bill: Sec. 707.
C. Special project grants.	No specific provision in the law	Adds provision that not more than 25 percent of the sums under B–2 (above) shall be available for grants to State health agencies, and to public or other nonprofit institutions of higher learning for special projects of regional or national significance which may contribute to the advancement of maternal and child health. Bill: Sec. 707.
II. Crippled children's services:		
A. Authorization of annual appropriation.	Authorizes $20 million per year	Authorizes $25 million per year. Effective date: Fiscal year 1961. Bill: Sec. 707.
B. Allotment to States.	Out of the sum appropriated— 1. $10 million shall be allotted as follows: to each State $60,000 and the remainder according to need after taking into consideration the number of crippled children in each State in need of services and the cost of furnishing such services. 2. The other $10 million according to need of State as determined after taking into consideration the number of crippled children in each State in need of services and the cost of furnishing such services to them.	Same as I-B above.
C. Special project grants.	No specific provision in the law	Same as I-C above. Bill: Sec. 707.

MATERNAL AND CHILD WELFARE SERVICES—Continued

Item	Present law	H.R. 12580 as reported
III. Child welfare services:		
A. Authorization of annual appropriation.	Authorizes $17 million per year.	Authorizes $25 million per year. Effective date: Fiscal year 1961. Bill: Sec. 707.
B. Allotment to States.	Out of the sum appropriated allots to a State such portion of $60,000 as the amount appropriated bears to the amount authorized to be appropriated. The remainder of sums appropriated shall be allotted so that each State shall have an amount which bears the same ratio to the total remainder as the product of (1) the population of each State under the age of 21 and (2) the allotment percentage (based on relative per capita income) bears to the sum of the corresponding products of all the States.	Changes the $60,000 to $70,000. Bill: Sec. 707.
C. Research and demonstration projects.	No provision.	Authorizes appropriation for grants by the Secretary of Health, Education, and Welfare to public or other nonprofit institutions of higher learning and to public and nonprofit agencies and organizations engaged in research or child welfare activities, for special research or demonstration projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare. Bill: Sec. 707.

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)

I. Federal unemployment account.	At the end of each fiscal year, after Federal and State administrative expenses have been paid, any excess net Federal unemployment tax receipts are earmarked and placed in the Federal unemployment account to maintain a balance of $200 million in that account. This account is used to make advances to the States with depleted reserve accounts. Any excess receipts not required to maintain the $200 million balance in the Federal unemployment account are allocated to the trust accounts of the various States in the proportion that their covered payrolls bear to the aggregate of all the States.	The amount authorized as a balance in the Federal unemployment account is increased to $500 million. Bill: Sec. 501(a).

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)—Continued

Item	Present law	H.R. 12580 as reported
II. Advances to States:		
A. Eligibility for advances.	A State whose reserve account at the end of any quarter is less than the amount of benefits paid in the last four preceding quarters may apply for an advance from the Federal unemployment account.	A State's eligibility for advances (applied for after enactment) may be determined at any time. Advances will be made only if in the account of the State requesting an advance the sum of reserves on hand plus expected tax receipts will be inadequate to meet the expected level of benefit payments during the current or following month. Bill: Sec. 502(a).
B. Amount of advances.	A State is advanced the amount specified in the State's application but such amount may not exceed the largest amount of benefits paid by it in any one of the last four preceding quarters.	Advances will be made in amounts which the Secretary of Labor estimates will be required to pay compensation during the current or following month, including amounts to cover unexpected contingencies. The aggregate amount of loans approved by the Secretary of Labor may not exceed the amount available for advances in the Federal unemployment account. Bill: Sec. 502(a).
C. Repayment of advances.	The Governor of any State may at any time request that funds be transferred from the State's account to the Federal unemployment account in repayment of part or all of the balance of advances made to the State.	Same as present law.
	If an advance to any State has been outstanding at the beginning of four consecutive years, the employers' credit in that State against the Federal tax is reduced from 2.7% to 2.55%. This increase in the net Federal tax is used to pay off the advance. During successive years in which the advance is outstanding the employers' credit is reduced by an additional 0.15% a year. If a State repays outstanding advances by Dec. 1 of any year the reduced credit provisions do not come into operation for that year.	If an advance to any State made after enactment is outstanding at the beginning of two consecutive years, the employers' credit in that State against the Federal tax is reduced from 2.7% to 2.4%. During successive years in which the advance is outstanding the employers' credit is reduced by an additional 0.3% a year. If a State repays outstanding advances by Nov. 10 of any year the reduced credit provisions do not come into operation for that year.

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)—Continued

Item	Present law	H.R. 12580 as reported
II. Advances to States—Con. C. Repayment of advances—Con.		In addition to the reduction of 0.3% a year in the employers' tax credit against the Federal tax two other possible credit reductions are provided. The first provides that beginning in the third year in which an advance is outstanding the maximum employers' credit is reduced by the amount, if any, by which the average employer contribution rate in the preceding year was less than 2.7%. The second credit reduction provides that in the fifth year in which an advance is outstanding if the State's benefit-cost rate over the preceding five years is higher than 2.7% then the employers' credit shall be reduced by the amount, if any, by which the State's average contribution rate in the preceding year is less than such benefit-cost rate. Bill: Sec. 503.

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS

TABLE 1.—Summary information on medical care available to old-age assistance recipients through federally aided public assistance vendor payments, and other resources (based on information supplied by Bureau of Public Assistance, June 1960)

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Alabama	No	No	No	No	No	No	Maximum OAA money payment of $75 may be exceeded up to $110 for nursing home care. Recipient in hospital continues to receive money payment. State has program of hospitalization for medically indigent, administered by State health department.
Alaska	No	No	No	No	No	No	Maximum OAA money payment of $100 available for nursing home care. For nonnatives, State program of general assistance is used to meet medical needs, including hospitalization and nursing-convalescent home care not met in the money payment to the recipient. For natives, Bureau of Indian Affairs is a resource for medical care including hospitalization.
Arizona	No	No	No	No	No	No	Nursing home care provided through money payment up to maximum of $80 for OAA recipients. Recipients in hospital continue to receive money payment. Hospitalization and general medical care are county responsibility. For reservation Indians, Indian Health Service is a resource.
Arkansas	Yes	Yes [1]	As recommended by physician for all acute illnesses and injuries. General rule: 30 days a year; extension possible.	No [2]	$90 maximum, plus $5 in money payment for personal needs.	Yes	
California	Yes	Yes	No (vendor payments for OAA recipients in public medical insti-	Yes	No	Yes	Nursing home care provided through money payment of $115 or $95 maximum (depending on recipients income). Hospitalization available in

			tutions after 1st 60 days).				all locations from county hospitals.
Colorado	Yes	Yes	All recommended by physician, except for purpose of diagnosis only. General rule: 30 days; extension possible.	Yes	Money payment $106, plus $20 to $95 vendor payment based on patient's needs.	Yes	
Connecticut	Yes	Yes	All recommended by physician for definitive medical treatment. No limitation on number of days.	Yes	No	Yes	Nursing home care provided through money payment to recipient. Pay budgetary deficit up to approved rate. Maximum rate: $212.33.
Delaware	No	No	No	No	No	No	Nursing home care provided through money payment. Maximum of $75 may be supplemented up to approved rate. Hospitalization for indigent persons reported as provided by county governments.
District of Columbia.	Yes	Yes	All essential surgical and medical care and treatment. No limitation on number of days.	No [3]	No	Yes [3]	Nursing home care provided through money payment to $100 maximum, plus $10 for personal needs. Drugs available through District of Columbia Public Health.
Florida	Yes	No	Limited to acute injuries and illness. Maximum: 30 days a year.	Yes	No	No	Nursing home care provided through money payment to $66 maximum, which may be supplemented from other sources up to rate determined for community.
Georgia	No	No	No	No	No	No	Nursing home care provided through money payment to $65 maximum, which may be supplemented from other sources up to maximum rate. Limited hospitalization through board of commissioners. Hospital care for medically indigent enacted in 1958, but not in operation.

[1] Applicable only if surgery is authorized by remedial eye services section for cooperating ophthalmologist.

[2] Some drugs provided by vendor payment when dispensed by hospital for continuation of treatment after discharge of a patient who has received inpatient care for the same condition.

[3] Vendor payments may be made for drugs, appliances, dental services, and optical supplies recommended by physician, hospital, or clinic when such are not available without cost to the agency through other services.

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Guam	No	No	No	No	No	No	Hospitalization and other medical care available through Government hospital.
Hawaii	Yes	No	All recommended by physician except Hansen's disease (leprosy). No day limitation.	No	No	Yes	Nursing home care provided through money payment. State agency and medical care provisions being reorganized. Outpatient care provided by State paid physicians who also dispense drugs to limited extent.
Idaho	Yes	No	No	No	$150 maximum, plus money payment for personal needs; maximum may be exceeded.	No	Hospitalization furnished under annual contract with private hospitals in some counties; general assistance used primarily for medical care. Public assistance recipient in a public medical institution can continue to receive assistance grant.
Illinois	Yes	Yes	All recommended by physician. General rule: 2 weeks, with provision for extension.	Yes	To meet need for care, not to exceed "going rate" in community.	Yes	
Indiana	Yes	Yes	Limited to nonelective surgery, injuries, acute illness, diagnosis. No day limitation.	Yes	Money payment or vendor, as determined by county. Rates negotiated in each county.	Yes	Scope of medical care determined by individual counties in line with content recommended by State agency.
Iowa	Yes	Yes	No	Yes	No	No	Nursing home care provided through money payment to meet rate for needed care; basic rate $80, plus amounts for additional care needed. Hospitalization available through general assistance and Iowa University Hospital.

Kansas	Yes	Yes	All recommended by physician. No day limitation.	Yes	No	Yes	Nursing home care provided through money payment to meet budgetary deficit of recipient up to the local rate. No statewide rates or ranges.
Kentucky	No	No	No	No	No	No	Nursing home care provided through money payment up to $66 (for total needs). New legislation to start in 1961. Covers all types of medical care to limited amount. Some counties make contributions to local hospitals for care of needy.
Louisiana	Yes	Yes	No	Yes	$110 maximum, plus $17 money payment for personal needs. $105 money payment in home not subject to license.	Yes	Practitioner services paid by vendor payment in nursing home cases only; in other circumstances, provided through money payment. Hospitalization available through State hospital program.
Maine	Yes	No	All recommended by physician. Maximum: 45 days a year.	No	$65 maximum money payment, remainder by vendor payment up to $130 or $165.	No	Other medical care must be met by recipient from money payment. OAA maximum is $65.
Maryland	Yes	Yes	All recommended by physician; 21 days for illness, exception possible upon medical recommendation.	Yes	No	Yes	Nursing home care provided through money payment up to $115.50 for total care. Maximums of $190, $200, $210 (according to group into which county is classified) on total money payment for total needs of recipient.
Massachusetts	Yes	Yes	All recommended by physician. No day limitation.	Yes	$6.50 maximum a day; may be exceeded. All other medical needs are met.	Yes	
Michigan	Yes	Applicable only if connected with hospitalization.	do	Applicable only if connected with hospitalization.	No	Applicable only if connected with hospitalization.	Nursing home care provided through money payment, $90 maximum; may be supplemented from State and local general assistance funds to maximum regional rate ($150 to $175). Practitioner services are in money payment. OAA maximum $80.

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Minnesota	Yes	Yes	All recommended by physician. Maximum: 30 days; extension on recommendation of county medical advisory committee.	Yes	$60 by money payment, plus vendor up to $150; may be exceeded.	Yes	
Mississippi	No	No	No	No	No	No	Nursing home care provided through money payment, $33 administrative maximum; may be supplemented from local or private funds to $150 maximum. Some hospitalization available through State subsidies. Some counties contribute.
Missouri	Yes	No	For acute illness and injury when recommended by physician. Maximum: 14 days per hospital admission.	No	No	No	Nursing home care provided through money payment, $65 maximum, except $100 for "completely bedfast and totally disabled." Other medical care by money payment. Provisions being revised.
Montana	Yes	Yes	Limited to remedial eye care.	Yes	No	No	Nursing home care and all other medical care provided through money payment, $85 maximum. "Medical component" of nursing home care paid through general assistance. Vendor payment method limited to prevention of blindness and restoration of sight.
Nebraska	Yes	No	All recommended by physician. General rule: 31 days; extension possible.	No	Meet budgetary deficit up to fee range negotiated in each county.	No	Practitioner services and other medical services are in money payment up to $70 maximum for OAA.

Nevada	Yes	Yes	No	Yes	No	Yes	Nursing home care provided through money payment, $130 maximum, plus $8 for personal needs. Hospitalization is responsibility of county commissioners. Hospitalized recipients may continue to receive money payments to $75 maximum.
New Hampshire	Yes	Yes	All recommended by physician. General rule: 14 days; extension possible.	Yes	No	Yes	Nursing home care provided through money payment, $150 maximum; may be exceeded in unusual circumstances.
New Jersey	Yes	No	No	No	$180 basic; $190, including physician and prescriptions. Cash payment for personal use.	No	All medical care except nursing home provided through money payment. No maximum.
New Mexico	Yes	Yes	All except elective. No maximum; 7 days with reauthorization required.	Yes	$55 maximum on money payment, plus vendor to $150.	Yes	
New York	Yes	Yes	All recommended by physician. No day limitation.	Yes	Rates set locally. Personal needs met by money payment.	Yes	Counties have option as to method of payment for each of the services provided, subject to State approval.
North Carolina	Yes	No	All recommended by by physician. Maximum: 180 days.	No	No	No	Nursing home care provided through money payment, $175 maximum, applicable only to need for skilled nursing service following hospitalization; limited to 3 months; may be extended 3 times. All other medical care provided through money payment. No maximum. Average OAA payment, $40.
North Dakota	Yes	Yes	All recommended by physician. Maximum: 60 days.	Yes	Meet budgetary deficit up to maximum rates from $100 to $175.	Yes	

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Ohio	Yes	Yes	All recommended by physician; non-elective surgery only, except after special review; 10 days each admission with possible extension.	Yes	No	Yes	Nursing home care provided through money payment to meet budgetary deficit for care needed up to approved rates, $65 to $160.
Oklahoma	Yes	Yes	Limited to life endangering conditions and conditions producing or alleviating blindness; 21 days per admission.	No	$66 maximum on money payment, plus $69 vendor payment.	Yes	Hospitalization limited; no specific items of medical care provided in budgeting for money payment.
Oregon	Yes	Yes	All recommended by physician. No maximum; reauthorization every 7 days.	Yes	$124 to $184 according to care needed. Personal items in money payment.	Yes	In lieu of nursing-home care, housekeeping or nursing service in own home provided in special payment directly to recipient.
Pennsylvania	Yes	Yes	No	Yes	No	Yes	Nursing-home care provided through money payment, $100 to $165 maximum, according to type of care; plus $5 for personal needs in money payment. Hospitalization through State-owned and State-aided hospitals.
Puerto Rico	No	No	No	No	No	No	Medical services of all types available from resources of public health department.
Rhode Island	Yes	Yes	All recommended by physician. Gen-	Yes	No	Yes	Nursing-home care provided through money payment, $182 maximum, de-

			eral rule: 21 days with provision for extension.				pending on type of care, plus $6 for clothing and personal needs.
South Carolina	Yes	No	Acute illness and injury. 30 days maximum.	No	(1) For continuing care, money payment to $60, plus supplement to $150 from other sources; (2) for persons who have been hospitalized, up to $94 vendor payment, plus $60 money payment.	No	Medicine provided through money payment; OAA maximum, $60.
South Dakota	No	No	No	No	No	No	Nursing home care provided through money payment of $75 to $165 depending on type of care needed. Hospitalization provided by county poor relief fund, financed in part by return to county of portion of State taxes earmarked for this purpose. Specified drugs and appliances provided in money payment. No maximum except for nursing home.
Tennessee	Yes	No	Acute illness or injury, and illnesses and injuries requiring hospitalisation; 10-day maximum.	No	No	No	Nursing home care provided through money payment of $60 maximum; may be supplemented from other sources to $150, plus allowance for personal needs. No other items of medical care specified in provisions for money payment. OAA maximum, $55.
Texas	No	No	No	No	No	No	Nursing home care provided through money payment, $67 maximum; may be supplemented from county funds up to $100 for nursing care, plus $64.50 for maintenance. Limited medical care through money payment. County commissioners generally maintain county hospitals or make payment to private hospitals.

TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

State	Vendor payment method used	Vendor payments					Other resources for medical care available to old-age assistance (OAA) recipients
		Practitioner	Hospitalization (including controls or limitations on hospital days)	Drugs	Nursing home care	Other	
Utah	Yes	Yes	All recommended by physician, except elective surgery. General rule: 30 days; extension possible.	Yes	No	Yes	Nursing home care provided through money payment of $87.50, $110 maximum, which may be supplemented from other sources to $200; $5 allowance for personal items.
Vermont	Yes	No	No	No	$165 for skilled nursing care; $135 for personal nursing service; $5 money payment for personal needs.	No	Hospitalization provided by "town" general assistance; other medical needs included in money payment. OAA maximum, $75.
Virgin Islands	Yes	No	No	Yes	No	No	Other medical treatment through department of health. Hospitalization available under system of municipal hospitals.
Virginia	Yes	No	Extension of vendor payment provisions to hospital care effective July 1, 1960.	No	$150 maximum, plus $6 money payment for personal items.	No	Other medical care provided through money payment; average OAA money payment, $37. (To July 1, 1960, hospitalization provided through State-local payments, not part of public assistance program.)
Washington	Yes	Yes	All recommended by physician. No day limitation.	Yes	$102 to $192 according to type of home. Personal items through money payment.	Yes	

West Virginia	Yes	Yes	Limited to acute illness, immediate surgery, diagnostic services; exceptions if will increase capacity for self-care. Maximum 30 days.	Yes	No	Yes	Nursing home care provided through money payment, $60 maximum a person, $165 a household, supplemented by general assistance under specified conditions. Practitioner services through money payment.
Wisconsin	Yes	Yes	All recommended by physician. No day limitation; reauthorization stipulated.	Yes	Pay budgetary deficit to meet rate for care needed; rates negotiated in each county. Allowance for personal needs in money payment.	Yes	
Wyoming	Yes	Yes	All recommended by physician. No day limitation.	No	$85 maximum money payment for maintenance, plus vendor payment up to $100.	No	Other medical services are responsibility of counties.

Table 2.—Old-age assistance: Payments for vendor medical bills: Total amount, amount for which type of service was not reported, and amount in all States reporting for specified type of service, by State, fiscal year 1959 (supplied by the Bureau of Public Assistance) [1]

State	Total	Type of service not reported	In all States reporting for specified type of service				
			Practitioners' services	Hospitalization	Drugs and supplies	Nursing and convalescent home care	Other
Total	$220,749,925	$24,953,705	$21,344,694	$71,879,997	$31,877,084	$56,944,998	$13,749,447
Alabama	17,473		2,329	15,144			
Alaska							
Arizona							
Arkansas	2,989,720		21,393	1,671,037		1,294,030	3,260
California	22,140,019		6,649,307		13,100,862		2,389,850
Colorado	7,739,663		1,097,093	4,878,353	77,096	1,624,167	62,954
Connecticut	3,710,081		453,372	2,259,290	940,438	1,494	55,487
Delaware							
District of Columbia	202,936			196,454			6,482
Florida	1,390,427				1,390,427		
Georgia							
Hawaii	99,977	99,977					
Idaho	24,130					24,130	
Illinois	24,788,904		2,022,275	6,612,511	2,722,576	12,541,541	890,001
Indiana	5,807,135		1,277,606	1,619,147	872,201	1,849,526	188,655
Iowa	667,938		315,954		334,334		17,650
Kansas	3,913,454		622,473	1,366,940	795,779		1,128,262
Kentucky							
Louisiana	2,394,230		32,935		115,304	2,239,448	6,543
Maine	1,354,849			625,785		729,064	
Maryland	463,099	463,099					
Massachusetts	29,654,045		683,863	10,306,418	4,640,549	13,030,875	992,340
Michigan	4,985,744	4,985,744					
Minnesota	14,723,821		1,419,212	6,027,400	1,536,242	5,354,227	386,740
Mississippi							
Missouri							
Montana	17,855		6,916	9,878	17		1,044
Nebraska	3,391,745			1,044,795		2,346,950	
Nevada	229,642		79,443		82,553		67,646
New Hampshire	1,222,136		178,044	709,419	274,920	32,661	27,092
New Jersey	5,800,800	5,800,800					
New Mexico	914,908		143,955	420,400	120,940	190,197	39,416
New York	26,050,471			14,766,084		4,918,973	6,365,414
North Carolina	832,317			832,317			
North Dakota	2,027,898		243,415	1,086,083	219,043	421,484	57,873
Ohio	9,402,926		1,543,879	5,747,637	1,753,514	17,721	340,175
Oklahoma	11,233,765		1,688,688	4,346,185		5,182,308	16,584

Oregon	4, 335, 246		170, 611	912, 817	404, 232	2, 805, 116	42, 470
Pennsylvania	2, 708, 931		588, 050		1, 197, 393	687, 050	236, 438
Puerto Rico							
Rhode Island	980, 836	980, 836					
South Carolina							
South Dakota							
Tennessee	1, 394, 994			1, 394, 994			
Texas							
Utah	593, 496		71, 664	130, 380	264, 556	88, 099	38, 797
Vermont							
Virgin Islands	3, 657	3, 657					
Virginia	445, 582					445, 582	
Washington	8, 326, 489		1, 843, 036	4, 113, 408	913, 708	1, 071, 204	385, 133
West Virginia	745, 866		113, 924	591, 393	19, 758		20, 791
Wisconsin	12, 619, 592	12, 619, 592					
Wyoming	403, 128		75, 257	178, 078	100, 642	49, 151	

[1] In some instances, figures are presented where no federally aided vendor payments are made; in others, no figures are presented where vendor payment programs are now in existence. These discrepancies are generally the result of the method and of the timing of the State reports. For example, Alabama, although it has no federally approved plan for vendor method payment, reports total payments of $17,473. This amount, however, represents payments from local funds only. New York, which has a vendor program for all types of services, reported its payments for practitioners' services and drugs and supplies under the heading designated "Other." Another example is the fact that no hospitalization payments are listed for Florida, because the program did not go into effect until October 1959.

[COMMITTEE PRINT]

COMMITTEE ON FINANCE
UNITED STATES SENATE

Harry Flood Byrd, *Chairman*

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE; MEDICAL ASSISTANCE FOR THE AGED; PUBLIC ASSISTANCE; MATERNAL AND CHILD WELFARE SERVICES; AND UNEMPLOYMENT COMPENSATION

SHOWING CHANGES MADE BY THE SOCIAL SECURITY AMENDMENTS OF 1960 (P.L. 86-778)

(Compiled by Education and Public Welfare Division, Legislative Reference Service, Library of Congress, at the Direction of the Chairman and Printed for the Use of the Committee on Finance)

COMMITTEE ON FINANCE

HARRY FLOOD BYRD, Virginia, *Chairman*

ROBERT S. KERR, Oklahoma
J. ALLEN FREAR, JR., Delaware
RUSSELL B. LONG, Louisiana
GEORGE A. SMATHERS, Florida
CLINTON P. ANDERSON, New Mexico
PAUL H. DOUGLAS, Illinois
ALBERT GORE, Tennessee
HERMAN E. TALMADGE, Georgia
EUGENE J. McCARTHY, Minnesota
VANCE HARTKE, Indiana

JOHN J. WILLIAMS, Delaware
FRANK CARLSON, Kansas
WALLACE F. BENNETT, Utah
JOHN MARSHALL BUTLER, Maryland
CARL T. CURTIS, Nebraska
THRUSTON B. MORTON, Kentucky

ELIZABETH B. SPRINGER, *Chief Clerk*

CONTENTS

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

(Title II of Social Security Act)

MEDICAL ASSISTANCE FOR THE AGED (NEW PROGRAM) AND OLD-AGE ASSISTANCE

(Title I of Social Security Act)

AID TO THE BLIND, AID TO THE PERMANENTLY AND TOTALLY DISABLED, AND AID TO DEPENDENT CHILDREN

(Titles X, XIV, and IV of Social Security Act)

MATERNAL AND CHILD WELFARE SERVICES

(Title V of Social Security Act)

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)

(Titles IX and XII of Social Security Act)

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

I. COVERAGE

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
A. Self-employed	*Covers* all self-employed if they have net earnings from self-employment of $400 a year except that certain types of income, including dividends, interest, sale of capital assets, and rentals from real estate (including certain rentals paid in crop shares—see item 3, "Farm operators") are not covered unless received by dealers in real estate and securities in the course of business dealings.	
1. Professional groups	*Covers* all professional groups except physicians.	No change.
2. Ministers	*Covers* duly ordained, commissioned or licensed ministers, Christian Science practitioners, and members of religious orders (other than those who have taken a vow of poverty) serving in the United States, and those serving outside the country who are citizens and either working for U.S. employers or serving a congregation predominantly made up of U.S. citizens. Coverage is available under the self-employment coverage provisions on an individual voluntary basis regardless of whether they are employees or self-employed.	No change except—
	Allows election of coverage for present ministers by filing of certificate generally until Apr. 15, 1959.	Extends the period of time generally through Apr. 15, 1962, within which present ministers may elect coverage. Permits the validation of coverage of certain clergymen who filed tax returns reporting self-employment earnings from the ministry for certain years after 1954 and before 1960 even though, through error, they had not filed waiver certificates effective for those years. Waiver certificate must be filed and taxes for these years must be paid by Apr. 15, 1962. Permits ministers who elected coverage beginning with 1957 to obtain coverage for 1956 by filing supplemental certificates (and paying taxes) on or before Apr. 15, 1962.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
A. Self-employed—Continued		
3. Farm operators	*Covers* farm operators on the same basis as other self-employed persons except that farm operators whose annual gross earnings are $1,800 or less can report either their actual net earnings or 66⅔ percent of their gross earnings. Farmers whose annual gross earnings are over $1,800 report their actual net earnings if over $1,200, but if actual net earnings are less than $1,200, they may report $1,200. Rentals from real estate are not creditable as self-employment earnings, but if landlord under arrangements with tenant or share farmer participates materially in the production of, or in the management of the crops or livestock on his land, the income is covered.	No change.
4. Public officials	*Excludes* individuals performing functions of public officials.	No change.
5. Newspaper vendors	*Covers* individuals over 18 who buy newspapers and magazines at one price and sell them at another regardless of whether they are guaranteed minimum compensation or may return unsold papers and magazines.	No change.
B. Employees	*Covers* employees including certain agent or commission drivers, life insurance salesmen, homeworkers, traveling salesmen, and officers of corporations regardless of the common-law definition of employee.	No change.
1. Agricultural workers	*Covers* agricultural workers who either (1) are paid $150 or more in cash wages in a calendar year by an employer or (2) perform agricultural labor for an employer on 20 days or more during the calendar year for cash wages computed on a time basis. Farmworkers who are recruited and paid by a crew leader shall be deemed to be employees of the crew leader if such crew leader is not, by written agreement, designated to be an employee of the owner or tenant and if such crew leader is customarily engaged in recruiting and supplying individuals to perform agricultural labor; under such circumstances the crew leader shall be deemed to be self-employed. *And excludes:* a. Mexican contract workers. b. Workers lawfully admitted to the United States from the Bahamas, Jamaica, and other islands in the British West Indies or from any other foreign country or its possessions, on a temporary basis to perform agricultural labor.	

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
B. Employees—Continued		
2. Domestic workers	*Covers persons* performing domestic service in private nonfarm homes if they receive $50 or more during a calendar quarter from 1 employer. Noncash remuneration is excluded. *Excludes* students performing domestic service in clubs or fraternities if enrolled and regularly attending classes at a school, college or university.	No change.
3. Casual labor	*Covers* cash remuneration for service not in the course of the employer's trade or business if the remuneration is $50 or more from 1 employer during a calendar quarter.	No change.
4. State and local government employees.	*Covers* employees of State and local governments *provided* the individual State enters into an agreement with the Federal Government to provide such coverage, with the following special provisions:	
	a. *States have the option* of covering or excluding employees in any class of elective position, part-time position, fee-basis position, or performing emergency services.	Allows Nebraska to exclude prospectively certain justices of the peace and certain constables, compensated on fee basis who were previously covered by the State agreement.
	b. *Excludes* the services of the following persons, specifying that they cannot be included in a State agreement and cannot, therefore, be covered: (1) employees on work relief projects; (2) patients and inmates of institutions who are employed by such institutions; (3) services of the types which would be excluded by the general coverage provisions of the law if they were performed for a private employer, *except* that agricultural and student services in this category may be covered at the option of the State.	No change.
	c. Employees who are in positions covered under an existing State or local retirement system (except policemen and firemen in most States) may be covered under State agreements only if a referendum is held by a secret written ballot, after not less than 90 days' notice, and if the majority of eligible employees under the retirement system vote in favor of coverage. The Governor of a State must personally certify that certain Social Security Act requirements under the referendum procedure have been properly carried out. In most States, all members of a retirement system (with minor exceptions) must be covered if any members are covered.	No change except— Permits the Governor of a State to delegate to a designated State official the making of the certifications required under the referendum procedure.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Employees—Continued 4. State and local government employees—Con.	Employees of any institution of higher learning (including a junior college or a teachers' college) under a retirement system can, if the State so desires, be covered as a separate coverage group, and 1 or more political subdivisions may be considered as a separate coverage group even though its employees are under a statewide retirement system. In addition, employees whose positions are covered by a retirement system but who are not themselves eligible for membership in the system could be covered without a referendum. Employees who are members or who have an option to join more than 1 State or local retirement system cannot be covered unless all such retirement systems are covered.	Allows employees of a municipal or county hospital to be treated as a separate coverage group if the State so desires.
	Individuals in positions under retirement systems on Sept. 1, 1954, are precluded from obtaining coverage under the nonretirement system coverage provisions.	Permits California to cover, before 1962, persons employed by a hospital in 1957, 1958, or 1959 in positions removed, after Sept. 1, 1954 and before 1960, from retirement system coverage for whom social security taxes were erroneously paid. Hospital employment before 1960 on which taxes were paid and all subsequent hospital employment could be covered.
	Exceptions to general law concerning coverage in named States: (1) *Split-system provision.*—Authorizes California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Vermont, Washington, and Wisconsin, and all interstate instrumentalities, at their option, to extend coverage to the members of a State retirement system by dividing such a system into 2 divisions, 1 to be composed of those persons who desire coverage and the other of those persons who do not wish coverage, provided that new members of the retirement system coverage group are covered compulsorily. Also authorizes similar treatment of political subdivision retirement systems of these States.	Adds Texas to the list. Also provides that where an individual who has chosen not to be covered under the divided retirement system provision becomes a member of a different retirement system group which has elected coverage because of the annexation of the employing political subdivision by another political subdivision, or through some other action taken by a political subdivision, such individual will continue to be excluded from coverage.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
B. Employees—Continued 4. State and local government employees—Con.	(2) *Policemen and firemen.*—Allows the States of Alabama, California, Florida, Georgia, Hawaii, Kansas, Maryland, New York, North Carolina, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, Vermont, and Washington and all interstate instrumentalities to make coverage available to policemen and firemen in those States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.	Adds Virginia to the list.
	(3) *Employees of unemployment compensation systems.*—Authorizes Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii, at their option, to cover their employees who are paid wholly or partly from Federal funds under the unemployment compensation provisions of the Social Security Act—either by themselves or with the other employees of the department of the State in which they are employed—after complying with the referendum provisions.	No change.
	(4) *Nonprofessional school employees and teachers (1958 amendments).*—Allows State of Maine until July 1, 1960, to treat the positions of teachers (and other related positions) and the positions of other members of the same retirement system as separate systems for coverage purposes.	Extends cutoff date to July 1, 1961. *Validation of coverage.*—Validates the coverage of certain teachers and school administrative personnel who, for the period Mar. 1, 1951, to Oct. 1, 1959, were reported under the Mississippi coverage agreement as State employees, rather than as employees of the various school districts in Mississippi.
	d. Coverage on a compulsory basis is provided for employees of certain publicly owned transportation systems.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Employees—Continued		
4. State and local government employees—Con.	e. *States liability for contributions.*—States must pay contributions based on covered public employment equal to the taxes which would be imposed if that employment were for a nongovernmental employer. No statute of limitations applicable.	Permits States to treat all covered public employment on which the State bears the cost of the employer contribution as employment for the same employer for purpose of computing its contribution liability. Effective date: Wages paid after date selected by State but if use of provision agreed to before 1962, cannot be prior to 1957; if use of provision agreed to after 1961, cannot be prior to the 1st day of year of agreement. Provides time limitation on period for assessing and refunding contributions similar to that in private industry. Effective date: Jan. 1, 1962. Provides procedure for States to contest in Federal district courts any Federal decision affecting contribution liability. Effective date: Jan. 1, 1962.
	f. *Effective date of coverage agreement.*—An agreement, or modification of an agreement, agreed to prior to 1960 could be made effective as early as Jan. 1, 1956. Agreements or modifications made after 1959 could only be made retroactive to the 1st day of the year in which they were agreed to. Coverage must begin on the same date for all persons in a coverage group.	Allows agreements or modifications made after 1959 to begin as early as 5 years before the year in which an agreement is made, but no earlier than Jan. 1, 1956. Where a retirement system is covered as a single retirement system coverage group, permits the State to provide different beginning dates for coverage of the employees of different political subdivisions.
5. Employees of nonprofit organizations.	*Covers* employees of religious, charitable, educational, and other nonprofit organizations (which are exempt from income tax and are described in sec. 501(c)(3) of the Internal Revenue Code) *on a voluntary basis* if— a. the employer organization certifies that it desires to extend coverage to its employees, and, b. at least ⅔ of the organization's employees concur in the filing of a waiver certificate. Employees may concur by signing a list or supplemental list which is filed within 24 months after the quarter in which the certificate is filed. Employees who do not concur in the filing of the certificate are not covered *except* that all employees hired after a certificate becomes effective are covered. Waiver certificate may be made effective at the option of the organization on the 1st day of the quarter in which the certificate is filed, the 1st day of the succeeding quarter, or the 1st day of any of the 4 quarters preceding the quarter in which the certificate is filed.	Eliminates requirement that ⅔ of the employees concur in filing a certificate. Effective date: Certificates filed after Sept. 13, 1960.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Employees—Continued		
5. Employees of nonprofit organizations—Con.	Employees of nonprofit organizations who are in positions covered by State and local retirement systems and are members or eligible to become members of such systems must be treated apart from those not in such positions. Certificates must be filed separately for each group and ⅔ of the employees in each group must concur in the filing of its certificate. All new employees who belong to a group for which a certificate has been filed are automatically covered, and new employees who belong to a group for which a certificate has not been filed are not covered.	Eliminates requirement that ⅔ of the employees in the group concur in filing a certificate. Effective date: Certificates filed after Sept. 13, 1960.
		Validates coverage based on wages for services performed after 1950 and before July 1, 1960, by certain employees of nonprofit organizations where the organization has been reporting and paying taxes but did not comply with certain provisions of the law: i.e., failed to file a certificate, filed it too late to cover employees who had left, or failed to obtain the signatures of employees who wished coverage. Effective date: No benefits payable or increased for September 1960 or prior month; no lump sum death payment payable or increased if individual died prior to Sept. 13, 1960. Validates upon request before Apr. 16, 1962, coverage based on earnings erroneously reported as self-employment income for taxable years ending after 1954 and before 1962 by certain lay missionaries (and others). Effective date: No benefits payable or increased for September 1960 or prior month; no lump sum death payment payable or increased if individual died prior to Sept. 13, 1960.
6. Federal employees	*Excludes* employees of the United States or its instrumentalities if— a. they are covered by a retirement system established by Federal law; or b. they perform services— (1) as the President, Vice President, or a Member of Congress; (2) in the legislative branch; (3) in a penal institution as an inmate; (4) as certain internes, student nurses, and other student employees of Federal hospitals;	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Employees—Continued 6. Federal employees—Continued	(5) as employees on a temporary basis in disaster situations; (6) as employees not covered by the Civil Service Retirement Act because they are subject to another retirement system (other than the retirement system of the Tennessee Valley Authority); c. the instrumentality has been specifically exempted by statute from the employer tax; or d. the instrumentality was exempt from the employer tax on Dec. 31, 1950, and its employees are covered by its retirement system. *Covers* the following Federal employees excepted from the exclusion in 6–d unless they are excluded on the basis of one of the other provisions: a. employees of a corporation which is wholly owned by the United States; b. employees of a national farm loan association, a production credit association, a Federal Reserve bank, or a Federal credit union; c. employees (not compensated by funds appropriated by Congress) of the post exchanges of the various armed services (including the Coast Guard) and other similar organizations at military installations; d. employees of a State, county, or community committee under the Production and Marketing Administration.	
7. Students, internes, and nurses in schools and hospitals.	*Excludes:* a. students in the employ of a school, college, or university if enrolled and regularly attending classes; b. student nurses employed by a hospital or nurses training school if enrolled and regularly attending classes; c. internes in the employ of a hospital if they have completed a 4-year course in an approved medical school. (Students may be covered as employees of State or local governments at option of the State under State agreements. See 4b(3), p. 3.	No change.
8. Newsboys	*Covers* individuals *18 and over* who deliver and distribute newspapers or shopping news, but covers individuals *under 18* only if they deliver or distribute such publications to points for subsequent delivery or distribution.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Employees—Continued		
9. Members of the Armed Forces.	*Covers* members of the uniformed services, after December 1956, while on active duty (including active duty for training), with contributions and benefits computed on basic military pay. Noncontributory wage credits of $160 per month are granted, in general, for each month of active service in the Armed Forces of the United States during the World War II period (Sept. 16, 1940–July 24, 1947) and during the postwar emergency period (July 25, 1947–Dec. 31, 1956). Extends the noncontributory wage credits to certain American citizens who, prior to Dec. 9, 1941, entered the active military or naval service of countries that, on Sept. 16, 1940, were at war with a country with which the United States was at war during World War II. Wage credits of $160 would be provided for each month of such service performed after Sept. 15, 1940, and before July 25, 1947. To qualify for such wage credits, an individual must either have been a U.S. citizen throughout the period of his active service or have lost his U.S. citizenship solely because of his entrance into such active service. He must have resided in the United States for at least 4 years during the 5-year period ending on the day of his entrance into such active service and must have been domiciled in the United States on such day.	No change.
10. Railroad employees.	Under coordination provisions contained in the Railroad Retirement Act: (1) employment under both the railroad system and the old-age and survivors insurance system is counted for purposes of survivor benefits under either system; (2) railroad employment of workers with less than 10 years of railroad service is credited under the Social Security Act and the benefits based on such employment are payable under this act; and (3) provision is made for mutual reimbursement between the 2 systems in order to place the old-age and survivors insurance trust fund in the same position in which it would have been if railroad service after 1936 had been counted as social-security employment.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Employees—Continued		
11. Family employment.	*Excludes* persons in the employ of a son, daughter, or spouse; or child under 21, if in the employ of a parent.	Covers parents in the employ of a son or daughter, but not if it is domestic service performed in the home of the son or daughter or other work not in the course of the son's or daughter's trade or business. Effective as to services after 1960.
12. Employees of Communist organizations.	*Excludes* from coverage employees of any organization which is registered, or against which there is a final order of the Subversive Activities Control Board to register, under the Internal Security Act as a Communist-action, a Communist-front, or Communist-infiltrated organization.	No change.
C. Geographical scope	*Covers* the 50 States, Puerto Rico, and the Virgin Islands, and the District of Columbia.	Extends coverage to Guam and American Samoa. Effective for employees, except governmental employees, on Jan. 1, 1961, and for self-employed for taxable years beginning after 1960. Coverage of employees of the governments of Guam and American Samoa—including members of the legislature, their political subdivisions, and their wholly owned instrumentalities—would be on a mandatory basis rather than under the State-Federal agreement method. Coverage will not be extended to governmental employees until the Secretary of the Treasury receives a certification from the governors of these territories that their Governments desire such coverage. In no event can this coverage start before 1961. Filipino workers who come to Guam under contract to work temporarily will be excluded from coverage. The Secretary of the Treasury would have the tax-collecting authority, and would be authorized to delegate this function.
	Excludes the following from coverage within the United States:	
	a. Nonresident aliens engaged in self-employment.	No change.
	b. Employees of foreign governments and their instrumentalities.	b. Covers U.S. citizens so employed within the United States on a self-employment basis. Effective as to taxable years ending on or after Dec. 31, 1960; for retirement test purposes effective for taxable years beginning after date of enactment.
	c. Employees of international organizations entitled to certain privileges under the International Organizations Immunities Act.	c. Covers as in b. (above).

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
C. Geographical scope—Con.	d. Employees on foreign registered aircraft or ships who also perform services while the plane or ship is outside of the United States, if the employee is not a citizen of the United States or the employer is not an American employer. *Coverage outside of the United States is limited to:* a. American citizens either self-employed or employed by an American employer, except ministers outside the United States if they serve a congregation predominantly made up of U.S. citizens even though their employer may not be a U.S. employer. b. Citizens of the United States employed by certain foreign subsidiaries of American corporations are covered by voluntary agreements between the Federal Government and the parent American company. The domestic corporation can include some or all of its foreign subsidiaries in the agreement and must agree to pay the equivalent of both employer and employee taxes on behalf of the subsidiaries included. c. Individuals, regardless of citizenship, who are employed on American registered ships and aircraft if either the contract of service was entered into in the United States or the plane or vessel touches a port in the United States.	No change. No change.

II. PROVISIONS RELATING TO DISABILITY

A. Nature of the Provisions		
1. Benefits	Provides an insurance benefit for disabled workers between ages of 50 and 65 meeting eligibility requirements. Benefits are computed in the same way as retirement benefits and are payable from the Federal disability insurance trust fund.	Eliminates the requirement that an individual must have attained age 50 in order to be eligible for benefits. Effective date: Benefits payable for November 1960 and subsequent months.
2. Disability "freeze"	Provides that when an individual for whom a period of disability has been established dies, or retires, on account of age or disability, his period of disability will be disregarded in determining his eligibility for benefits and his average monthly wage for benefit computation purposes. (See also provisions relating to disabled child's benefits, pp. 17 and 23.)	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

II. PROVISIONS RELATING TO DISABILITY—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Eligibility requirements		
1. Definition	For benefits or for the freeze, an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. (For purposes of the freeze only a specified degree of blindness is presumed disabling.) The impairment must be medically determinable and one which can be expected to be of long-continued and indefinite duration or to result in death.	No change.
2. Waiting period	A 6 months' "waiting period" is required before disability insurance benefits will be paid. Benefits payable for 7th month.	Eliminates requirement of a second 6 months' waiting period by providing for payment of benefits beginning with the 1st full month of disability to worker who becomes disabled within 60 months (5 years) after termination of disability insurance benefits or a period of disability. Effective date: Benefits payable for September 1960 and subsequent months.
3. Insured status work requirement.	To be eligible an individual must— (1) Have at least 20 quarters of coverage in the 40 quarters ending with the quarter in which the period of disability begins; (2) be fully insured.	Provides alternative insured status requirement for individuals who have— (1) 20 quarters of coverage (at least 6 earned after 1950), and (2) quarters of coverage in all calendar quarters elapsing after 1950 and before quarter of disability. Effective date: Benefits payable for October 1960 and subsequent months.
C. Disability determinations	In administering the disability provisions— a. The Secretary enters into contractual agreements under which State vocational rehabilitation agencies, or other appropriate State agencies, make determinations of disability. b. The Secretary is authorized to make determinations of disability for individuals who are not covered by State agreements. c. The Secretary may, on his own motion, review a State agency determination that a disability exists and may, as a result of such review, find that no disability exists or that the disability began later than determined by the State agency. d. Any individual who is dissatisfied with a determination, whether made by a State agency or by the Secretary, has the right to a hearing and to judicial review as provided in the law.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

II. PROVISIONS RELATING TO DISABILITY—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
D. Administrative expenses	Appropriations are authorized from the old-age and survivors insurance trust fund to reimburse State agencies for necessary costs incurred in making disability determinations for disability "freeze" purposes and from the disability insurance trust fund for determinations for benefit purposes.	No change.
E. Rehabilitation	The policy of Congress is stated that disabled persons applying for a determination of disability be promptly referred to State vocational rehabilitation agencies for necessary rehabilitation services. The act provides for deduction of benefits for refusal, without good cause, to accept rehabilitation services available under a State plan approved under the Vocational Rehabilitation Act, in such amounts as the Secretary shall determine.	No change except—
	A member or adherent of a recognized church or religious sect that relies on spiritual healing who refuses rehabilitation services is deemed to have done so with good cause.	
	A disabled person who is receiving rehabilitation services from a State vocational rehabilitation agency and returns to work shall not, for at least 1 year after his work first started, be regarded as able to engage in substantial gainful activity solely by reason of such work.	Broadens present provision to allow, in effect, a 12-month trial work period for *all* disability beneficiaries (including childhood disability beneficiaries) who attempt to work. If, after 9 months of trial work (not necessarily consecutive), the beneficiary has demonstrated that he is able to engage in any substantial gainful activity, he will receive benefits for an additional 3 months. (Only 1 trial work period permitted for each period of disability: no additional trial work period for persons disabled a 2d time within 60 months.) Any beneficiary—whether or not he attempted to work—whose condition has improved so that he is able to engage in substantial gainful activity—will be given an additional 3 months of benefits as above. Effective date: October 1960.
F. Suspension of benefits based on disability.	If the Secretary believes that the disability no longer exists, he may suspend benefits pending his disability determination or that of the appropriate State agency.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
A. Workers and their dependents:		
1. Worker—old age	Payable at age 65 to fully insured retired male worker. Payable at age 62 to fully insured retired female worker, but on an actuarially reduced basis. Her benefit is reduced by 5/9th of 1 percent for each month she is entitled to receive a benefit before age 65—the total reduction is 20 percent if she begins drawing benefits at age 62. The reduced amount is permanent, continuing after she reaches age 65. A woman who is entitled to an old-age insurance benefit prior to 65 and is eligible for a wife's benefit at the same time will be deemed to have filed application for both benefits. The appropriate reduction factor would be applied to each benefit separately, and the reduced benefits would be adjusted against each other so that, in effect, the larger of the 2 benefits would be paid. In the case where a woman is entitled to a reduced old age insurance benefit and subsequently becomes entitled to a wife's benefit, the latter benefit would be reduced to take into account the fact that benefits were already drawn at an earlier age. No reduction in benefits for dependents and survivors of women workers who elect reduced benefits.	No change.
2. Wife	When a worker receives old-age or disability insurance benefits, wife's insurance benefits are payable upon filing application if the wife (as defined below) of the retired worker— a. has reached age 62 or, if under 62, has in her care (individually or jointly with her husband) at the time of filing the application, a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of her husband; b. is not entitled to an old-age or disability insurance benefit based on her own earnings equal to or greater than the amount she would be entitled to as the wife of the worker. Full benefits paid to the wife at age 65, but on an actuarially reduced basis if she claims at age 62. Her benefit is reduced by $^{25}/_{36}$ of 1 percent for each month she is entitled to receive a benefit before age 65—the total reduction is 25 percent if she begins drawing benefits at age 62. The reduced amount is permanent, continuing after she reaches age 65.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
A. Workers and their dependents—Continued		
2. Wife—Continued	A woman who is entitled to a wife's benefit prior to 65 and is eligible for an old-age insurance benefit at the same time will be deemed to have filed application for both benefits. The appropriate reduction factor would be applied to each benefit separatcly, and the reduced benefits would be adjusted against each other so that, in effect, the larger of the 2 benefits would be paid. In the case where a woman is entitled to a reduced wife's benefit and subsequently becomes entitled to her own old-age insurance benefit, the latter benefit would be reduced to take into account the fact that benefits were already drawn at an earlier age. A woman who has a child in her care entitled to a child's insurance benefit will continue to receive an unreduced wife's benefit. *Termination of benefits:* No benefits paid for the month (or subsequent months) that the wife dies, her husband dies, they are divorced a vinculo matrimonii (an absolute divorce), no child of her husband is entitled to a child's benefit and the wife has not attained retirement age, the wife becomes entitled to an old-age insurance benefit which is as much as her wife's benefit, or her husband is no longer entitled to a disability benefit and is not entitled to an old-age insurance benefit.	
Definition of wife—	Means the wife of the individual but only if she (1) is the mother of his son or daughter, or (2) was married to him for at least 3 years immediately preceding application or (3) she was actually or potentially entitled to widow's, parent's, or disabled child's benefit in the month prior to month of marriage.	Duration of marriage requirement reduced from 3 years to 1 year. Provides that certain invalid marriages to insured workers will not result in ineligibility. The woman must have gone through the marriage ceremony with worker in the belief it would create a valid marriage, the marriage would have been valid if there had been no impediment, and the couple must have been living together at time of application. An impediment is an obstacle resulting from a previous marriage—its dissolution or lack of dissolution—or one which results from a defect in the procedure followed in connection with the purported marriage.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
A. Workers and their dependents—Continued 3. Dependent husband	When a woman worker receives old-age insurance or disability insurance benefits and in addition is currently insured, husband's insurance benefits are payable upon filing application if the husband— a. has reached age 65; b. was receiving at least ½ of his support from his wife at the time she became entitled to benefits and filed proof of such support within 2 years after she became so entitled (an additional period of 2 years is authorized if there was failure to file for good cause); Husband's ½ of support requirement upon wife who had a period of disability in effect at the time she became entitled to old-age or disability insurance benefits could be met either at the time of her entitlement or at the time of the beginning of her period of disability. Proof of such support must be filed within 2 years of either the time the wife (1) applied for the period of disability or (2) became entitled to benefits, whichever was applicable. The support requirement would not be applicable in the case of a husband who was actually or potentially entitled to a widower's, parent's, or disabled child's benefit for the month prior to the month that he married his wife. c. is not entitled to an old-age or disability insurance benefit based on his own earnings equal to or greater than the amount he would be entitled to as the dependent husband of the worker. A woman worker would not have to be currently insured if her husband, in the month prior to their marriage, was actually or potentially entitled to a widower's, parent's, or disabled child's benefit. *Termination of benefits:* No benefits paid for the month (or subsequent months) that either the husband dies, his wife dies, they are divorced a vinculo matrimonii (an absolute divorce), he becomes entitled to an old-age or disability insurance benefit which is as much as the husband's benefit, or his wife is no longer entitled to a disability benefit and is not entitled to an old-age benefit.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
A. Workers and their dependents—Continued		
3. Dependent husband—Continued		
Definition of husband	Means the husband of an individual but only if he (1) is the father of her son or daughter, or (2) was married to her not less than 3 years immediately preceding the date he applied for benefits, or (3) if, in the month prior to the month of his marriage, he was actually or potentially entitled to a widower's, parent's, or disabled child's benefit.	Duration of marriage requirement reduced from 3 years to 1 year. Provides that benefits are payable to a person as the husband of the worker if the person had gone through a marriage ceremony in good faith in the belief that it was valid, if the marriage would have been valid had there been no impediment, and if the couple had been living together at the time an application for benefits is filed. An impediment is an obstacle resulting from a previous marriage—its dissolution or lack of dissolution—or resulting from a defect in the procedure followed in connection with the purported marriage.
4. Child	When a worker receives old-age or disability insurance benefits, child's insurance benefits are payable to the child of the worker (including a stepchild or adopted child as defined below) upon filing application if— a. the child is unmarried and either under 18 or is under a disability (as determined under definition and procedures prescribed for disability benefits and "freeze" see p. 12) which began before he attained the age of 18; and b. the child is dependent on the worker at time of application. If the worker had in effect a period of disability at the time he became entitled to old-age or disability insurance benefits, the dependency of the child could be determined either at the beginning of the period of disability or when the worker became entitled to benefits.	
	Benefits are payable only if worker died after 1939.	Provides benefits for children of workers who had at least 6 quarters of coverage and who died before 1940.
	Termination of benefits: No benefits paid for the month (and subsequent months) that the child either dies, marries, is adopted (in some cases), attains the age of 18 unless disabled, and, if over 18 and disabled, the disability ceases. No benefit will be paid for month after the worker is no longer entitled to a disability benefit and not entitled to an old-age insurance benefit.	A disabled child's benefit will be paid until the 3d month after his disability ends.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
A. Workers and their dependents—Continued		
4. Child—Continued	There is an exception to the termination provision in the case of a disabled child 18 and over who marries an individual entitled to old-age, disability, widow's, widower's, disabled child's, mother's, or parent's benefit. However, in the case of the marriage of a woman entitled to disabled child's benefits to a man entitled to disability insurance benefits or disabled child's benefits, her benefit will end when her spouse is no longer entitled to his benefits unless he dies or, in case he was entitled to disability benefits, he becomes entitled to an old-age insurance benefit.	
Definition of child...	The term "child" includes a stepchild who has been such for at least 3 years immediately preceding the day on which the application for child benefits is filed (if a stepchild of the worker is later adopted by the worker, the child is considered to be an adopted child during the period the stepchild relationship existed).	Reduces from 3 years to 1 year the length of time a stepchild has to be in that relationship prior to application for benefits. Also includes as a child or stepchild a child whose parent entered into a ceremonial marriage with the wage earner which, but for an impediment, would have been valid.
Definition of dependency on father, adopting father, stepfather, mother, adopting mother, and stepmother.	A child is considered dependent upon the *father* if the father is living with or contributing to the support of the child. However, even if the father is not living with the child or contributing to his support, the child, if legitimate, is considered dependent upon the father unless the child— a. has been adopted by some other individual, or	
	b. is living with and receiving more than ½ of his support from his stepfather.	Deletes (b) so that child may receive benefits based on earnings of his father even though he was living with and receiving more than ½ of his support from his stepfather.
	An adopted child is considered dependent upon his *adopting father* under the same conditions as those which apply to a father and his natural child.	
	A child is considered dependent upon his *stepfather* at the time of filing application for child's benefits if the child was— a. living with his stepfather; or b. receiving at least ½ his support from his stepfather.	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
A. Workers and their dependents—Continued		
4. Child—Continued		
Definition of dependency—Con.	A child is considered dependent upon his *natural mother* or *adopting mother* at the time of filing application for child benefits if such mother *was currently insured* when she became entitled to old-age benefits regardless of presence of or support furnished the child by the father. Also a child is considered dependent upon his *natural, adopting or stepmother* at the time of filing application for child benefits if she was living with the child or contributing to the support of the child and provided the child was— (1) neither living with, nor receiving contributions from, his father or adopting father, or (2) receiving at least ½ of his support from her.	
When dependency determined.	Child of retired worker must be dependent at time child applies for benefits.	No change.
	Child of disabled worker must be dependent at beginning of period of disability.	Permits payment of benefits to child who is born, becomes the worker's stepchild, or is adopted after worker becomes disabled. An adopted child cannot become entitled unless he was adopted within 2 years after the month in which the worker became entitled to disability benefits and adoption proceedings had begun in or before the month in which the worker became entitled to disability benefits or he was living with the worker in that month.
B. Survivors of deceased workers:		
1. Surviving widow	Widow's insurance benefits are payable, upon filing application (no application required if widow was receiving a mother's insurance benefit when she becomes eligible for widow's benefit) at age 62 if the deceased worker was fully insured at the time of his death and the widow (as defined below)— a. has not remarried (marriage deemed to have not occurred if new husband died within 1 year of marriage and he was not fully insured); b. is not entitled to an old-age insurance benefit based on her own earnings equal to or greater than the amount she would be entitled to as the widow of the deceased worker.	
	Benefits are payable only if worker died after 1939.	Provides benefits for widows of worker who had at least 6 quarters of coverage and who died before 1940.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Survivors of deceased workers—Continued		
1. Surviving widow—Continued	*Termination of benefits:* No further benefits paid for the month (and subsequent months) in which the widow remarries, dies or becomes entitled to an old-age insurance benefit in her own right which equals the amount of her widow's benefit. A widow's benefit shall not be terminated because of remarriage if the marriage is to a person entitled to widower's, parent's, or disabled child's benefits. However, in case of her remarriage to an individual entitled to a disabled child's benefit her widow's benefit would be terminated if his entitlement ceases (unless by death). Allows reinstatement of widow's benefit in the situation where the widow remarries but the new husband dies within 1 year after the marriage and was not fully insured.	
Widow defined	The term "widow" means the surviving wife of a deceased worker, but only if she meets one of the following conditions: a. was married to him for not less than 1 year immediately prior to the day on which he died; or b. is the mother of his son or daughter; or c. legally adopted his son or daughter while married to him and while such son or daughter was under age 18; or d. was married to him at the time both of them legally adopted a child under the age of 18; or e. her husband legally adopted her son or daughter while married to her and while such son or daughter was under the age of 18; or f. in the month before her marriage, she was actually or potentially entitled to widow's, parent's, or disabled child's insurance benefit.	Provides that benefits are payable to a person as the widow of the worker if the person had gone through a marriage ceremony in good faith in the belief that it was valid, if the marriage would have been valid had there been no impediment, and if the couple had been living together at the time of the worker's death. An impediment is an obstacle resulting from a previous marriage—its dissolution or lack of dissolution—or resulting from a defect in the procedure followed in connection with the purported marriage.
2. Surviving widow with children (mother's benefit).	*Mother's insurance benefits* are payable, upon filing application (no application required if mother was receiving a wife's insurance benefit when she becomes eligible for a mother's benefit), to the widow of a deceased worker if he was *currently* or *fully insured* at time of death and the widow— a. has in her care a child of the deceased worker entitled to child insurance benefits; b. has not remarried;	

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
B. Survivors of deceased workers—Continued		
2. Surviving widow with children (mother's benefit)—Continued	Exception is made to the no-remarriage requirement where the widow marries another individual who dies but she cannot receive benefits on his earnings record. c. is not entitled to a widow's insurance benefit; d. is not entitled to an old-age insurance benefit based on her own earnings equal to or greater than the amount she would be entitled to as the widow with children of the deceased worker. Benefits are payable only if worker died after 1939. *Termination of benefits:* No further benefits paid to the widow for the month (and subsequent months) that there is no child of the deceased husband entitled to a child's benefit, the widow is entitled to an old-age insurance benefit which is as much as her mother's benefit, she is entitled to widow's benefits, she remarries, or she dies. There is an exception as to the termination provision where the widow marries another individual and then that individual dies but she cannot become entitled to benefits on his earnings. Provision is made for the reinstatement or continuation of benefits upon the widow's marriage to a man entitled to an old-age, disability, widower's, parent's or disabled child's benefit. However, if she marries a man entitled to disability benefits or a disabled child's benefits her benefit will terminate when he ceases to be entitled to his benefits unless he dies or, in case he was entitled to disability benefits, he becomes entitled to an old-age insurance benefit.	Provides benefits for widows of workers who had at least 6 quarters of coverage and who died before 1940.
3. Surviving former wife divorced (mother's benefit).	*Mother's insurance benefits* are payable, upon filing application, to the former wife divorced (as defined below) of a deceased worker if he was *currently* or *fully insured* at time of death and the former wife divorced— a. has in her care a child of the deceased worker who is her son, daughter, or legally adopted child entitled to child insurance benefits payable on the basis of the deceased worker's wages or self-employment income;	

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Survivors of deceased workers—Continued 3. Surviving former wife divorced (mother's benefit)—Continued	b. was receiving from the deceased worker (pursuant to agreement or court order) at least ½ of her support at the time of his death. Provides alternative time that support requirement can be met where a deceased husband has a period of disability at his death—either at the beginning of the period of disability or at death. Effective for September 1958 upon application filed after Aug. 27, 1958. c. has not remarried. There is an exception to the remarriage requirement in the same manner as for the surviving widow with children (see 2. b. above). d. is not entitled to a widow's insurance benefit; and e. is not entitled to an old-age insurance benefit based on her own earnings equal to or greater than the amount she would be entitled to as the former wife divorced of the deceased worker. Benefits are payable to a former wife divorced only if worker died fully or currently insured after 1939. (Benefits to other classes of dependents payable in cases where death occurred before September 1950 if the worker had at least 6 quarters of coverage.) *Termination of benefit:* No further benefits paid to the surviving wife divorced for the month (or subsequent months) that there is no child of the deceased husband entitled to a child's benefit, the surviving wife divorced is entitled to an old-age insurance benefit which is as much as her mother's benefit, she is entitled to a widow's benefit, she remarries, or she dies. Benefits will also terminate for a surviving wife divorced when no son, daughter, or legally adopted child of hers is entitled to a child's benefit on the basis of the deceased husband's earnings. Same exceptions to termination for remarriage provisions as are applicable to surviving widow with children.	Benefits are payable to a former wife divorced if worker died before September 1950 and had at least 6 quarters of coverage even though he was not insured under the law in effect at the time he died.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Survivors of deceased workers—Continued		
3. Surviving former wife divorced (mother's benefit)—Continued		
Former wife divorced defined.	The term "former wife divorced" means a woman divorced from a deceased worker, but only if she meets 1 of the following conditions: a. is the mother of his son or daughter; b. legally adopted his son or daughter while married to him and while such son or daughter was under age 18; or c. was married to him at the time both of them legally adopted a child under the age of 18; or d. Her deceased former husband legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of 18.	
4 Surviving child-----	*Child insurance benefits* are payable upon filing application, to the child (including stepchild or adopted child as defined below) of a deceased worker if he or she was *currently* or *fully insured* and the child— a. is unmarried and is either under 18 or under a disability (as determined under definition and procedures prescribed for disability benefits and "freeze," see p. 12) which began before the child attained the age of 18; b. was dependent (as defined below) upon the deceased worker at the time of his death. If the deceased worker had a period of disability at the time he died, the dependency of the child could be determined either at the beginning of the period of disability or at the time he died. Benefits are payable only if worker died after 1939. *Termination of benefits:* No benefits paid for the month (and subsequent months) that the child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle after deceased worker's death), attains the age of 18 unless disabled, and, if disabled, the disability ceases.	Provides benefits for children of worker who had at least 6 quarters of coverage and who died before 1940.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Survivors of deceased workers—Continued		
4. Surviving child—Continued	There is an exception to the termination provision in the case of a disabled child 18 and over who marries an individual entitled to old-age, disability, widow's, widower's, disabled child's, mother's, or parent's benefits. However, in the case of the marriage of a woman entitled to a disabled child's benefit to a man entitled to disability insurance benefit or a disabled child's benefit, her benefit will end when her husband is no longer entitled to his benefit, unless he dies or, in the case he was entitled to a disability benefit, he becomes entitled to an old-age insurance benefit.	
Definition of child—	The term "child" includes a stepchild of a deceased worker who has been such a stepchild for at least 1 year immediately preceding the day on which the worker died; the term "child" also includes an adopted child of a deceased worker without regard to the length of time the child has been adopted. A child is deemed a legally adopted child if he was living as a member of deceased worker's household at the date of his death, was not receiving regular contributions toward his support from someone other than worker or his spouse or from a welfare organization furnishing services or assistance for children, and the surviving spouse legally adopts the child within 2 years of the worker's death.	Also includes as child or stepchild a child whose parent entered into a ceremonial marriage with the wage earner which, but for an impediment, would have been valid.
Definition of dependency on father, adopting father, stepfather, mother, adopting mother, and stepmother.	A child is considered dependent upon the *father* if the father at the time of his death was living with or contributing to the support of the child. However, even if the father at the time of his death was not living with the child or contributing to his support, the child, if legitimate, is considered dependent upon the father unless the child— a. had been adopted by some other individual; or	
	b. was living with and receiving more than ½ of his support from his stepfather.	Deletes (b) so that child may receive benefits based on earnings of his father even though he was living with and receiving more than ½ of his support from his stepfather at his father's death. Effective for September 1960.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Survivors of deceased workers—Continued 4. Surviving child—Con. *Definition of dependency*—Continued	An adopted child is considered dependent upon his *adopting father* under the same conditions as those which apply to a father and his natural child. A child is considered dependent upon his *stepfather* at the time of the stepfather's death if the child was— a. living with his stepfather; or b. receiving at least ½ of his support from his stepfather. A child is considered dependent upon his *natural mother* or *adopting mother* at the time of her death if such mother was currently insured when she died regardless of presence of or support furnished the child by the father. A child is considered dependent upon his *natural, adopting,* or *stepmother* at the time of death of such mother if she was living with or contributing to the support of the child and provided the child— a. was neither living with nor receiving contributions from his father or adopting father, or b. was receiving at least ½ of his support from her.	
5. Surviving dependent widower.	*Widower's insurance benefits* are payable, upon filing application, to the widower of a deceased woman worker who died after 1950 and who was *currently* and *fully insured* at the time of death and the widower (as defined below)— a. has reached age 65; b. has not remarried; c. is not entitled to an old-age insurance benefit based on his own earnings equal to or greater than the amount he would be entitled to as the dependent widower of the deceased wife; d. either— (1) was receiving at least ½ of his support from the wife at the time or her death and filed proof of such support within 2 years of the date of death; or (2) was receiving at least ½ of his support from the wife and she was currently insured at the time she became entitled to old-age benefits and filed proof of such support within 2 years after the month in which she became so entitled.	Eliminates death after 1950 requirement. Effective for October 1960 and subsequent months.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
B. Survivors of deceased workers—Continued		
5. Surviving dependent widower—Continued	An additional period of 2 years is authorized if there was failure to file for good cause. There is an alternative date for meeting support requirement in both (1) and (2)—the beginning of the wife's period of disability—if the wife has such a period of disability in effect at the time of her entitlement to old-age or disability benefits, or at the time she died, whichever was applicable. Proof of support in such instances must be filed within 2 years of her application for a period of disability, her date of entitlement, or her death, depending on the time as of which the support is claimed. For the widower who would not be entitled to benefits except for the enactment of this provision proof of support can be filed by September 1960. Provision is also made so that the support requirement will not be necessary for the widower if in the month prior to his marriage to his deceased wife he was actually or potentially entitled to a widower's, parent's, or disabled child's benefit. Effective for September 1958 upon application after Aug. 27, 1958. *Termination of benefits:* No further widower's benefits paid for the month (and subsequent months) that the widower remarries, dies or becomes entitled to an old age insurance benefit exceeding his widower's benefit. There is also exception to the termination provision where the widower marries a woman entitled to a widow's, mother's, parent's or disabled child's benefit.	
Widower defined----	The term "widower" means the surviving husband of a deceased woman worker, but only if he meets 1 of the following conditions: a. was married to her for not less than 1 year immediately prior to the date on which she died; or b. is the father of her son or daughter; or c. legally adopted her son or daughter while married to her and while such son or daughter was under age 18; or	Provides that benefits are payable to a person as the widower of the worker if the person had gone through a marriage ceremony in good faith in the belief that it was valid, if the marriage would have been valid had there been no impediment, and if the couple had been living together at the time of the

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Survivors of deceased workers—Continued		
5. Surviving dependent widower—Con.		
Widower defined—Continued	d. was married to her at the time both of them legally adopted a child under the age of 18; or e. his deceased wife legally adopted his son or daughter while he was married to her and while such son or daughter was under the age of 18; or f. the widower was actually or potentially entitled to widower's, parent's, or disabled child's benefits in the month before his marriage to his deceased wife.	worker's death. An impediment is an obstacle resulting from a previous marriage—its dissolution or lack of dissolution—or resulting from a defect in the procedure followed in connection with the purported marriage.
6. Surviving dependent parent.	*Parent's insurance benefits* are payable, upon filing application, to the parent or parents (as defined below) of a worker who died after 1939 who was fully insured at the time of death and the parent— a. has reached age 65, if the father, and 62 if the mother; b. has not remarried after the death of the worker; c. was receiving at least ½ of his or her support from the worker at the time of the worker's death and filed proof of such support within 2 years of the date of death (an additional period of 2 years is authorized if there was failure to file for good cause): There is an alternative time at which support requirement can be shown if deceased worker has a period of disability in effect at the time of death—at beginning of period of disabiiity or at death. Proof of such support must be filed within 2 years after the period of disability began or 2 years after the date of such death. d. is not entitled to an old-age insurance benefit based on his or her own earnings equal to or greater than the amount he or she would be entitled to as the dependent parent of the deceased worker. *Termination of benefits:* No further benefits paid to the surviving parent for the month (or subsequent months) that he or she dies, remarries, or becomes entitled to an old-age insurance benefit which equals or exceeds his or her parent's benefit.	Eliminates death after 1939 requirement. Workers dying before 1940 must have had at least 6 quarters of coverage. Effective for October 1960 and subsequent months.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Survivors of deceased workers—Continued		
6. Surviving dependent parent—Con.	Provides exception to the termination provision for parents marrying individuals entitled to widow's, widower's, mother's, parent's, or disabled child's benefit. However, if such parent marries a person entitled to a disabled child's benefit, the parent's benefit will be terminated if the individual loses entitlement otherwise than by death.	
Parent defined	The term "parent" means— a. the mother or father of a deceased worker; b. a stepparent of the deceased worker by a marriage contracted before the worker attained the age of 16; or c. an adopting parent who adopted the deceased worker before he or she reached age 16.	No change.
7. Lump-sum death payment.	Upon the death of a worker who died *currently* or *fully insured* a lump-sum death payment is payable to the person whom the Secretary of Health, Education, and Welfare determines 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, an amount is payable to any person or persons to the extent and in the proportion that he or they have paid the burial expenses for the deceased insured individual. No payment is made, however, unless application is filed within 2 years after the date of death. An additional period of 2 years is authorized if there was failure to file for good cause.	Allows lump sum to be sent directly to funeral director for unpaid funeral-home expenses on application of person who assumes responsibility for the expenses in cases where no eligible spouse survives. If any of the lump sum remains, it is paid to person who paid funeral bill; if any still remains, to persons who paid other burial expenses in a certain order of priority. If no one has assumed responsibility for payment of burial expenses within 90 days after worker's death, lump sum is payable directly to the funeral director.
C. Disabled worker	See II, p. 11: Cash disability benefits.	

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
A. Average monthly wage	In general, an individual's average monthly wage for computing his monthly old-age insurance benefit amount is determined by dividing the total of his creditable earnings after the applicable starting date and up to the applicable closing date, by the number of months involved. Excluded from this computation are all months and all earnings in any year any part of which was included in a period of disability under the disability "freeze" (except that the months and earnings in the year in which the period of disability begins may be included if the resulting benefit would be higher). Also excluded from the computation are all months in any year prior to the year the individual attained age 22 if less than 2 quarters of such year were quarters of coverage. Starting dates may be last day of (1) 1936, or (2) 1950, or, if later, the year of attainment of age 21. The closing date may be either (1) the 1st day of the year the individual died or became entitled to benefits (2) the 1st day of the following year or (3) the 1st day of the year in which he was fully insured and attained retirement age, whichever results in a higher benefit. Applicable starting and closing dates are those which yield the highest benefit amount. The minimum divisor is 18 months. Individuals can "drop out" up to 5 years of lowest or no earnings in computing average monthly wage.	Provides for computation of the average monthly wage, in retirement cases, on the basis of a constant number of years, regardless of when, before age 22, the person started to work or when, after retirement age he files application for benefits. The number of years would be equal to 5 less than the number of years (excluding years in periods of disability) elapsing after 1950 or after the year in which the individual attained age 21, whichever is later, and up to the year in which the person was first eligible for old-age insurance benefits (generally the year in which he attained retirement age). In death and disability cases the number of years would be determined by the date of death or disability. In those cases where a larger benefit would result (because the individual's best earnings were in years before 1951) the number of years would be those elapsing after 1936, rather than 1950. This alternative is similar to the 1936 alternative "starting date" available under prior law in such cases. The subtraction of 5 from the number of elapsed years is the equivalent of the dropout (in prior law) of the 5 years during which the individual's earnings were the lowest. The earnings used in the computation would be earnings in the highest years. Earnings in years prior to attainment of age 22 or after attainment of retirement age could be used if they were higher than earnings in intervening years. The span of years could never be less than 2. Generally, the span of years to be used for the benefit computation in retirement cases could not be less than 5—the number of years that would have to be used under the prior law by people who attain retirement age in 1960. Effective, in general, on Jan. 1, 1961.
Special provisions—new start.	Intended primarily for persons first covered in 1955: An individual who became entitled to old-age insurance benefits or died in 1956, and had at least 6 quarters of coverage after 1954, can have starting date of Dec. 31, 1954, and closing date of July 1, 1956, if that will yield a larger benefit amount. Intended primarily for persons first covered in 1956: Individual who becomes entitled or dies in 1957, and has at least 6 quarters of coverage after 1955, can have a starting date of Dec. 31, 1955, and closing date of July 1, 1957, if that will yield a larger benefit amount.	

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Recomputations	After a person has become entitled to benefits, he may, under certain circumstances, have his "average monthly wage" recomputed if it will increase his monthly benefit: (1) Recalculation to correct errors in original computation. (2) 1954 work recomputation: Where an individual who has 6 quarters of coverage after 1950 returns to work after becoming entitled to benefits and earns more than $1,200 in a year, he may have his average monthly wage recomputed including such earnings. Survivors are also entitled to any increase in benefits which would result from such recomputation. (3) Dropout recomputation: Beneficiary who became entitled to benefits prior to the amendment which allowed a dropout of 5 years of lowest earnings, may have a recomputation using the dropout if he has 6 quarters of coverage after June 1953. Survivors are entitled to any increases which would result from such a recomputation. (4) Current year recomputation: An individual becoming entitled to benefits after August 1954 may have a recomputation which will include earnings in the year he retires if such earnings were not included in the original calculation. Survivors are entitled to any increases which would result from such a recomputation. (5) Other recomputations: Provides several recomputations of limited application.	The following 4 recomputations, which have virtually served their purpose and are obsolete, have been eliminated: (a) to include 1952 self-employment income of people who died or retired in 1952; (b) to give effect to the 1950 provisions (largely superseded in 1954) to raise benefits on account of substantial earnings after entitlement; (c) to include earnings in the 6 months just prior to application for benefits (obsoleted by 1954 provision to put benefit computations on an annual basis); (d) to include for people then already on the rolls wage credits for post-World War II military service (first provided in 1952).

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
C. Benefit formula	The law provides a consolidated benefit table which is used in determining benefit amounts for both future beneficiaries and those now on the benefit rolls. Though not specifically stated in the law the formula is in effect, 58.85 percent of the first $110 of the average monthly wage, plus 21.40 percent of the next $290 of such wage (except that in some cases, for average monthly wages under $85, a slightly higher amount is payable so as to fit in with the minimum benefit).	No change.
D. Minimum primary insurance amount.	$33 a month.	No change.
E. Maximum family benefits	Family maximum monthly benefits are set by the table and range from $53 to $254. Though not specifically stated in the law, the table provides that the maximum amount payable on a single wage record is the lesser of $254 (twice the maximum possible primary insurance amount) or 80 percent of the individual's average monthly wage. The 80-percent limitation, however, cannot reduce family benefits below the larger of $53 or 1½ times the primary amount.	No change but a technical flaw in 1958 amendments was eliminated which permitted the family of an insured worker who had a period of disability which began before 1959, to receive a benefit in excess of the family maximum that would otherwise be applicable to the case. Applies only to families qualifying in future.
F. Dependents' and survivors' benefits.	(Subject to maximum limitations on total family benefits.)	
1. Wife or husband of insured worker.	½ of primary insurance amount.	
2. Child of insured worker.	½ of primary insurance amount.	
3. Widow, widower, former wife divorced, or parent of deceased insured worker.	¾ of primary insurance amount except minimum benefit is $33 if individual is sole beneficiary entitled.	
4. Child of deceased insured worker.	If only 1 child is entitled to benefits, benefit amount is ¾ of primary insurance amount, except minimum is $33 if the child is the sole beneficiary entitled. If more than 1 child is entitled, each child gets ½ of primary insurance amount plus an additional ¼ of the primary insurance amount divided equally among all the children, but subject to the family maximum provisions.	Provides that the benefits of all surviving children shall equal ¾ of the deceased workers' primary insurance amount, but subject to the family maximum provisions. Effective December 1960.
5. Lump-sum death payment.	3 times the primary insurance amount with a statutory maximum of $255.	No change.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

V. CREDITABLE EARNINGS

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
	All remuneration for services in covered work is covered except— 1. Earnings in excess of $4,800. Effective for wages paid after 1958 and self-employment income for taxable years ending after 1958. 2. Certain types of payments for retirement and payments under a plan or system providing benefits on account of sickness, accident, or disability, etc. 3. Payments made to an employee who has reached retirement age (other than vacation or sick pay) if he did not work for the employer in the period for which such payments were made.	No change.
	Provides for the coverage of sick leave payments for State and local employees irrespective of whether they have reached retirement age by stating that "sick pay" as used in the parenthetical exception includes remuneration paid to such employees for periods during which they were absent from work because of sickness. 4. Payment by the employer of the employee tax under the Federal Insurance Contributions Act or under a State unemployment compensation law.	No change.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. INSURED STATUS

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
A. Fully insured	To be fully insured an individual who was living on Sept. 1, 1950, must have either: (1) 40 quarters of coverage, *or* (2) 1 quarter of coverage (acquired at any time after 1936) for every 2 calendar quarters elapsing after 1950 (or after quarter in which age 21 was attained, if later) and before quarter of death or attainment of retirement age, whichever first occurs, but such individual must have at least 6 quarters of coverage.	Liberalize alternative requirement so that an individual will need 1 quarter of coverage (acquired at any time after 1936) for every 3 calendar quarters elapsing after 1950, or after the calendar year in which he attained the age of 21 (if that was later) and up to the beginning of the calendar year in which he attained retirement age or died, whichever occurred first, but such individual must have at least 6 quarters of coverage.

Number of quarters of coverage required for fully insured status under prior law and under Social Security Amendments of 1960

Year of death, disability, or attainment of retirement age	Required quarters	
	Prior law [1]	1960 amendments
1953 and earlier	6	6
1954	6– 7	6
1955	8– 9	6
1956	10–11	6
1957	12–13	8
1958	14–15	9
1959	16–17	10
1960	18–19	12
1961	20–21	13
1966	30–31	20
1971	40	26
1976	40	33
1981 and after	40	40

[1] This column represents the requirement under the basic insured status formula in prior law; for those individuals who meet the "special (continuous coverage) insured status" test. established by the Social Security Amendments of 1954, the requirement would be somewhat less for persons dying or reaching retirement age before October 1960.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. INSURED STATUS—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
A. Fully insured—Continued		
Deemed "fully insured"	Persons who died before September 1, 1950, and after 1939 with at least 6 quarters of coverage, while not fully insured under usual rule, are "deemed" to be fully insured for purposes of survivors' benefits (other than for benefits for former wife divorced).	Removes theoretical distinction between being fully insured and being "deemed" to be fully insured. Practical effect is that the exclusion of the former wife divorced from benefits on the basis of 6 quarters of coverage is removed. (See pp. 21–22.) Effective date: October 1960 on basis of applications filed in or after that month; effective for lump-sum death payments based on deaths occurring after September 1960.
Special provision primarily for persons newly covered in 1955 and 1956.	Fully insured if all but 4 (but not less than 6) of the quarters after 1954 and prior to the later of (1) July 1, 1957, or (2) the quarter of death or attainment of retirement age (whichever first occurs) are quarters of coverage. Fully insured status qualifies for old-age, dependent, and survivor benefits; both fully and currently insured status required for dependent husband's and dependent widower's benefits.	No change.
B. Currently insured	6 quarters of coverage within 13 quarters ending with quarter of death or entitlement to old-age insurance or disability benefits. Currently insured status qualifies for child's, widowed mother's, and lump-sum benefits.	No change.
C. Quarter of coverage defined	Quarter in which individual received at least $50 in wages (other than for agricultural work) or was credited with at least $100 in self-employment income.	
	If a person was paid wages of $3,000 or more in a calendar year before 1951 (maximum creditable wages in those years), each quarter following the 1st quarter in which he earned $50 or more is a quarter of coverage. If an individual earns maximum creditable wages in a year after 1950, he is credited with 4 quarters of coverage: Maximum creditable earnings: $3,600, 1951–54; $4,200, 1955–58; $4,800, 1959– . In the case of wages computed on an annual basis for agricultural workers, 4 quarters of coverage are credited for a minimum of $400, 3 quarters for income of $300 to $399.99; 2 quarters for income of $200 to $299.99, and 1 quarter for $100 to $199.99 for a year.	Changes manner of crediting wages in maximum earnings situation for pre-1951 years to that of post-1950 years. An individual, thus, will get 4 quarters of coverage for any year before 1951 in which he has $3,000 in wages. Effective date: generally September 1960.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VII. RETIREMENT TEST

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
A. Scope	Applies to covered as well as noncovered work.	No change.
B. Test of earnings	Annual test of earnings under which 1 month's benefit is withheld from the beneficiary under age 72 (and from any dependent drawing on his record) for each unit of $80 (or fraction thereof) by which annual earnings from covered or noncovered employment and self-employment exceed $1,200.	Provides that benefits will be withheld from a beneficiary under age 72 (and from any dependent drawing on his record) at the rate of $1 in benefits for each $2 of annual earnings between $1,200 and $1,500 and $1 in benefits for each $1 of annual earnings above $1,500. Effective with respect to taxable years beginning after December 1960.
	Benefits not withheld for any month during which the individual neither rendered services for wages in excess of $100 nor rendered substantial services in a trade or business.	No change.
C. Test for noncovered work outside the United States.	Deductions made from the benefits for any month in which a beneficiary under age 72 engages in a noncovered remunerative activity (whether employment or self-employment) outside the United States on 7 or more calendar days. If deductions are made for any month for this reason, deductions are also made from the benefits of any dependent drawing benefits on the basis of the individual's wage record.	No change.
	Beneficiaries are not required to file annual reports but must report when they work on 7 or more calendar days in the month. Penalties imposed for failure to file timely reports of work unless the failure to file on time was for "good cause."	Eliminates imposition of penalty on spouse (drawing disabled child's or mother's benefit) of old-age beneficiary who fails to report work. This is only dependent's benefits where penalty was imposed.
D. Age exemption	Benefits are not suspended because of work or earnings if beneficiary is age 72 or over.	No change.

VIII. FINANCING

A. Administration of the trust funds.	The Federal old-age and survivors insurance trust fund receives all tax contributions, other than those allocated for the disability program, from which benefits and administrative expenses are paid for the old-age and survivors insurance program. The Federal disability insurance trust fund receives tax contributions at the rate of ¼ of 1 percent each for employers and employees, and ⅜ of 1 percent for the self-employed from which benefit and administrative expenses are paid for the disability insurance program. These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as Secretary).	No change.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VIII. FINANCING—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Investment of the trust funds.	The managing trustee (Secretary of the Treasury) shall invest such portion of the trust funds as is not, in his judgment, needed to meet current withdrawals. Investments must be made in interest-bearing obligations of the United States or in obligations guaranteed both as to interest and principal by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price.	No change.
	Such obligations issued for purchase by the trust funds shall have maturities fixed with due regard for the needs of the funds, and bear interest at a rate equal to the average rate of all marketable interest-bearing obligations not due or callable until after the expiration of 5 years from the date of original issue. This interest rate, if not a multiple of ⅛ of 1 percent, is rounded to the nearest multiple of ⅛ of 1 percent.	Changes interest provision so that obligations purchased in the future shall bear interest at a rate equal to the average market yield (computed by the managing trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month.
	The special obligations shall be issued for purchase by the trust funds only if the managing trustee determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, is not in the public interest.	Reverses the provision so that the managing trustee is authorized to make purchases in the open market only when he deems it is within the public interest. Effective date: October 1, 1960.
C. Review of status of the trust funds:		
1. Board of Trustees..	These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as secretary). It shall be the duty of the Board of Trustees to— (1) Hold the trust funds; (2) report to the Congress not later than the 1st day of March of each year on the operation and status of the trust funds during the preceding fiscal year and on their expected operation and status during the next ensuing 5 fiscal years;	No change.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VIII. FINANCING—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
C. Review of status of the trust funds—Continued		
1. Board of Trustees—Continued	(3) report immediately to the Congress whenever it is their opinion that during the ensuing 5 fiscal years either of the trust funds will exceed 3 times the highest annual expenditures anticipated during the next 5 years, or whenever in their opinion either of the trust funds is unduly small.	Changes requirement so that the Board has to report immediately only if it believes that the amount of either trust fund is unduly small.
	(4) recommend improvements in administrative procedures and policies designed to effectuate the proper coordination of the old-age and survivors insurance and Federal-State unemployment compensation programs.	No change.
		Adds requirements that the Board review the general policies followed in managing the trust funds, and recommend changes in such policies, including necessary changes in the provisions of the law which govern the way in which the trust funds are to be managed. The Board is also required to meet at least once each 6 months. Effective date: Oct. 1, 1960.
2. Advisory Council	An Advisory Council on Social Security Financing will periodically review the status of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund in relation to the long-term commitments of the programs. The first such Council will be appointed by the Secretary after February 1957 and before January 1958 and will consist of the Commissioner of Social Security, as Chairman, and 12 other persons representing employers and employees, in equal numbers, self-employed persons and the public. The Council shall make its report, including recommendations for changes in the tax rate, to the Board of Trustees of the trust funds before Jan. 1, 1959. The Board shall submit the recommendations to Congress before Mar. 1, 1959, in its annual report.	
	Other advisory councils with the same functions and constituted in the same manner will be appointed by the Secretary not earlier than 3 years nor later than 2 years prior to Jan. 1 of the years in which the tax rates are scheduled to be increased. These advisory councils will report to the Board on Jan. 1 of the year before the tax increase will occur and the Board will report to Congress not later than Mar. 1 of the same year.	Changes appointment and report dates of advisory councils. They will be appointed during 1963, 1966, and every 5th year thereafter and will report not later than Jan. 1 of the 2d year after the year in which they are appointed. The advisory council appointed in 1963 shall, in addition to the other findings it is required to make, include its findings and recommendations with respect to extensions of the coverage, benefit adequacy, and all other aspects of the program.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VIII. FINANCING—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
D. Maximum taxable amount	$4,800 a year	No change.
E. Tax rate for self-employed	Taxable years beginning after: *Percent* 1958 — 3¾ 1959 — 4½ 1962 — 5¼ 1965 — 6 1968 — 6¾	No change.
F. Tax rate for employees and employers.	Calendar years: 1959 — 2½ 1960–62 — 3 1963–65 — 3½ 1966–68 — 4 1969 and after — 4½	No change.

IX. MISCELLANEOUS

A. Termination of benefits upon deportation.	Benefits will be terminated upon the deportation of the primary beneficiary under any 1 of 14 specified paragraphs of the Immigration and Nationality Act. Benefits of dependents and survivors who are not citizens will not be paid if they are out of the country.	No change.
B. Suspension of benefits for certain aliens outside the United States.	Suspends the payments to any individual not a citizen or national of the United States who first becomes eligible for benefits after December 1956 if such an individual remains out of the country for 6 consecutive months. The payments would be resumed if he returns and remains in this country. However, payment of benefits to such an individual would *not* be suspended if— 1. he is a citizen of a foreign country which has in effect a social insurance or pension system of general application which would permit benefit payments to U.S. citizens in the event they left such foreign country without regard to the duration of their absence; or 2. the individual upon whose earnings the benefit is based has 40 quarters of coverage (10 years); or 3. the individual upon whose earnings the benefit is based has resided in the United States for 10 years; or 4. he is serving outside the country in the Armed Forces of the United States; or 5. the application of the provision would violate a treaty obligation of the United States.	No change.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IX. MISCELLANEOUS—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
B. Suspension of benefits for certain aliens—Continued	Benefits of aliens who are survivors of certain deceased members of the Armed Forces of the United States also will not be suspended. The individual upon whose earnings the benefit is based must have died (1) while on active duty or inactive duty training as a member of a uniformed service, or (2) as a result of a disease or injury which the Administrator of Veterans' Affairs determines was incurred or aggravated in line of duty while on active duty, or (3) as a result of an injury incurred or aggravated on inactive duty training, if the Administrator determines that such individual was released from such service under conditions other than dishonorable. Likewise, benefits of certain aliens whose entitlement is based on service covered by the Railroad Retirement Act which, inasmuch as it was for less than 10 years, was credited under the Social Security Act. (Principally applicable to Canadian residents employed by American railroads conducting a minor portion of their operations in Canada, and Canadian railroads operating in the United States.)	
C. Loss of benefits upon conviction of certain subversive crimes.	If an individual is convicted of treason, espionage, or certain other offenses of a subversive nature including a number of offenses under the Internal Security Act, and the offense was committed after the enactment date of this provision (Aug. 1, 1956), the court in its discretion may provide as an additional penalty that none of the individual's wages or self-employment income (or the earnings of any other individual upon which his benefit is based) credited before his conviction shall be used in computing his benefit. The provision applies only to the individual convicted of the offense and does not affect the rights of his dependents or survivors.	No change.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IX. MISCELLANEOUS—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
D. Criminal offenses	Any individual who— 1. for the purpose of receiving an unauthorized benefit or having a benefit increased makes (or causes to be made) a false statement or representation as to the amount of any wages or self-employment income earned or paid, or for the period in which they are earned or paid, or 2. makes (or causes to be made) any false statement of a material fact in any application for any payment, or 3. makes (or causes to be made), at any time, any false statement or representation of a material fact for use in determining rights to payments, or 4. having knowledge of the occurrence of any event affecting his initial or continued right to a payment (or the right of a person upon whose behalf he made application or is receiving a benefit) conceals or fails to disclose such an event with intent to fraudulently receive an unauthorized payment or a greater amount than is due, or 5. converts the benefit he has received on behalf of another person for other than the use and benefit of the other person— shall be guilty of a misdemeanor and upon conviction shall be fined not more than $1,000 or imprisoned for not more than a year, or both.	No change.
E. Representation of claimants.	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 of Health, Education, and Welfare.	No change.

MEDICAL ASSISTANCE FOR THE AGED (NEW PROGRAM) AND OLD-AGE ASSISTANCE UNDER TITLE I OF SOCIAL SECURITY ACT

Item	Social Security Amendments of 1960
I. Medical assistance for the aged (new program):	
A. Nature of program	Amends title I (formerly relating only to old-age assistance) to permit the States to include in their plans under title I a new program of medical assistance for the aged; that is, to provide medical benefits for aged persons who are not old-age assistance recipients, but whose income and resources are insufficient to meet the costs of necessary medical services.
B. Eligibility for assistance.	To be eligible an individual— (1) Must have attained age 65; (2) Must not be a recipient of old-age assistance; (3) Must have income and resources, as determined by the State, insufficient to meet all of the cost of the medical services outlined below. The State must provide reasonable standards, consistent with the objectives of the program, for determining eligibility and the extent of assistance.
C. Scope of benefits	The State plan for medical assistance for the aged may specify medical services of any scope and duration, provided that both institutional and noninstitutional services are included. Federal participation would be restricted to vendor medical payments: i.e., payments made by the States directly to the doctor, hospital, etc., providing medical services on behalf of the recipient. The Federal Government would share in the expense of providing the following kinds of medical services: (1) Inpatient hospital services; (2) Skilled nursing home services; (3) Physicians' services; (4) Outpatient hospital or clinic services; (5) Home health care services; (6) Private duty nursing services; (7) Physical therapy and related services; (8) Dental services; (9) Laboratory and X-ray services; (10) Prescribed drugs, eyeglasses, dentures, and prosthetic devices; (11) Diagnostic, screening, and preventive services; and, (12) Any other medical care or remedial care recognized under State law. The Federal Government would not share in the expense of providing medical services to inmates of public institutions (other than medical institutions), to patients in mental or tuberculosis institutions, or to patients in medical institutions as a result of a diagnosis of tuberculosis or psychosis after 42 days of care.
D. Matching formula—Federal share.	Federal payments will reimburse the States for a portion of their expenditures under approved plans for medical assistance for the aged according to an equalization formula like that used to compute the Federal portion of old-age assistance payments between $30 and $65 per month, except that the Federal share would range from 50 to 80 percent depending upon the per capita income of the State as related to the national per capita income. The Federal Government would bear half of the administrative expenses under such plans. For Federal matching percentages, see following:

MEDICAL ASSISTANCE FOR THE AGED (NEW PROGRAM) AND OLD-AGE ASSISTANCE UNDER TITLE I OF SOCIAL SECURITY ACT—Continued

Item	Social Security Amendments of 1960
I. Medical assistance for the aged (new program)—Continued	
D. Matching formula—Federal share—Continued	*Applicable for Oct. 1, 1960, through June 30, 1961*

State	Percent	State	Percent
Alabama	79. 15	Montana	54. 07
Alaska	50. 00	Nebraska	63. 41
Arizona	63. 23	Nevada	50. 00
Arkansas	80. 00	New Hampshire	57. 91
California	50. 00	New Jersey	50. 00
Colorado	53. 42	New Mexico	67. 99
Connecticut	50. 00	New York	50. 00
Delaware	50. 00	North Carolina	77. 46
District of Columbia	50. 00	North Dakota	74. 18
Florida	59. 68	Ohio	50. 00
Georgia	74. 36	Oklahoma	67. 54
Guam	50. 00	Oregon	52. 58
Hawaii	53. 38	Pennsylvania	50. 00
Idaho	67. 04	Puerto Rico	50. 00
Illinois	50. 00	Rhode Island	50. 00
Indiana	50. 00	South Carolina	80. 00
Iowa	63. 23	South Dakota	75. 42
Kansas	60. 78	Tennessee	76. 55
Kentucky	76. 94	Texas	61. 36
Louisiana	72. 00	Utah	65. 00
Maine	65. 23	Vermont	65. 82
Maryland	50. 00	Virgin Islands	50. 00
Massachusetts	50. 00	Virginia	65. 44
Michigan	50. 00	Washington	50. 00
Minnesota	58. 57	West Virginia	72. 69
Mississippi	80. 00	Wisconsin	54. 60
Missouri	53. 42	Wyoming	50. 92

E. State plan requirements.

In order to be eligible for Federal participation, the State must provide medical assistance for the aged according to a plan submitted to the Secretary of Health, Education, and Welfare, and approved by him, which meets the requirements set out in the law. The State plan provisions are generally the same as those required for old age assistance with the following exceptions:

A State plan—

(1) must not require a premium or enrollment fee as a condition of eligibility;

(2) must not impose property liens during the lifetime of the individual receiving benefits (except pursuant to court judgment on account of benefits incorrectly paid), and any recovery provisions under the plan must be limited to the estate of the individual after his death and the death of his surviving spouse;

(3) must not impose a citizenship requirement which would exclude a citizen of the United States or a requirement which excludes a resident of the State; and

(4) must also provide, to the extent required by the Secretary of Health, Education, and Welfare, for inclusion of residents of the State who are absent therefrom.

The use and disclosure of information under this program is limited to purposes directly related to administration. Unlike old-age assistance, the program would not be subject to section 218 of the Revenue Act of 1951 which permits Federal matching where there is State legislation providing public access to disbursement records (for other than commercial or political purposes).

F. Effective date

Payments may be made to States with approved plans for medical assistance for the aged for calendar quarters commencing Oct. 1, 1960, or thereafter.

MEDICAL ASSISTANCE FOR THE AGED (NEW PROGRAM) AND OLD-AGE ASSISTANCE UNDER TITLE I OF SOCIAL SECURITY ACT—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
II. Old-age assistance:		
A. Eligibility for payments.	Needy individuals who are 65 years or older. A State plan must provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming assistance.	Adds provision that State plan must include reasonable standards, consistent with objectives of the title, for determining the eligibility of individuals and the extent of old-age assistance.
B. Matching formula —Federal share.	The following formula is applicable to State expenditures which include both money payments to and vendor payments on behalf of old-age assistance recipients. Federal matching share is $24 of the 1st $30 (⅘ of the 1st $30) with matching above this amount varying from 50 to 65 percent. States whose per capita income is equal to or above the per capita income for the United States have 50 percent Federal matching, while those States below the national average have Federal matching which varies up to a maximum of 65 percent. The maximum amount, upon which the Federal Government will match, is $65 a month, times the number of people on the old-age assistance roll (on an averaging basis). The Federal percentages as promulgated for the period Oct. 1, 1958, through June 30, 1961, are as follows: State: *Federal percentage* Alabama 65.00 Alaska 50.00 Arizona 63.23 Arkansas 65.00 California 50.00 Colorado 53.42 Connecticut 50.00 Delaware 50.00 District of Columbia 50.00 Florida 59.68 Georgia 65.00 Hawaii [1] 53.38 Idaho 65.00 Illinois 50.00 Indiana 50.00 Iowa 63.23 Kansas 60.78 Kentucky 65.00 Louisiana 65.00 Maine 65.00	Changes formula so as to provide for Federal financial participation based exclusively on expenditures to vendors of medical services up to $12 per month in addition to the existing $65 maximum provision. For States with average monthly payments over $65, the Federal Government will participate in the excess expenditures over $65 except that such participation is limited to the amount of the average vendor medical payment up to a maximum of $12. The Federal share in the excess expenditures for medical care will range from 50 percent to 80 percent under a formula based on per capita income. Based on May (1960) average payments, the following States (Federal share noted) would be affected: State: *Percent* California 50.00 Colorado 53.42 Connecticut 50.00 Idaho 67.04 Illinois 50.00 Iowa 63.23 Kansas 60.78 Louisiana 72.00 Maine 65.23 Massachusetts 50.00 Michigan 50.00 Minnesota 58.57 Nebraska 63.41 Nevada 50.00 New Hampshire 57.91 New Jersey 50.00 New Mexico 67.99 New York 50.00 North Dakota 74.18 Ohio 50.00 Oklahoma 67.54 Oregon 52.58 Pennsylvania 50.00 Rhode Island 50.00 Utah 65.00 Washington 50.00 Wisconsin 54.60 Wyoming 50.92

[1] Pursuant to Hawaii Omnibus Act.

MEDICAL ASSISTANCE FOR THE AGED (NEW PROGRAM) AND OLD-AGE ASSISTANCE UNDER TITLE I OF SOCIAL SECURITY ACT—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
II. Old-age assistance—Con. B. Matching formula —Federal share —Continued	State—Continued *Federal percentage* Maryland 50.00 Massachusetts 50.00 Michigan 50.00 Minnesota 58.57 Mississippi 65.00 Missouri 53.42 Montana 54.07 Nebraska 63.41 Nevada 50.00 New Hampshire 57.91 New Jersey 50.00 New Mexico 65.00 New York 50.00 North Carolina 65.00 North Dakota 65.00 Ohio 50.00 Oklahoma 65.00 Oregon 52.58 Pennsylvania 50.00 Rhode Island 50.00 South Carolina 65.00 South Dakota 65.00 Tennessee 65.00 Texas 61.36 Utah 65.00 Vermont 65.00 Virginia 65.00 Washington 50.00 West Virginia 65.00 Wisconsin 54.60 Wyoming 50.92 Separate dollar-for-dollar matching in costs for administration.	For States with average monthly payments of $65 or less the Federal share in average vendor medical payments up to $12 will be an additional 15 percentage points over the usual Federal percentage applicable to the amount of payments falling between $30 and $65. This percentage when added to the usual Federal percentage for the 2d part of the formula for payments, will give a total Federal share of from 65 percent to 80 percent. Based on May (1960) average payments, the following States (Federal share noted) would be affected: State: *Percent* Alabama 80.00 Alaska 65.00 Arizona 78.23 Arkansas 80.00 Delaware 65.00 District of Columbia 65.00 Florida 74.68 Georgia 80.00 Guam 65.00 Hawaii 68.38 Indiana 65.00 Kentucky 80.00 Maryland 65.00 Mississippi 80.00 Missouri 68.42 Montana 69.07 North Carolina 80.00 Puerto Rico 65.00 South Carolina 80.00 South Dakota 80.00 Tennessee 80.00 Texas 76.36 Vermont 80.00 Virgin Islands 65.00 Virginia 80.00 West Virginia 80.00 Provision is also made so that a State with an average payment of over $65 a month would never receive less in additional Federal funds in respect to such medical service costs than if it had an average payment of $65. No change in provision for dollar-for-dollar matching in cost of administration.

MEDICAL ASSISTANCE FOR THE AGED (NEW PROGRAM) AND OLD-AGE ASSISTANCE UNDER TITLE I OF SOCIAL SECURITY ACT—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
II. Old-age assistance—Con.		
C. Exclusion of patients, in public, mental, and tuberculosis institutions.	For Federal matching purposes excludes any money payments to or vendor medical care payments on behalf of persons who are patients in institutions for tuberculosis or mental disease or who have been diagnosed as having tuberculosis or psychosis and are patients in medical institutions as a result thereof, or who are inmates in a public institution (other than a medical institution).	Modifies definition so as to include, for Federal matching purposes, vendor payments for persons who are patients in medical institutions (other than mental or tuberculosis institutions) as a result of a diagnosis of tuberculosis or psychosis for 42 days.
D. Special formula for Puerto Rico, Virgin Islands, and Guam:		
1. Matching formula.	Federal matching on a 50–50 basis on both money and vendor medical payments up to a maximum of $35 times the number of recipients of old-age assistance.	
2. Dollar limitation.	Total Federal payments for all public assistance programs may not exceed the following amounts in each fiscal year: $8,500,000 for Puerto Rico, $300,000 for Virgin Islands, and $400,000 for Guam.	Additional matching for vendor medical expenditures will be on up to an additional $6 per month per recipient rather than the additional $12 a month for the States and the District of Columbia. Federal share will be as noted on p. 44. For fiscal years ending after 1960 these dollar limits are increased to the following amounts: Puerto Rico ..... $9,000,000 Virgin Islands ..... 315,000 Guam ..... 420,000 However, these increases may be used only with respect to medical vendor expenditures described above. Federal payments for new program of medical assistance for the aged excepted from dollar limitation provision.
E. Effective date	----------	Increased Federal matching will be available with the quarter beginning Oct. 1, 1960.
III. Medical care guides and reports.	No provision	Directs the Secretary of Health, Education, and Welfare to develop guides and standards pertaining to the level, content, and quality of medical services for persons with low incomes, which the States may use in developing and improving the medical aspects of their old-age assistance programs and their programs of medical assistance for the aged. The Secretary is also directed to secure and publish data on the operation of such State programs.

AID TO THE BLIND, AID TO THE PERMANENTLY AND TOTALLY DISABLED, AND AID TO DEPENDENT CHILDREN

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
I. Matching formulas	The following formulas are applicable for State expenditures which include both money payments and vendor payments for medical care.	
A. Aid to the blind, and aid to the totally and permanently disabled.	Same as for old-age assistance. (See pp. 43–44.)	No change. (The increases in Federal matching for State medical vendor payments described above apply only to old-age assistance and not to other public assistance programs.)
B. Aid to dependent children.	The Federal Government pays $14 of the first $17 expended per recipient per month, and the Federal percentage of average monthly expenditures between $17 and $30. Federal percentage is determined in the same way as under old-age assistance. No Federal matching for expenditures over $30 per recipient per month.	No change.
II. Eligibility requirements:		
A. Aid to dependent children.	Needy dependent children under 18 and parents and certain relatives with whom they are living. Child must have been deprived of parental support or care by reason of death, continued absence from the home, or physical incapacity of a parent. A State agency shall, in determining need, take into consideration any other income and resources of any child claiming assistance.	No change.
B. Aid to the permanently and totally disabled.	Needy individuals 18 years of age or older who are permanently and totally disabled. A State agency shall, in determining need, take into consideration any other income and resources of any individual claiming assistance.	No change.
C. Aid to the blind	Needy individuals who are blind. A State agency shall, in determining need, take into consideration any other income and resources of the individual claiming assistance, except that the first $50 per month of earned income shall be disregarded.	Provides that States may, until June 30, 1962, either disregard the first $85 per month of earned income plus half of monthly earnings over that amount, or use the $50 monthly exclusion. After June 30, 1962, the States must disregard the first $85 per month of earned income plus half of monthly earnings over that amount.
	Temporary legislation (sec. 344(b) of the Social Security Amendments of 1950) provides for the approval by the Secretary of certain State plans for aid to the blind which do not meet in full the requirements of the "needs" test. Expires June 30, 1961.	Postpones termination date until June 30, 1964.

AID TO THE BLIND, AID TO THE PERMANENTLY AND TOTALLY DISABLED, AND AID TO DEPENDENT CHILDREN—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
III. Exclusion of patients in public, mental, and tuberculosis institutions.	For Federal matching purposes excludes any money payments to, or medical vendor payments on behalf of, persons who are patients in institutions for tuberculosis or mental diseases, or who have been diagnosed as having tuberculosis or psychosis and are patients in medical institutions as a result thereof, or who are inmates in a public institution other than a medical institution. The institutional exclusions do not apply to the aid to dependent children program.	No change.

MATERNAL AND CHILD WELFARE SERVICES

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
I. Maternal and child health services:		
A. Authorization of annual appropriation.	Authorizes $21,500,000 per year	Authorizes $25 million per year. Effective date: Fiscal year 1961.
B. Allotment to States.	Out of the sum appropriated— 1. $10,750,000 shall be allotted as follows: to each State a uniform grant of $60,000 and the remainder in the proportion of live births in that State to the whole United States. 2. The other $10,750,000 is allotted according to the financial need of each State after taking into consideration the number of live births in that State.	Substitutes $12,500,000 for $10,750,000 in both 1 and 2 and also provides that the uniform grant in 1 be increased from $60,000 to $70,000.
C. Special project grants.	No specific provision in the law	Adds provision that not more than 25 percent of the sums under B–2 (above) shall be available for grants to State health agencies, and to public or other nonprofit institutions of higher learning for special projects of regional or national significance which may contribute to the advancement of maternal and child health.
II. Crippled children's services:		
A. Authorization of annual appropriation.	Authorizes $20 million per year	Authorizes $25 million per year. Effective date: Fiscal year 1961.
B. Allotment to States.	Out of the sum appropriated— 1. $10 million shall be allotted as follows: to each State a uniform grant of $60,000 and the remainder according to need after taking into consideration the number of crippled children in each State in need of services and the cost of furnishing such services. 2. The other $10 million according to financial need of State as determined after taking into consideration the number of crippled children in each State in need of services and the cost of furnishing such services to them.	Same as I-B above.
C. Special project grants.	No specific provision in the law	Same as I-C above.

MATERNAL AND CHILD WELFARE SERVICES—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
III. Child welfare services:		
A. Authorization of annual appropriation.	Authorizes $17 million per year	Authorizes $25 million per year. Effective date: Fiscal year 1961.
B. Allotment to States.	Out of the sum appropriated allots to each State such portion of $60,000 as the amount appropriated bears to the amount authorized to be appropriated. The remainder of sums appropriated shall be allotted so that each State shall have an amount which bears the same ratio to the total remainder as the product of (1) the population of each State under the age of 21 and (2) the allotment percentage (based on relative per capita income) bears to the sum of the corresponding products of all the States. These amounts are adjusted to the base allotment. A State's base allotment for any fiscal year is the amount it would have received previous to the 1958 amendments applied to an appropriation of $12,000,000. If the amount allotted is less than this base allotment it is increased to that amount by proportionately reducing the allotments to other States, but never below their base allotments.	Changes the $60,000 to $70,000, but provides that the amount shall in no case be less than $50,000.
C. Research or demonstration projects.	No provision	Authorizes appropriation for grants by the Secretary of Health, Education, and Welfare to public or other nonprofit institutions of higher learning and to public and nonprofit agencies and organizations engaged in research or child welfare activities, for special research or demonstration projects in the field of child welfare which are of regional or national significance, and for special projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare.

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
I. Coverage	In general, the unemployment compensation program covers all employees in commerce and industry who are employed by an employer of 4 or more workers on at least 1 day of 20 weeks in a calendar year. 17 specific exclusions from coverage are spelled out in the Federal Unemployment Tax Act (sec. 3306(c)).	Coverage is extended, generally effective in 1962, to several categories of employees presently specifically excluded. These include: (1) Employees of certain instrumentalities of the United States which are neither wholly or partially owned by the United States, including Federal Reserve banks, Federal credit unions, Federal land banks, and others. Employees of partially owned instrumentalities such as banks for cooperatives and Federal intermediate credit banks are brought under the unemployment compensation program for Federal employees, effective in 1961. (2) Employees serving on or in connection with American aircraft outside the United States. (3) Employees of "feeder organizations," all of whose profits are payable to a nonprofit organization and employees of nonprofit organizations which are not exempt from income tax. (4) Certain employees of certain tax-exempt organizations, including agricultural and horticultural organizations, voluntary employee beneficiary associations, and fraternal beneficiary societies.
II. Extension to Puerto Rico	The Commonwealth of Puerto Rico has an independent unemployment compensation program. Employers in Puerto Rico are not subject to the Federal unemployment tax and Puerto Rico is not entitled to Federal grants to cover the administrative expenses of its unemployment compensation program. The cost of employment service, however, is covered by Federal grants under the Wagner-Peyser Act.	Puerto Rico will be treated as a State for the purposes of the Federal-State unemployment compensation system beginning Jan. 1, 1961. Federal employees and exservicemen will not have their benefits computed under Puerto Rican law until 1966.
III. Administrative financing:		
A. Federal unemployment tax rate.	Each employer is taxed 3 percent on the 1st $3,000 of an employees' covered wages, of which 90 percent (2.7 percent of taxable payrolls) may be offset by unemployment taxes paid under State law or tax savings allowed under State law through experience rating. The net Federal tax is 0.3 percent of taxable payroll.	Effective in 1961, the tax rate is raised to 3.1 percent on the 1st $3,000 of covered wages, which results in a net Federal tax of 0.4 percent of taxable payroll.
B. Unemployment trust fund.	Receipts from State taxes go into the various State accounts in the unemployment trust fund. The sums allocated to State accounts are generally available for benefit payments.	No change in State accounts.

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)
III. Administrative financing—Continued B. Unemployment trust fund—Continued	Receipts from the net Federal unemployment tax (0.3 percent) are used to pay the cost of administering Federal and State operations of the employment security program. At the end of each fiscal year, after Federal and State administrative expenses have been paid, any excess net Federal unemployment tax receipts are earmarked and placed in the Federal unemployment account to maintain a balance of $200,000,000 in that account. This account is used to make advances to the States with depleted reserve accounts. Any excess receipts not required to maintain the $200,000,000 balance in the Federal unemployment account is allocated to the trust accounts of the various States in the proportion that their covered payrolls bear to the aggregate of all the States. These excess receipts may, under certain conditions, be used by a State to supplement Federal grants in financing administrative operations.	A new account, called the employment security administration account, will be established in the unemployment trust fund. All receipts from the net Federal unemployment tax (0.4 percent) will be credited initially to this new account. Federal and State administrative expenses will be paid out of this account with a maximum of $350,000,000 per year allowable for State administrative expenses. At the end of a fiscal year, excess receipts after administrative expenses will be credited to the Federal unemployment account to build up and maintain a maximum balance of $550,000,000 or 0.4 percent of covered payrolls, whichever is greater, for use in making advances to States. After the Federal unemployment account reaches its statutory limit, any remaining excess of net Federal unemployment taxes over administrative expenses will be retained in the employment security administration account until that account shows a net balance at the close of the fiscal year of $250,000,000. This net balance is to be used to provide funds out of which administrative expenses may be paid during each fiscal year prior to the receipt of the bulk of Federal unemployment taxes in January and February. Pending the building up of the $250,000,000 balance in the employment security administration account, advances to the account are authorized from a revolving fund which would be financed by a continuing appropriation from the general fund of the Treasury. These advances will be repaid with interest. After the Federal unemployment account is built up to its statutory limit, and the year-end net balance of the employment security administration account reaches $250,000,000, and after any advances from the general fund of the Treasury have been repaid, any excess in the employment security administration account will be distributed to the accounts of the various States in the same manner as is provided under present law, except that if any State has outstanding advances from the Federal unemployment account its share of the surplus funds will be used to reduce these outstanding advances. Effective date: Fiscal year 1961.

EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)—Continued

Item	Prior law	Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)
III. Administrative financing—Continued		
C. Advances to the States:		
1. Eligibility for advances.	A State whose reserve account at the end of any quarter is less than the amount of benefits paid in the last 4 preceding quarters may apply for an advance from the Federal unemployment account.	A State's eligibility for advances (applied for after Sept. 13, 1960) may be determined at any time. Advances will be made only if in the account of the State requesting an advance the sum of reserves on hand plus expected tax receipts will be inadequate to meet the expected level of benefit payments during the current or following month.
2. Amount of advances.	A State is advanced the amount specified in the State's application but such amount may not exceed the largest amount of benefits paid by it in any 1 of the last 4 preceding quarters.	Advances will be made in amounts which the Secretary of Labor estimates will be required to pay compensation during the current or following month, including amounts to cover unexpected contingencies. The aggregate amount of loans approved by the Secretary of Labor may not exceed the amount available for advances in the Federal unemployment account.
3. Repayment of advances.	The Governor of any State may at any time request that funds be transferred from the State's account to the Federal unemployment account in repayment of part or all of the balance of advances made to the State.	Same as present law.
	If an advance to any State has been outstanding at the beginning of 4 consecutive years, the employers' credit in that State against the Federal tax is reduced from 2.7 to 2.55 percent. This increase in the net Federal tax is used to pay off the advance. During successive years in which the advance is outstanding the employers' credit is reduced by an additional 0.15 percent a year. If a State repays outstanding advances by Dec. 1 of any year the reduced credit provisions do not come into operation for that year.	If an advance to any State made after Sept. 13, 1960, is outstanding at the beginning of 2 consecutive years, the employers' credit in that State against the Federal tax is reduced from 2.7 to 2.4 percent. During successive years in which the advance is outstanding the employers' credit is reduced by an additional 0.3 percent a year. If a State repays outstanding advances by Nov. 10 of any year the reduced credit provisions do not come into operation for that year.
		In addition to the reduction of 0.3 percent a year in the employers' tax credit against the Federal tax 2 other possible credit reductions are provided. The 1st provides that beginning in the 3d year in which an advance is outstanding the maximum employers' credit is reduced by the amount, if any, by which the average employer contribution rate in the preceding year was less than 2.7 percent. The 2d credit reduction provides that in the 5th year in which an advance is outstanding if the State's benefit-cost rate over the preceding 5 years is higher than 2.7 percent then the employers' credit shall be reduced by the amount, if any, by which the State's average contribution rate in the preceding year is less than such benefit-cost rate.

DIRECTOR'S Bulletin

SSA-OASI
NO. 309 March 31, 1960

SOCIAL SECURITY HEARINGS

To Administrative, Supervisory
and Technical Employees

The Committee on Ways and Means of the House of Representatives is holding hearings on all aspects of the programs established under the Social Security Act. For these hearings the Committee is meeting in executive session not open to the public.

On Wednesday, March 23, Secretary Flemming testified before the Committee and made a number of recommendations for improvement in the old-age, survivors, and disability insurance program. A copy of the Secretary's statement is attached.

We will keep you informed of further developments as they occur.

Victor Christgau
Director

Attachment

For Release Upon Delivery

Statement
By
Arthur S. Flemming
Secretary of Health, Education, and Welfare
Before the
House Ways and Means Committee of the
U. S. House of Representatives
Wednesday, March 23, 1960
10:00 a.m., EST

Mr. Chairman and Members of the Committee:

First of all this morning, I would like to discuss with your Committee some changes in the Old Age, Survivors and Disability Insurance provisions of the Social Security Act that the administration desires to recommend.

We recommend removing the age-50 limitation on the payment of disability insurance benefits.

About 250,000 people--125,000 disabled workers and 125,000 dependents of these workers--would be made immediately eligible for benefits by this provision. This would mean additional benefits of about $200 million in 1961, increasing in the future to an average of over $600 million a year.

We also recommend changes in the disability program discussed with your Committee last week. These are: (1) a proposal for eliminating the second six-month waiting period for applicants with a previous period of disability; (2) a proposal for extending a six-month trial work period to those who are not under State rehabilitation programs; (3) a proposal for authorizing the Secretary of Health, Education, and Welfare to reverse unfavorable disability determinations by the States, provided applicants request reconsideration of such decisions. The last provision is necessary in this nationwide program in order to provide full assurance of a reasonable degree of uniformity in the determination of rights to benefits in the various States. It would also speed up the processing of some cases and avoid needless and time-consuming appeals.

We recommend also that the benefit for each child of a deceased worker be increased to three-fourths of the worker's benefit amount.

The present law provides that in a survivor case the benefit payable to a child is one-half of what the worker's benefit amount would have been, plus one-fourth of the worker's benefit amount divided by the number of children getting benefits. If there are two children, for example, each child is eligible for a benefit equal to one-half plus one-eighth, namely five-eighths, of the worker's amount. And even though one child goes to work and has his benefit withheld, the other child is still not eligible for the full three-quarter benefit.

About 900,000 children would get benefit increases immediately as a result of this proposal. This would mean additional benefits of about $60 million in 1961, increasing later to an average of about $65 million a year.

Another change that we recommend at this time is to provide benefits for the survivors of people who died fully insured before 1940.

In recent years amendments to the law have usually made eligible not only those who in the future meet certain conditions but also those who met comparable conditions in the past. This was not done, however, in the case of survivors of persons who died prior to 1940.

We believe it would be desirable to apply to this group left out in the 1939 amendments the principle of retroactivity which has been generally applied in the more recent amendments. There are about 25,000 widows 75 years of age and over who would be made eligible for benefits by this proposal. This would mean additional benefits of about $10 million in 1961 for this group.

Another proposal we recommend that would enable more people to qualify for benefits is one that would remedy the situation in present law under which a widow and her children are denied benefits because of a defect in a marriage that she entered into in good faith and believed to be valid.

We also recommend five extensions of coverage under the Old Age, Survivors and Disability Insurance program. We propose:

1. That coverage be extended to include services (other than domestic services) performed by a parent for a son or daughter.

2. That coverage be made available to policemen and firemen under State or local retirement systems in all States.

3. That coverage be extended to self-employed physicians on the same basis as that applicable to self-employed people now covered.

4. That the protection of the program be extended to employees and self-employed people in Guam.

5. That nonprofit organizations be permitted to extend coverage to employees who want to be covered without requiring that two-thirds of the employees of the organization consent to be covered. All new employees would be covered compulsorily as under present law.

These changes which I have proposed would constitute a significant advance in the Old Age, Survivors and Disability Insurance program.

I now want to discuss the cost of medical care for the aged.

In approaching this problem I feel that we should keep in mind the developments that have taken place on two fronts.

First of all, there are the very significant steps that the Federal Government has taken in recent years to help deal with the hazards of old age.

The number of persons who benefit from the Old Age, Survivors and Disability Insurance program has increased very materially. At the same time there has been a marked increase in the payments to the beneficiaries. Payments under the Old Age Assistance program, including medical services, have been liberalized. There has been a sharp increase in the funds the Federal Government has made available for medical research. More and more of these funds are being directed toward problems of the aging. The Hill-Burton program of course has benefitted persons of all ages in providing more adequate hospital and other health care facilities. Provision has now been made for providing for FHA type of guarantee for the construction of private nursing home facilities. This could prove to be a significant advancement in dealing with the problem of health facilities and health costs of the aged. Congress has made provision for a White House Conference on Aging in January 1961, at which all problems in this area will be discussed by citizens groups representing all walks of life.

In the second place there are the very significant advances that have been made in recent years in extending the benefits of health insurance to people 65 years of age and over.

We estimate that approximately 42 percent of the persons in this age group now have some protection against the cost of hospital care. While we do not have precise data, I think it is safe to say that approximately 6-1/2 million aged persons currently have some health insurance. Contrast this figure with that for 1952 when it was estimated that only slightly more than 3 million aged persons had any coverage of this kind.

Blue Cross and Blue Shield plans have been extending their benefits and improving their coverage. Several insurance companies have aggressively entered the field to provide better protection to aged individuals.

For example, Blue Cross which operates all over the country has taken various steps to assure that persons age 65 and over are offered the opportunity of obtaining protection against the cost of hospital care. Most local Blue Cross plans provide periodically for "open enrollment," when individuals of any age may subscribe for hospital coverage. Additionally more and more Blue Cross plans are extending the time during which they will pay hospital benefits.

While all the 68 Blue Shield plans will continue coverage after age 65 for persons who have been enrolled before that age, there are 32 plans that now have no age limit for initial enrollment, and 2 others permit enrollment up to age 70. In addition, 25 other plans have similar programs for the aged either approved or in various stages of development.

Insurance companies also have been working to make health insurance available to older people. There is considerable variation in what policies cover and in the benefits they provide. It is difficult to generalize on the protection offered to the aged under insurance company policies. However, the significant fact is that more and more companies are offering group and individual coverage to the aged against the cost of nominal hospital, surgical, and in-hospital medical expenses. Additionally, some insurance companies have recently introduced or will soon present policies that will provide protection against catastrophic cost of long-term or other expensive illnesses.

In addition, more and more employers are extending the benefits of group health insurance to retired persons and their dependents. In many cases the employers are paying all or a substantial part of the cost of the group plan.

In testifying before the members of this Committee on July 13, 1959, in opposition to H.R. 4700, I made the following statement:

> ". . .enactment of H.R. 4700 would have far-reaching and irrevocable consequences. It would establish a course from which there would be no turning back. The opportunity for continued growth in coverage and adequacy of voluntary health insurance for the aged would be stifled before its full potential could be gauged. The pattern of health coverage of the aged would have become frozen in a vast and uniform governmental system, foreclosing future opportunity for private groups--non-profit and commercial--to demonstrate their capacity to deal with the problem."

In the light of all of the developments I have just identified, we are all the more convinced that it would be very unwise for our Government to take any step that would lead to such a result.

Since appearing before the Committee last year, we have given consideration to the question of using a payroll tax in order to provide more of the aged with better protection against the risk of catastrophic illnesses. We have decided that even a restricted program of this kind would be subject to the same fundamental objections that we have made to H.R. 4700.

Therefore, I want to make it clear that, as an administration, we will oppose any program of compulsory health insurance.

At the same time I desire to emphasize again that I believe that continued progress in the direction of covering an increasingly large percentage of the aged by voluntary hospital insurance programs will

still leave us with serious problems. There will still be aged persons whose policies provide inadequate protection. Also there will still be aged persons who will have no protection but who would be willing to participate in voluntary programs if provided with policies at rates that they could afford to pay. This administration--indeed all thoughtful citizens--are acutely aware of the need for approaching these problems with a sense of urgency. But we are no less aware of the necessity for seeking and finding solutions that are sound and that expedite rather than impede the progress we all desire.

We have been investigating, therefore, the feasibility of a program that would help accelerate rather than impede the present voluntary approach to this problem. In these studies we have been keeping in mind the following guiding principles:

1. That there should be no compulsion on anyone to participate in any health insurance program.

2. That there should be no action taken by anyone that would tend to stifle private initiative in the health insurance field. Anything done in this area should build on--and not undermine or replace with a Federal system--the excellent progress that is now being made by private effort.

3. That we should strive to strengthen and stimulate our existing private system so as to foster additional progress--both in terms of scope of protection and numbers of persons protected.

4. That we should preserve and strengthen the private relationships which now characterize the rendering of health care services.

5. That all aged persons should have the opportunity of participating in any program that might be developed.

6. That there should be available to the aged--particularly in the low income groups--protection against the severest burden of health care costs, namely, the financially catastrophic cost of institutional care in connection with long-term and other very expensive illnesses.

Before arriving at a final conclusion as to whether the Federal Government can devise within this framework of principles a practical program, it is going to be necessary for us to explore further some complex issues.

For example, we have been considering methods of relating to his income the amount of money that each voluntary participant would contribute to the cost of an insurance policy. We have been analyzing possible plans under which persons in the lowest income group would make a very small contribution and then the contribution would increase up to a given level of income. Beyond this level the policy holder would be expected to pay the full premium costs.

Also we have been exploring the question of whether State governments, aided by the Federal Government, could provide the difference between the amount paid by the policy holders in the low income groups and the actual cost of the policy. In exploring this aspect of the matter, emphasis is being placed on having the States carry their fair share of the total burden.

We have also been endeavoring to identify the various factors that must be considered in determining the minimum level of protection which the States must provide in order to qualify for Federal matching funds. In exploring this question, we are keeping in mind the fact that the

States would be authorized to contract with private groups for the insurance.

Also we are considering the impact of any plan on the quality and availability of health services.

We have not reached a conclusion as to the best manner in which to deal with such basic issues as these. In the effort to arrive at sound conclusions, it will be necessary for us to begin immediately to consult further with experts in Government, with outside experts and groups, and with State officials. It is, of course, not possible to predict the length of time that it will take for these consultations. Moreover, I am not now in a position to predict how long it will take to resolve the basic issues I have just identified and any others that may arise. Deeply sensitive as the administration is, and as I know this Committee is, to the human issues here involved, I can assure you that these explorations will be carried forward with maximum speed.

# # #

DIRECTOR'S
Bulletin

SSA-OASI

NO. 314 June 3, 1960

WAYS AND MEANS COMMITTEE BILL

To Administrative, Supervisory
and Technical Employees

Today the Committee on Ways and Means agreed on provisions to be contained in a social security bill which is expected to be reported out by the Committee next week. The bill, which will be introduced by the Committee Chairman, Wilbur D. Mills, and a minority member, is the result of the sessions the Committee has been holding almost daily since March 14. A summary of the bill is attached.

The three main old-age, survivors, and disability insurance provisions of the bill in terms of numbers of people affected and in terms of Bureau workloads are as follows: (1) The elimination of the age 50 requirement for disability insurance benefits. This would make an estimated 250,000 people--disabled insured workers and their dependents--eligible for benefits for the second month following the month of enactment of the bill. (2) Liberalizing the insured status requirements so that a person would be fully insured with one quarter of coverage for every four elapsed quarters (instead of 2 quarters of coverage for every 4 elapsed quarters). This would make about 600,000 additional people eligible for benefits beginning with an effective date which has not yet been finally determined. (3) Increasing the benefits payable to the children of deceased workers so that each child would get three-fourths of the primary insurance amount. This would give increased benefits to about 400,000 children, beginning with benefits for the second month after enactment of the provision.

Most of the changes in old-age, survivors, and disability insurance that would be made by the bill were recommended by the Department. Several of the Department's recommendations resulted from the studies of the Bureau's Simplification Work Groups. Other proposals in the bill would remedy minor inequities and anomalies that exist under present law. Adoption of the bill will mean substantial progress toward program and administrative simplification.

The Committee, after lengthy consideration of various approaches to a program of medical benefits for the aged, included in the bill a new

title in the Social Security Act--"Title XVI-Medical Services for the Aged." In general, the new title would make it possible for the States--under a Federal-State grant-in-aid program--to provide medical care for low income aged who are otherwise self-sufficient but whom the States determine need help on medical expenses. In addition to the inclusion of a new title, the bill provides for somewhat more favorable Federal matching (than does present law) for up to an additional $5 in medical payments per old age assistance recipient.

We expect that the House of Representatives will vote on the bill within a short time. We will, of course, keep you informed of future action on the bill.

Victor Christgau
Director

Attachment

Proposed Changes in the Old-Age, Survivors,
and Disability Insurance Program That Would Be Made
by the Ways and Means Committee's Bill

Disability Provisions

1. Disability insurance benefits would be provided for workers under the age of 50 and their dependents, on the same basis as such benefits are provided for disabled workers aged 50 to 65 and their dependents.

2. A disability insurance beneficiary or childhood disability beneficiary would be allowed a period of 12 months of trial work (the first 9 of which would not necessarily be consecutive) during which such beneficiary would not be considered able to engage in substantial gainful activity and his disability benefits or freeze would not be terminated solely by reason of such services.

3. The 6-month waiting period would be eliminated for a disability insurance beneficiary whose prior period of disability (whether or not he had been entitled to disability insurance benefits) terminated not more than 60 months before the onset of the current disability.

4. Alternative work requirements for disability insurance benefits--a total of at least 20 quarters of coverage and quarters of coverage in all of the quarters elapsing after 1950 up to but excluding the quarter of disablement with a minimum of 6 such quarters--would be provided. The alternative would be effective only for persons who could not otherwise meet the disability eligibility requirements for the calendar quarter ending with the month of enactment or any prior quarter. (This provision would have no effect for people who become disabled after 1960 but, for the short run, it would take care of a few cases that were brought to the attention of the Committee and that the Committee felt warranted a change in the law.)

Benefit Amounts

1. The benefit of each child of a deceased worker would be three-fourths of the primary insurance amount of the deceased worker (subject, of course, to the family maximum) rather than one-half of the primary insurance amount plus one-fourth of the primary insurance amount divided by the number of children.

2. The average monthly wage would be computed on the basis of a constant number of years, regardless of when the worker files application for benefits or a benefit recomputation. The number would be equal to five less than the number of years elapsing after 1950 (after 1936 in cases where use of pre-1951 earnings would raise the benefit amount) or attainment of age 21, if later, and up to the year in which the person becomes eligible for retirement benefits, dies, or becomes disabled, whichever first occurs. Over the long run, in retirement cases, the number will be 38 for men and 35 for women. Generally speaking, any years could be used, including years before age 22 and years after first eligibility; those that would yield the highest benefit would of course be used.

   In order to avoid shortening the span of years over which a benefit is computed in retirement cases, the span of years used for the benefit computation could not be less than 5 (that is, the number elapsing after 1950 and before 1961, minus 5). In those relatively few cases--all of them cases of people eligible for old-age or disability benefits before 1961--where the present type of computation using the year of first eligibility as a closing date would result in a higher benefit amount, the present provisions would still be used.

   The change would make the provision for computation of the average monthly wage simpler and easier to understand than it is now. In future cases the change would eliminate the problem that can arise under present law when a person does not apply for benefits at the most advantageous time.

3. The requirement that a beneficiary must wait at least 6 months, after the close of the year in which he received the earnings that qualified him for a work recomputation, to file an application for the recomputation would be removed.

4. The requirement that a recomputation to include earnings in the year of death or entitlement to benefits (a "current-year recomputation") can be made only under the provisions for which the individual had qualified at the time of his original benefit computation would be eliminated. (There have been some cases in which a worker, at the time he applied for the current-year recomputation, had met the requirements for another, more favorable method of computation; if this method could have been used, the benefit amount might have been considerably higher.) A person who had a current-year recomputation in the past and was disadvantaged by the present provisions could qualify for a recomputation under the new rules on the basis of an application filed after enactment of the bill.

5. A technical flaw in the provisions relating to maximum family benefits that gives an unintended advantage to some families on the benefit rolls would be corrected. The provision was intended to put families of workers who have a period of disability that started before 1959 in the same general position, with respect to maximum family benefits, as the families of workers who died before 1959. Because of the flaw in the legislative language, families of disabled workers at certain levels of average monthly wage can get somewhat more in total monthly benefits than survivor families at the same average monthly wage levels. The corrective amendment would apply only to families who will come on the benefit rolls after enactment, to avoid reducing the benefits of families who have been receiving benefits under the previous provisions for well over a year, and who have come to depend on the amounts they are getting.

6. The provisions for recomputation of old-age and survivors insurance benefits would be simplified by the elimination of the following benefit recomputations which have virtually served their purpose:

   a. The 1952 self-employment income recomputation. This is a recomputation to include 1952 self-employment income where an individual became entitled to an old-age insurance benefit or died in 1952.

   b. The 1950 work recomputation. This recomputation was included in the 1950 amendments to take into account earnings after entitlement to benefits. It was obsoleted by the 1954 amendments except for workers who had qualified for it before January 1, 1955.

   c. The "lag" recomputation (including the special July 1, 1950, recomputation). This recomputation was provided in the law in effect before the 1954 amendments to include in the benefit computation earnings in the 2 calendar quarters before entitlement or death where entitlement or death occurred before September 1954.

   d. The 1952 military service credit recomputation. This recomputation was provided to include post-World-War-II military service wage credits for people already on the rolls in August 1952.

These recomputations would not be applicable unless the worker files application for the recomputation or dies before January 1, 1961.

Eligibility for Benefits

1. The work requirements would be liberalized so that, to be eligible for benefits, a person would need one quarter of coverage for every 4 calendar quarters between January 1, 1951, and the beginning of the calendar quarter in which he reached retirement age or died, whichever first occurred (but not less than 6 nor more than 40 quarters of coverage) instead of one for every 2. This would make the work requirements for older workers more nearly equivalent to the requirements which will apply to younger workers (10 years out of a possible 40 or more years in a working lifetime).

2. The payment of the lump-sum death benefit would be simplified and expedited by permitting the benefit to be paid directly to the funeral home for unpaid funeral home expenses. Where there is no surviving spouse who was living in the same household with the worker at the time of his death, the payment would be made to the funeral home for any part of the funeral home expenses that have not been paid if the person who assumed responsibility for the expenses requested that the payment be made to the funeral home. If no one had assumed responsibility for the expenses within 90 days after the date of the worker's death, the benefit would be payable directly to the funeral home. When the expenses incurred through the funeral home have been paid in full (including payment through application of part of the lump sum) if any of the lump sum remains it would be paid as a reimbursement to any person (or persons) who paid burial expenses in accordance with the following order of priority: Payment of any of the funeral home expenses, the expense of opening and closing the grave, the expense of the cemetery lot, and other expenses.

   The changes would be effective for deaths on or after the date of enactment of the bill; and it would be effective also in case of deaths before enactment, but only if no application for reimbursement is filed before the third month after the month of enactment.

3. Benefits would be provided to a person as the wife, husband, widow or widower of a worker if the person had gone through a marriage ceremony in good faith in the belief that it was valid, if the marriage would have been valid had there been no impediment and if the couple had been living together at the time of the worker's death or at the time an application for benefits is filed by the spouse. For the purposes of this change, an impediment is defined as an impediment resulting from a previous marriage--its dissolution or lack of dissolution--or resulting from a defect in the procedure followed in connection with the purported marriage.

In addition, the child or stepchild of a couple who had gone through a marriage ceremony would be able to get benefits even though an impediment prevented the ceremony from resulting in a valid marriage.

4. Benefits would be provided for the survivors of workers who had acquired six quarters of coverage and who had died before 1940. In addition, benefits would be payable to the dependent widower of a worker who had acquired six quarters of coverage and who had died prior to September 1950, even though she was not fully insured at the time she died, and benefits would be payable to the former wife divorced of a man who died before September 1950 and who had at least six quarters of coverage.

5. The duration-of-relationship requirements would be simplified by making the requirements that now apply when the worker has died also applicable when the worker is alive. Thus, wives, husbands, or stepchildren could qualify for benefits payable on a retired or disabled person's earnings if the necessary relationship has existed for one year rather than for three years.

6. A defect in present law would be corrected by a provision for the payment of child's benefit to a child who is born, or who becomes the worker's stepchild, after the worker becomes disabled, or who is adopted within 2 years after the worker becomes entitled to disability benefits. This change would be effective as if it had been enacted by the 1958 amendments--that is, for months after August 1958, based on applications filed on or after that date.

7. Benefits could be paid to a child based on his father's earnings even though the child was living with and being supported by his stepfather.

8. The penalty that is imposed against the benefits of a person who is entitled to mother's or childhood disability benefits (and who is married to an old-age insurance beneficiary) when work of the old-age insurance beneficiary subject to the foreign work test is not reported would be removed. The provision would be effective on the date of enactment of the bill and would be applicable to uncollected penalties imposed prior to enactment.

9. Where a person had maximum creditable earnings in a year before 1951 he would be credited with 4 quarters of coverage for that year, regardless of when in the year he acquired his first quarter of coverage. This would simplify the law by making the same general rules for crediting quarters of coverage apply to years before 1951 as are applied to years after 1950. Some few people might acquire a fully insured status under the proposal.

Coverage - General

1. Coverage would be extended on a compulsory basis to self-employed physicians beginning with taxable years ending on and after December 31, 1960, and to interns, beginning with services performed after 1960.

2. Coverage would be extended to additional workers in domestic employment and in work not in the course of the employer's trade or business by reducing from $50 to $25 the amount of cash wages required from one employer in a calendar quarter; domestic or casual work performed by persons who have not attained age 16 would be excluded from coverage.

3. Coverage would be extended on a compulsory basis to services performed within the United States by American citizens in the employ of foreign governments, their wholly owned instrumentalities, and international organizations, under the provisions applying to self-employed persons, beginning with taxable years ending on and after December 31, 1960.

4. The family employment exclusion would be modified to cover service, other than service not in the course of the employer's trade or business or domestic service in the private home of the employer, performed after 1960 by parents in the employ of a son or daughter.

5. Coverage would be extended to the territories of Guam and American Samoa. Coverage would be effective for self-employed persons with taxable years beginning after 1960, and for employees, except governmental employees, on January 1, 1961. Coverage of employees of the territorial governments would be effective at the beginning of the calendar quarter after the quarter in which the governor of the territory certifies to the Secretary of the Treasury that such coverage is desired. Filipino contract workers who go to Guam to work temporarily would be excluded from coverage.

6. The two-thirds requirement for coverage of employees of nonprofit organizations would be eliminated.

7. The time within which ministers may elect coverage would be extended until April 15, 1962. Earnings reported by ministers who filed timely tax returns after 1954 and before 1960 without filing waiver certificates would be validated, and also erroneous self-employment returns filed by certain lay missionaries who believed that they were covered as ministers.

8. Coverage would be extended on a compulsory basis to American citizens employed by certain labor organizations established in the Panama Canal Zone, Wake Island, or the Midway Islands, effective January 1, 1960. Wages erroneously reported for services performed after 1954 and before 1960 would be validated under certain conditions.

Coverage - Employees of State and Local Governments

1. State and local coverage provided under an agreement or modification which is agreed to after 1959 would be permitted to become effective as early as the first day of the fifth calendar year preceding the year in which the agreement or modification is approved.

2. Where a retirement system is covered as a single coverage group, the State would be permitted to select different effective dates for coverage for different political subdivisions.

3. The provisions which now permit State and local retirement systems in specified States to be divided into two divisions or parts in order to provide social security coverage for only those members of a retirement system who desire coverage would be extended to all States; however, the "divided retirement system" provision would not be applicable to individuals in policemen's or firemen's positions covered under retirement systems except in States to which the divided retirement system provisions applied on January 1, 1960.

4. Certain individuals who have chosen not to be covered under the divided retirement system provision could remain excluded when, by reason of action taken by a political subdivision, they become members of a different retirement system coverage group, which has also been covered under the divided retirement system provision.

5. Coverage would be made available to policemen and firemen in positions covered under retirement systems in 2 additional States: Kentucky and Virginia.

6. The Governor of a State would be authorized to delegate to a State official designated by him the making of certifications to the Secretary of Health, Education, and Welfare as to the use of proper procedures in extending coverage to retirement system groups.

7. The wage credits of certain teachers and other school employees in the State of Mississippi who, during the period from February 28, 1951, to October 1, 1959, were erroneously reported as being State employees would be validated.

8. A State would be permitted to treat all State and local employment on which the State bears the entire cost of the employer contributions as employment for a single employer for purposes of computing its liability for the employer contributions.

9. Municipal and county hospitals could be treated as separate retirement system coverage groups, on the same basis provided under present law for institutions of higher learning.

10. The law would specify a time limitation on the period within which the Secretary may assess unpaid contributions and on the period within which the Secretary must refund contributions which a State has erroneously paid. This provision is comparable to the related provisions of the statute of limitations of the Internal Revenue Code applying to non-governmental employment.

11. The law would provide a specific procedure by which a State may seek review by the United States district courts of determinations by the Secretary which result in the assessment of contributions or the denial of refund claims.

Miscellaneous

1. The times at which an Advisory Council on Social Security Financing is to study the status of the trust funds would be changed so that an Advisory Council will be appointed during 1963, 1966, and every fifth year thereafter. The Council appointed during 1963 will study and report on all aspects of the program.

2. Certain recommendations made by the Advisory Council on Social Security Financing would be put into effect. Principally, the existing method of financing the old-age, survivors, and disability insurance program would be strengthened by changes designed to make the interest earnings of the trust funds more nearly equivalent to the rate of return being received by people who buy Government obligations in the open market.

3. A deadline date that falls on a nonwork day would be extended to the first full work day immediately following the deadline date. The provision would not extend the retroactivity of applications for monthly benefits. The change would be effective on the date of enactment of the bill.

4. Pending court actions would be allowed to continue even though there is a successor to a Secretary named in such actions or a vacancy exists in the office of Secretary. The provision would be applicable to court actions pending on the date of enactment of the bill or to court actions begun thereafter.

Proposed Changes in Related Programs
That Would Be Made by the
Ways and Means Committee's Bill

MEDICAL SERVICES FOR THE AGED

Purpose

A new title of the Social Security Act would be established (Title XVI) which would initiate a new Federal-State grant-in-aid program to help the States assist low-income aged people who need help in meeting their medical expenses. Participation in the program would be at the option of each individual State and would only be effective after June, 1961, upon the submittal of a plan which would meet the general requirements specified in the bill.

Eligibility

Persons age sixty-five or over, whose income and resources--taking into account their other living requirements as determined by a State--are insufficient to meet the cost of their medical services would be eligible. Persons eligible for payments under this program would not be eligible under the other Federal-State public assistance programs.

Scope of Benefits

The scope of benefits provided would be determined by the States. The Federal Government, however, would participate under the matching formula in any program which provided any or all of the following services up to the limits specified:

(A) inpatient hospital services up to 120 days per year;
(B) skilled nursing-home services;
(C) physicians' services;
(D) outpatient hospital services;
(E) organized home care services;
(F) private duty nursing services;
(G) therapeutic services;
(H) major dental treatment;
(I) laboratory and X-ray services up to $200 per year;
(J) prescribed drugs, up to $200 per year.

Federal Matching

The Federal Government would provide funds for payments for benefits under an approved State plan in accordance with an equalization formula under which the Federal share would be between 50 percent and 65 percent of the costs depending upon the per capita income of the State. (This is the same formula which applies now on that part of old-age assistance payments between $30 and $65 a month.) A program under the new title could not be more liberal than a medical program under a State's old-age assistance program, and there could be no reduction in existing public assistance programs to finance this new title. The payments under this program would be to providers of the medical services.

Cost and Number of Persons Affected

This new title would provide actual medical services for an estimated 1/2 to 1 million persons age 65 and over who will be ill during a year. State plans could provide potential protection to as many as 10 million persons whose financial resources are such that if they have extensive medical expenses, they would qualify. The estimated cost is $185 million to the Federal Government and $140 million to the States in a full year of operation, for a total cost of $325 million, after the States have had opportunity to develop these programs.

OLD-AGE ASSISTANCE MEDICAL PROGRAM

Contingent upon a showing of an improvement in their medical programs, States would get somewhat more favorable Federal matching, effective October 1960, for up to an additional $5 in medical payments. Over 2 million persons could be affected by this change. The cost in a full year of operation will be about $10 million to the Federal Government and about $7 million to the States.

MATERNAL AND CHILD WELFARE AUTHORIZATIONS

The bill would provide that the authorization for appropriation for the Maternal and Child Health Services program be increased from $21-1/2 million to $25 million; the Services for Crippled Children program from $20 million to $25 million; and the Child Welfare program from $17 million to $20 million. A new authorization for research and demonstration projects in the Child Welfare Services program permits grants to public and other non-profit institutions and agencies for this purpose.

UNEMPLOYMENT COMPENSATION

The bill makes several improvements in the unemployment compensation system. Some of the changes that would be made are:

1. The Federal unemployment tax (after the maximum credit) would be raised from .3 percent to .4 percent effective in 1961, so as to provide for rising administrative expenses and also to provide a larger fund for advances to State unemployment funds.

2. The provisions for advances to States would be revised to provide advances only where the State funds are really in need in order to continue payment of unemployment benefits. In addition, larger and faster credit reductions (i.e., higher net Federal taxes) are imposed in a State which has received advances in order to assure repayment of the advance.

3. Several categories of employees totaling about 65,000 people would be brought under the Federal employment tax. The additional groups include employees of certain instrumentalities of the United States including Federal Reserve Banks, Federal Credit Unions, Federal Land Banks, National Farm Loan Associations, Federal Home Loan Banks, Banks for Cooperatives, Federal Intermediate Credit Banks, and some Production Credit Associations. The bill also extends coverage to employees serving on American aircraft with respect to service outside the United States, to employees of certain corporations ("feeder" corporations) all the profit of which is payable to a non-profit organization exempt under section 501(c) of the Internal Revenue Code of 1954, and to employees of certain tax-exempt organizations in the categories of agricultural or horticultural organizations, voluntary employee beneficiary associations, and fraternal beneficiary societies.

4. Provision is also made for treating the unemployment compensation program of Puerto Rico as a State program for purposes of the employment security provisions, thereby extending the protection of the program to Puerto Rico.

DIRECTOR'S Bulletin

SSA-OASI
NO. 316 June 13, 1960

PROPOSED SOCIAL SECURITY LEGISLATION REPORTED FAVORABLY BY HOUSE COMMITTEE ON WAYS AND MEANS

To Administrative, Supervisory and Technical Employees

The Committee on Ways and Means of the House of Representatives today reported favorably on proposed legislation which would make a number of amendments in the old-age, survivors, and disability insurance provisions and in other provisions of the Social Security Act. The proposed legislation is the same, except for minor changes, as that described in Director's Bulletin No. 314, dated June 3, 1960.

The proposed amendments are contained in H. R. 12580, sponsored by Chairman Wilbur D. Mills of the Ways and Means Committee. Identical bills, H. R. 12581 and 12582, have been introduced by Committee minority members Byrnes (Wis.) and Baker (Tenn.). H. R. 12580 is expected to be taken up on the floor of the House next week, perhaps on Tuesday, June 21.

I am attaching a summary of the differences between the provisions reported favorably by the Committee and those described in Director's Bulletin No. 314. We will keep you informed of the progress of the proposed legislation.

Robert M. Ball
Acting Director

Attachment

Differences Between Provisions of H.R. 12580
and the Provisions Described in Director's Bulletin No. 314

1. Because the previous January 1, 1961, effective date for the liberalized insured status requirements (1-for-4) would have resulted in a large number of unproductive inquiries beginning at the time of enactment, the requirements were made effective, at the suggestion of the Bureau, beginning with benefits for the month after enactment of the bill, based on applications filed in or after the month of enactment. (The provision for paying benefits to survivors of persons who died before 1940 would have the same effective date.) Under the revised provision, the elapsed period for insured status would generally be figured over complete calendar years, rather than over calendar quarters; this change was proposed as a simplification.

2. The provision for paying each child of a deceased worker three-fourths of the primary insurance amount would be effective beginning with benefits for the third, rather than the second, month after enactment.

3. In addition to the amendment eliminating the two-thirds requirement for coverage of employees of nonprofit organizations, the Committee's bill would, upon appropriate action by the nonprofit organization and employees involved, permit social security credit for remuneration for services performed before July 1, 1960, which was erroneously reported as wages.

4. The Committee's bill does not contain the proposal which would have extended to all States the provision permitting State and local retirement systems in specified States to be divided into two parts in order to provide social security coverage for only those members of a retirement system who desire coverage.

5. The Committee's bill would make coverage available to policemen and firemen in positions covered under retirement systems in only one additional State: Virginia.

6. The proposal to extend coverage to American citizens employed by certain labor organizations in the Panama Canal Zone, Wake Island and the Midway Islands is changed so that it would be applicable only to the Panama Canal Zone, and coverage would be effective January 1, 1961.

DIRECTOR'S Bulletin

NO. 318 SSA-OASI June 23, 1960

HOUSE OF REPRESENTATIVES PASSES H. R. 12580

To Administrative, Supervisory
and Technical Employees

The House of Representatives today by a vote of 380 to 23 passed H. R. 12580. Yesterday afternoon the bill was debated in the House under a rule that permitted only Committee amendments. No amendments were proposed. The bill is therefore the same bill that was described in Director's Bulletin No. 314 and Director's Bulletin No. 316.

The bill now goes to the Senate. Newspaper accounts indicate that the Senate Committee on Finance will give early consideration to the bill. You will, of course, be informed of any action that may take place there.

Robert M. Ball
Acting Director

DIRECTOR'S Bulletin

NO. 322

SSA-OASI
August 15, 1960

H. R. 12580 AMENDED BY SENATE COMMITTEE ON FINANCE

To Administrative, Supervisory
and Technical Employees

I am attaching a copy of a press release issued on Saturday, August 13, by the Senate Committee on Finance, indicating the action taken by the Committee on H. R. 12580. The bill as amended by the Committee was ordered reported favorably to the Senate.

Victor Christgau
Director

ACTION BY COMMITTEE ON FINANCE ON THE OLD-AGE SURVIVORS AND DISABILITY INSURANCE PROVISIONS OF H.R. 12580

All House provisions were approved with the exception of the following which were either deleted or modified as indicated below:

1. Extension of coverage to physicians - DELETED.

2. Reduction of coverage requirement for domestic and casual labor workers from $50 to $25 during calendar quarter from one employer - DELETED.

3. Extension of coverage to parents in the employ of child's trade or business - DELETED.

4. Extension of coverage to Guam and American Samoa - DELETED.

5. Extension of coverage to U.S. citizens employed within the United States by international organizations - DELETED.

6. Extension of coverage of U.S. citizens employed outside the United States by certain labor organizations in Panama Canal Zone - DELETED.

7. Insured status liberalization of 1 out of 4 quarters since 1950 (rather than 1 out of 2 quarters) - DELETED.

8. Reduction from 3 to 1 year the time needed to acquire status of wife, child or husband - DELETED.

9. Extension of duties of Advisory Council on Financing appointed in 1963 to subjects other than finance - DELETED.

10. Extension of coverage under unemployment compensation - DELETED.

11. Extension of unemployment compensation to Puerto Rico - DELETED.

12. Federal unemployment tax rate increase - DELETED.

13. Establishment of new accounts in the Unemployment Compensation Trust Funds - DELETED...(but amendment adopted to increase maximum of existing Federal Unemployment Loan Account from $200 million to $500 million.)

14. Authorization of annual appropriation for child welfare services increased to $25 million per year.

ADDITIONAL AMENDMENTS ADOPTED:

1. Increases earnings limitation to $1,800.

2. OASI - Retirement age reduction to 62 for men on a reduced basis.

3. Public Assistance - Annual exemption of $1,000 of earned income plus 1/2 of additional earnings for Aid to the Blind program.

4. Extends option of ministers to amend waiver certificate so as to cover the year of 1956 where that year had not been covered in original filing. (This could have been done under the provision of P.L. 85-239, 1957, but supplemental filing authority expired April 15, 1959.)

5. Extends until July 1961 the time in which Maine can modify its State and local coverage agreement to treat the position of teacher's and other non-professional employees as separate groups for coverage purposes.

IN LIEU OF HOUSE PLAN FOR MEDICAL SERVICES FOR THE AGED THE COMMITTEE ADOPTED THE FOLLOWING:

A. Individuals on Old Age Assistance, Title I

   1. Add provision for Federal matching of vendor medical care of $12 a month per recipient in addition to present $65 provision.

   2. Federal share to be 50% to 80%, depending on per capita income of the State, where State monthly average payment is over $65.

   3. Federal share to be 65% to 80%, depending on per capita income of the State where State average monthly payment is under $65, (with notch provision).

B. Individuals who are Medically Indigent

   1. Federal share to be 50% to 80% with no dollar maximum on medical care.

C. Title XVI plan provision to be incorporated into Title I with necessary modifications.

****

The bill, H.R. 12580, as amended, was approved by voice vote and ordered reported favorably to the Senate. It will probably be reported Wednesday, August 17, 1960, or Thursday, August 18, 1960.

****

DIRECTOR'S Bulletin

NO. 324

SSA-OASI
August 24, 1960

SENATE PASSES H. R. 12580

To Administrative, Supervisory
and Technical Employees

The Senate late last night passed H. R. 12580 by a vote of 89 to 2. The major debate on the floor of the Senate centered around two proposed amendments which would have provided medical benefits for aged persons in addition to the medical assistance payments provided by the bill as reported out by the Senate Committee on Finance. One of these amendments would have provided medical insurance benefits under the old-age, survivors, and disability insurance program for OASI eligibles aged 68 and over. The other would have permitted the aged who met an income test to enroll in a medical care program to be financed jointly by the Federal Government and the States and to be administered by the States. Both were defeated.

Director's Bulletin No. 322 outlined the changes made in H. R. 12580 by the Committee on Finance. The bill as passed by the Senate is essentially the same as the bill reported out by that Committee. Only five amendments affecting old-age, survivors, and disability insurance were added on the floor of the Senate. The attached list indicates the nature of these amendments.

The bill has gone to a Conference Committee to reconcile the differences between the Senate and House versions of the bill.

Victor Christgau
Director

Attachment

AMENDMENTS ADDED TO H.R. 12580 ON THE FLOOR OF THE SENATE

1. Provides benefits under certain circumstances to a child who was dependent on a deceased worker who was not his parent.

2. Makes technical changes in the provision under which actuarially reduced benefits would be provided to men at age 62.

3. Makes the proposed age-62 retirement age for men inapplicable to present and future annuitants under the New Jersey Teachers Pension and Annuity Fund and Public Employees Retirement System for purposes of determining fully-insured status. (Under New Jersey State law, retirement benefits paid to annuitants of the two named retirement systems are offset by the amount of the social security benefit they would be eligible for on the basis of public employment in New Jersey; annuitants of these retirement systems are opposed to liberalizations in the eligibility requirements for OASI benefits.)

4. Includes Texas under the provisions which now permit State and local retirement systems in 15 specified States to be divided into two divisions or parts in order to provide social security coverage for only those members of a retirement system who desire coverage.

5. Permits the State of California to cover certain hospital employees who have been removed from coverage under a State or local retirement system.

DIRECTOR'S Bulletin

SSA-OASI
NO. 325 August 26, 1960

CONGRESSIONAL PASSAGE OF H. R. 12580

To Administrative, Supervisory
and Technical Employees

Previous Director's Bulletins have described the action taken in the House of Representatives and the Senate on H. R. 12580. A joint House-Senate conference committee has reconciled the differences between the two versions of the bill. Today the House of Representatives approved the conference committee changes by a vote of 368 to 17 with one member voting "present." The Senate is expected to approve the changes tomorrow. The bill will then go to the President.

Three of the changes made by the conference committee are particularly important:

1. The Senate had voted to increase the annual earnings limitation under the retirement test from $1,200 to $1,800. The conference committee substituted for this a provision that makes the test more equitable and improves its effect on incentives to work. The amendment will eliminate the $80 unit of excess earnings and provide instead for a $1 reduction in benefits for each $2 of earnings between $1,200 and $1,500 and a $1 reduction in benefits for each $1 of earnings above $1,500.

2. The conference committee agreed to remove the Senate-approved provisions that would have permitted the payment of actuarially reduced benefits to men beginning at age 62.

3. The House-approved insured status requirement of one quarter of coverage for every 4 calendar quarters up to the calendar year in which

the worker reached retirement age or died had been deleted by the Senate; the conferees compromised, and the bill includes a requirement of one quarter of coverage for every 3.

Several other provisions that were included in the House and Senate passed bills are not in the final bill. For example, the provisions that would have extended coverage to physicians and modified the coverage test for domestic workers have been deleted.

Claims Manual holders will soon receive a comprehensive summary of the 1960 amendments arranged in the order of the Claims Manual chapters. Later they will begin to receive supplements for the Claims Manual on buff paper to be filed at the end of the chapters affected. The Manual supplements will contain policy and procedure for the development and adjudication of claims. These instructions will be issued as far as possible in advance of the effective dates of the various provisions. Where a provision is effective on enactment, the instructions of course cannot precede that date. We hope to be able to issue all of the supplemental material within a month or six weeks.

A summary of the provisions in the bill is attached.

Victor Christgau
Director

Attachment

Disability

1. Disability insurance benefits will be payable to disabled workers under the age of 50 and their dependents on the same basis as such benefits are provided for disabled workers aged 50 to 65 and their dependents. An estimated 125,000 disabled workers and at least that many dependents of these disabled workers will be able to qualify for benefits when the provision takes effect. The benefits are payable for months starting with the second month after the month in which the bill becomes law.

2. A disability beneficiary or a childhood disability beneficiary could perform services in each of 12 months, so long as he does not medically recover from his disability, before his benefits would be terminated as a result of such services. After the first 9 months (not necessarily consecutive) of the trial period, however, any services he performed during the period would be considered in determining whether he has demonstrated an ability to engage in substantial gainful activity. If he has demonstrated such ability, 3 months later his benefits would be terminated. Any month in which a disabled person works for gain, or does work of a nature generally performed for gain, would be counted as a month of trial work. Thus the services rendered in a month need not constitute substantial gainful activity in order for the month to be counted as part of a trial-work effort.

   The bill also provides a continuation of benefits for 3 months for any person, irrespective of attempts to work, whose medical condition improves to the extent that he is no longer disabled within the meaning of the law. A person who recovers from his disability, especially if he has spent a long period in a hospital or sanitarium, may require benefits for a brief interval during which he is becoming self-supporting.

   For beneficiaries on the rolls, the first month of the trial-work period could be no earlier than the month after the month of enactment. In the future the trial-work period would begin with the month in which a person became entitled to benefits on account of disability.

3. Workers who become disabled a second (or subsequent) time will not be required to undergo another six-month's waiting period if the prior period of disability was terminated no more than 5 years before the onset of the current disability. The change is intended to remove a possible disincentive to return to work in cases where disabled persons are doubtful as to whether their work attempts will be successful. The provision is effective with respect to monthly benefits beginning with the month in which the bill is enacted. A relatively small number of persons would be affected by this provision.

Disability (Continued)

4. The law provides an alternative disability insured status requirement--a disabled worker would be deemed insured for disability insurance benefits if he has at least 20 quarters of coverage (6 earned after 1950) and before the quarter of disablement. Benefits would be payable under this provision for months after the month of enactment. The alternative would have no effect for people who become disabled after 1955 and is not available to individuals who meet the usual disability insured status requirement. It is designed to take care of a few cases that were brought to the attention of the House Committee on Ways and Means.

Coverage - General

1. The family employment exclusion is modified to cover most services performed after 1960 by a parent in the employ of his son or daughter. Service that is not in the course of the employer's trade or business and domestic service in a private home of the employer (including such service which constitutes agricultural labor) will continue to be excluded. This extension of coverage will apply to about 25,000 parents employed by their adult children.

2. Coverage is extended to the territories of Guam and American Samoa. About 8,000 employees and self-employed persons in Guam and about 2,000 in American Samoa will be covered under these amendments. Coverage will be effective for employees (except governmental employees) on January 1, 1961, and for self-employed persons for taxable years beginning after 1960. Coverage of employees and officers of the Governments of Guam and American Samoa is on a compulsory basis, rather than under the State-Federal agreement method which applies to the employees of States and localities. Coverage for employees of the Government of Guam will not become effective until the calendar quarter following the quarter in which the Governor of Guam certifies to the Secretary of the Treasury that the Guamanian Government has enacted legislation expressing its desire that old-age, survivors, and disability insurance be extended to these employees (and in no event before January 1, 1961). This special effective date was provided because the Government of Guam wished to have time to make appropriate adjustments of its present retirement system to take into account the extension of social security coverage to the governmental employees. A comparable effective date provision is included for employees of the Government of American Samoa. Filipino workers who come to Guam under contracts to work temporarily are excluded from coverage.

3. The amendments eliminate the requirement that two-thirds of the employees of a nonprofit organization must concur before the organization can obtain coverage for its employees. Thus, a nonprofit organization will be able to elect coverage for concurring employees (if any) and future employees even though fewer than two-thirds and even if no present employees concur. The amendments also validate, upon request of the employee involved: (1) certain reports that were defective because filed by a nonprofit organization that had not yet filed its waiver certificate (but which later did file a waiver certificate) or for other reasons and (2) certain self-employment tax returns filed by foreign missionaries and others who were not commissioned, licensed or ordained as ministers but who believed they were covered as ministers. Services of employees who request validation under these provisions are covered beginning with the following quarter. These changes would facilitate coverage for many of the 100,000 employees of nonprofit organizations who have not yet been covered.

4. The amendments extend until April 15, 1962, the time within which ministers and Christian Science practitioners in practice at least two years may elect coverage. A certificate filed on or before the due date of a tax return for a given year would establish coverage beginning with the preceding tax year. In addition, where a minister or Christian Science practitioner filed timely tax returns (and paid taxes thereon) in one or more years between 1955 and 1959 without filing a waiver certificate, he may elect to have his certificate made effective beginning with the first such year. Another provision makes it possible for ministers or Christian Science practitioners whose certificates are already effective beginning with 1957 to elect to make their certificates effective for 1956. These provisions give about 60,000 ministers an additional opportunity to become covered and would give others the opportunity to secure additional protection.

5. Coverage would be extended on a compulsory basis, under the provisions applicable to self-employed persons, to services performed within the United States by United States citizens in the employ of foreign governments, their wholly-owned instrumentalities, and international organizations. Under this amendment, about 5,000 such employees would be covered beginning with taxable years ending on or after December 31, 1960. In order to avoid retirement-test problems which would otherwise arise, earnings derived by an individual which would be covered as "net earnings from self-employment" under this provision will be treated as "wages" for taxable years beginning on or before the date of enactment of the bill, but as "net earnings from self-employment" for taxable years beginning after the date of enactment.

Coverage - General (Continued)

Both the Senate Committee on Finance and the House Committee on Ways and Means recognized that it is generally undesirable to cover as self-employment the services of individuals who are actually employees. However, since a compulsory employer tax was not feasible and since some objections had been raised to allowing foreign governments to participate, even voluntarily, as employers in the United States social insurance program, the Congress concluded that the only practical way to provide immediate coverage for these employees is to cover them as though they are self-employed persons.

Coverage - Employees of State and Local Governments

1. State and local coverage provided under an agreement or modification which is agreed to after 1959 can be made effective as early as the first day of the fifth calendar year preceding the year in which the agreement or modification is approved, but not earlier than January 1, 1956.

2. Where a retirement system that covers more than one political entity is brought under social security as a single coverage group, the State is permitted to select different effective dates for coverage for the different political entities.

3. Certain individuals who have chosen not to be covered under the divided retirement system provision will continue to be excluded from coverage when, by reason of action taken by a political subdivision, they become members of a different retirement system coverage group which has also been covered under the divided retirement system provision.

4. The Governor of a State is authorized to delegate to another State official the making of certifications to the Secretary as to the use of proper procedures in extending coverage to retirement system groups.

5. A State is permitted to treat the positions of employees of a county or municipal hospital who are under a retirement system which also covers other employees as being in a separate coverage group. This provision is similar to that which now applies to institutions of higher learning.

6. A time limitation is placed on the period within which the Secretary may assess unpaid contributions and on the period within which the Secretary must refund contributions which a State has erroneously paid. This provision is comparable to the statute of limitations of the Internal Revenue Code applying to nongovernmental employment.

Coverage - Employees of State and Local Governments (Continued)

7. A specific procedure is provided by which a State may seek review in the United States district courts of determinations by the Secretary which result in the assessment of contributions or the denial of refund claims.

8. A State is permitted to treat all State and local employment on which the State bears the entire cost of the employer contributions as employment for a single employer for purposes of computing its liability for the employer contributions. This provision makes it unnecessary for States to pay employer contributions on more than $4,800 in cases where an individual during a calendar year is paid wages, totaling $4,800, by two or more employing entities and where the State itself bears the cost of the employer contributions.

9. Virginia is added to the list of 16 States in which coverage is available to policemen and firemen in positions covered under retirement systems.

10. Texas is added to the list of 15 States which are permitted to divide retirement systems into two divisions or parts in order to provide social security coverage for only those retirement system members who desire coverage.

11. California is permitted, until the end of 1961, to cover certain hospital employees who were removed from coverage under a State or local retirement system and erroneously reported for social security purposes to the Internal Revenue Service.

12. Provision is made for validating wage credits of certain teachers and other school employees in Mississippi who, during the period from February 28, 1951, to October 1, 1959, were erroneously reported as being State employees.

13. The amendments extend for one year--until July 1961--the time period during which Maine can, in modifying its coverage agreement to extend coverage to additional persons, treat the positions of teachers and the positions of nonteaching employees which are under the same retirement system as being in separate retirement system coverage groups.

14. Nebraska is permitted to remove from coverage under its agreement with the Secretary justices of the peace and constables who are paid on a fee basis.

Eligibility for Benefits

1. The retirement test would be changed by eliminating the requirement for withholding a month's benefit for each $80 of earnings above $1,200 and providing instead for withholding $1 in benefits for each $2 of earnings between $1,200 and $1,500, and $1 in benefits for each $1 of earnings above $1,500. Like the present law, the new provisions would apply to auxiliary beneficiaries as well as to the old-age insurance beneficiary. And, as under present law, no benefits would be withheld for a month in which the beneficiary neither earned more than $100 in wages nor rendered substantial services in self-employment.

   A test of this general sort was discussed in the Department's report on the retirement test that was submitted to the Committee on Ways and Means in March of this year.

   The amendment would reduce the disincentive to work that exists under the present test. The new test would mean that a beneficiary could accept a job at any earnings level above $1,200 knowing that he would never have less in benefits and earnings combined than he would have if he limited his earnings to $1,200. In fact, a beneficiary could increase his total income by $150 if he earned as much as $1,500 in a year.

   There would be some deliberalizations from the present test for people at lower benefit levels who earn at certain levels between $1,200 and $2,080. The number of beneficiaries who would be affected by the deliberalization would be very small because very few people who get benefits in the lower ranges have earnings above $1,200 in a year.

2. The work requirements are liberalized so that, to be eligible for benefits, a person needs one quarter of coverage for every 3 calendar quarters elapsing after 1950 (or after the year in which he attained age 21, if that is later) and before the year in which he reached retirement age, or died, or became disabled, whichever first occurred (but not less than 6 nor more than 40 quarters of coverage), instead of one quarter for every 2 elapsed quarters.

   Because the elapsed period used for determining the number of quarters required is on the basis of full years, the number of quarters required in death or retirement cases will be the same in any given year regardless of when in that year the person dies or attains retirement age.

Eligibility for Benefits (Continued)

The House of Representatives had proposed that the insured status requirement be put on a 1-for-4 basis, so that the short-run requirement would be comparable to the long-term requirement (10 years out of a 40-year working life). The provision as enacted is a compromise between the House and the Senate, which had proposed retaining the 1-for-2 requirement.

The number of additional persons--workers, dependents, and survivors--who will become eligible for monthly benefits on October 1, 1960 (assuming H.R. 12580 is signed in September), is estimated to be 400,000. Of this total, about 250,000 are aged 65 and over.

By January 1, 1966, an estimated 1,000,000 persons will be eligible for monthly benefits who would not qualify under present law. Of this total, some 700,000 are aged 65 and over.

3. The payment of the lump-sum death benefit in cases where there is no surviving spouse who was living in the same household with the worker at the time of his death would be simplified and expedited by permitting the benefit to be paid directly to the funeral home for unpaid funeral-home expenses. The payment would be made to the funeral home for any part of the funeral-home expenses that have not been paid if the person who assumed responsibility for the expenses requested that the payment be made to the funeral home. If no one had assumed responsibility for the expenses within 90 days after the date of the worker's death, the benefit would be payable directly to the funeral home. When the expenses incurred through the funeral home have been paid in full (including payment through application of part of the lump sum), if any of the lump sum remains it would be paid as a reimbursement to any person (or persons) who paid burial expenses in accordance with the following order of priority: Payment of any of the funeral-home expenses, the expense of opening and closing the grave, the expense of the cemetery lot, and other expenses.

   The changes would be effective for deaths on or after the date of enactment of the bill; and it would be effective also in case of deaths before enactment, but only if no application for reimbursement is filed before the third month after the month of enactment.

4. Benefits will be payable to a person as the wife, husband, widow or widower of a worker if the person had gone through a marriage ceremony in good faith in the belief that it was valid, if the marriage would have been valid had there been no impediment, and if the couple had been living together at the time of the worker's death or at the time an application for benefits was filed. For the purposes of this provision, an impediment is defined as an impediment resulting from a previous marriage--its dissolution or lack of dissolution--or resulting from a defect in the procedure followed in connection with the purported marriage.

Eligibility for Benefits (Continued)

Benefits will also be payable to the child or stepchild of a couple who had gone through a marriage ceremony even though an impediment prevented the ceremony from resulting in a valid marriage.

These amendments will be effective with respect to monthly benefits for months beginning with the month in which the bill is enacted, on the basis of an application filed in or after that month.

5. Benefits would be provided for the survivors of workers who had acquired six quarters of coverage and who had died before 1940. In addition, benefits would be payable to the dependent widower of a woman who died prior to September 1950 and mother's benefits would be payable to the former wife divorced of a man who died before September 1950 and who had at least six quarters of coverage even though he was not insured under the law in effect at the time he died.

   About 25,000 people--most of them aged widows--would be made eligible for benefits by this change. Benefits would be payable for months beginning with the month after the month of enactment, on the basis of applications filed in or after such month. The benefits would be computed under the provisions in effect before 1950 and converted to current amounts through the benefit table contained in present law.

6. The duration-of-relationship requirements would be simplified by making the requirements that now apply when the worker has died also applicable when the worker is alive. Thus wives, husbands, or stepchildren could qualify for benefits payable on a retired or disabled person's earnings if the relationship had existed for one year rather than for three years.

   This change would be effective with the date of enactment, on the basis of applications filed in or after such month.

7. A defect in present law would be corrected by a provision for the payment of child's benefits to a child who is born, or who becomes the worker's stepchild, after the worker becomes disabled, or who is adopted within 2 years after the worker becomes entitled to disability benefits. This change would be effective for adoptions only if adoption proceedings had begun in or before the month in which the worker's period of disability began or if the child was living with the worker in that month. The amendment would be effective as if it had been enacted by the 1958 amendments--that is, for months after August 1958, based on applications filed on or after that date.

Eligibility for Benefits (Continued)

8. Benefits could be paid to a child based on his father's earnings even though the child was living with and being supported by his stepfather. This change would extend to the child living with his stepfather the protection now afforded on the father's earnings for other children, including those living with and being supported by other relatives.

   The change would be effective with the month of enactment, but only if an application for such benefits is filed in or after such month.

9. Under the foreign work test, benefits must be withheld from an old-age insurance beneficiary and his dependents for any month in which he works in noncovered work outside the United States on more than 6 days. If the old-age insurance beneficiary fails to report such employment within a specified time, he may be penalized by the loss of an additional month's benefit. As a general rule, when an old-age insurance beneficiary has such a penalty imposed upon him, his dependents are not also penalized. Because of a technical defect in the law, however, a person entitled to a child-hood disability benefit or to a mother's insurance benefit who is married to an old-age insurance beneficiary does have a penalty imposed if the old-age insurance beneficiary's work outside the United States is not reported. The bill eliminates this additional penalty. The provision would be effective on the date of enactment of the bill and would be applicable to uncollected penalties imposed prior to enactment.

10. Where a person had maximum creditable earnings in a year before 1951 he will be credited with 4 quarters of coverage for that year regardless of when in the year he acquired his first quarter of coverage. This change simplifies the law by making the same rules for crediting quarters of coverage apply to years before 1951 as are applied to years after 1950.

Benefit Amounts

1. The benefit of each child of a deceased worker would be three-fourths of the primary insurance amount of the deceased worker (subject, of course, to the family maximum) rather than one-half of the primary insurance amount plus one-fourth of the primary insurance amount divided by the number of children. The change would be effective for monthly benefits for months after the second month following the month of enactment. About 400,000 children would get an increase in benefits as a result of this change.

Benefit Amounts (Continued)

2. The average monthly wage will now be computed on the basis of a constant number of years regardless of when the worker files application for benefits or for a benefit recomputation. The number will be equal to five less than the number of years elapsing after 1950 (after 1936 in cases where use of pre-1951 earnings would raise the benefit amount) or attainment of age 21, if later, and up to the year in which the person becomes eligible for retirement benefits, dies, or becomes disabled, whichever first occurs. Over the long run, in retirement cases, the number will be 38 for men and 35 for women. Generally speaking, any years can be used, including years before age 22 and years after first eligibility; those that yield the highest benefit will of course be used.

   In order to avoid shortening the span of years over which a benefit is computed in retirement cases, the span of years used for the benefit computation cannot be less than 5 (that is, the number elapsing after 1950 and before 1961, minus 5). In those relatively few cases--all of them cases of people eligible for old-age or disability benefits before 1961--where the old method of computation using the year of first eligibility as a closing date results in a higher benefit amount, that method will still be used. The change makes the provision for computation of the average monthly wage simpler and easier to understand than it previously was. In future cases the change will eliminate the problem that occasionally arose under the old method when a person did not apply for benefits at the most advantageous time.

3. The requirement that a beneficiary must wait at least 6 months, after the close of the year in which he received the earnings that qualified him for a work recomputation, to file an application for the recomputation is removed.

4. The requirement that a recomputation to include earnings in the year of death or entitlement to benefits (a "current-year recomputation") can be made only under the provisions for which the individual had qualified at the time of his original benefit computation is eliminated. (There have been some cases in which a worker, at the time he applied for the current-year recomputation, had met the requirements for another, more favorable method of computation; if this method could have been used, the benefit amount might have been considerably higher.) A person who had a current-year recomputation in the past and was disadvantaged by the old provisions can qualify for a recomputation under the new rules on the basis of an application filed after enactment of the bill.

Benefit Amounts (Continued)

5. A technical flaw in the provisions relating to maximum family benefits that gave an unintended advantage to some families on the benefit rolls is corrected. The provision was intended to put families of workers who have a period of disability that started before 1959 in the same general position, with respect to maximum family benefits, as the families of workers who died before 1959. Because of the flaw in the legislative language, families of disabled workers at certain levels of average monthly wage received somewhat more in total monthly benefits than survivor families at the same average monthly wage levels. The corrective amendment applies only to families who will come on the benefit rolls after enactment, to avoid reducing the benefits of families who have been receiving benefits under the previous provisions for well over a year, and who have come to depend on the amounts they are getting.

6. The provisions for recomputation of old-age and survivors insurance benefits are simplified by the elimination of the following benefit recomputations, which have virtually served their purpose:

   a. The 1952 self-employment income recomputation.

   b. The 1950 work recomputation.

   c. The "lag" recomputation (including the special July 1, 1950, recomputation).

   d. The 1952 military service credit recomputation.

   These recomputations will not be applicable unless the worker files application for the recomputation or dies before January 1, 1961.

Miscellaneous

1. The requirement in present law that an individual must be under a disability at the time of filing application for disability insurance benefits or for a determination of disability would be modified. An application filed by an individual who was not under a disability within the meaning of the law at the time of filing would be valid provided such individual became so disabled within 3 months (or 6 months in the case of an individual disabled a second time within 5 years).

2. Provides for putting into effect certain recommendations made by the Advisory Council on Social Security Financing. Principally, the existing method of investing the old-age, survivors, and disability insurance trust funds would be strengthened by changes designed to make the interest earnings of the trust funds more nearly equivalent to the rate of return being received by people who buy Government obligations in the open market.

Miscellaneous (Continued)

3. The times at which an Advisory Council on Social Security Financing is to study the status of the trust funds would be changed so that an Advisory Council will be appointed in 1963, 1966, and in every fifth year thereafter. The Council appointed during 1963 will study and report on all aspects of the program. (Previous law provided that these councils would be appointed prior to each scheduled increase in the contribution rates.)

4. A deadline date for any one of certain actions (such as applying for a lump-sum death payment, filing proof of support, or requesting a review in United States district court of a decision of the Secretary) that falls on a day that is not officially a full workday would be extended to the first full workday immediately following the deadline date. The provision would not extend the retroactivity of applications for monthly benefits. The change would be effective on the date of enactment of the bill.

5. The requirement that a claimant in a court action involving the Secretary must substitute the name of a newly appointed Secretary within 6 months of his appointment if the action is to continue would be eliminated. Pending court actions would be allowed to continue even though there is a successor to a Secretary named in such actions or a vacancy exists in the office of Secretary. The provision would be applicable to court actions pending on the date of enactment of the bill or to court actions begun thereafter.

DIRECTOR'S Bulletin

SSA-OASI

NO. 326 September 13, 1960

PRESIDENT SIGNS SOCIAL SECURITY AMENDMENTS OF 1960

To Administrative, Supervisory
and Technical Employees

Today the President signed Public Law 86-778, the Social Security Amendments of 1960.

Based on the enactment date of September 13, 1960, the attached charts give the effective dates of the provisions of the amendments. The charts are arranged in approximate chronological order according to the month for which benefits are first payable.

References to the Summary relate to the Summary of the Social Security Amendments of 1960 which has been distributed to Claims Manual holders.

In the attachment to Director's Bulletin No. 325, one line of text was inadvertently omitted in the first sentence on page 2. A replacement page is attached which correctly describes the new alternative insured status requirement for disability benefits.

Victor Christgau

Victor Christgau
Director

Attachments

EFFECTIVE DATES FOR PL 86-778

PROVISIONS AFFECTING MONTHLY BENEFITS

Provision	Effective for Monthly Benefits Beginning	Based on Application Filed on or After	Remarks
Child Dependency--child of disabled W/E. Summary 300-B-2-a	9/58	8/28/58	
Dependency of child on natural or adopting father--child living with and supported by stepfather. Summary 300-B-2-b	9/60	9/1/60	
Crediting of gift QC's before 1951. Summary 75-C	9/60 (where not entitled without new rule)	9/1/60	
Time needed to acquire status of wife, child, or husband. Summary 200-A-2, 250-A-2, 300-A-1	9/60	9/1/60	
Marriages subject to legal impediment. Summary 200-A-1; 250-A-1; 300-A-2, 3; 400-A; 450-A; 500-A; 700-A	9/60	9/1/60	Applies to LSDP based on application filed in September; but only if no other person has filed before 9/13/60.
Elimination of second waiting period in prior-disability cases, and related changes. Summary 6000 B, D, E, H	9/60	———	
Current-year recomputation. Summary 100-E-3	First month of retroactive period	9/13/60	
Penalty Deduction under Foreign Work Clause. Summary 2575	See Remarks	———	Date of enactment, 9/13/60, is controlling.
Extension of 2-year period for filing proof of support. Summary 250-B, 450-B-2, 600-B-2	9/60	———	Applies to any case where entitlement depends on these amendments.

Provision	Effective for Monthly Benefits Beginning	Based on Application Filed on or After	Remarks
Extension of time for ministers to elect coverage. Summary 1500-A-2, 3	10/60	———	LSDP affected only if W/E died on or after 9/13/60.
Validation of wages paid by nonprofit organization. Summary 1300-B-2	10/60	———	LSDP affected only if W/E died on or after 9/13/60.
Validation of wages erroneously reported as NE by employees of nonprofit organizations. Summary 1300-B-3	10/60	———	LSDP affected only if W/E died on or after 9/13/60.
Change in Insured Status test (except special test for disability). Summary 75-B, D	10/60	9/1/60	Applies to: LSDP if W/E died in 10/60; applications for freeze filed in 10/60.
Benefits to survivors of W/E who died before 1940 (and to widower whose wife died before 9/50). Summary 300-B-1, 400-B, 450-B, 500-B, 600-B	10/60	9/1/60	
Period of trial work. Summary 6000-I	10/60	———	
Termination of benefits based on disability. Summary 6000-F, 300-D	10/60	———	
Special insured status for disability. Summary 75-E, 6000-C	10/60	9/1/60	
Effect of amendments on prior-freeze saving clause. Summary 100-F-1	11/60	11/1/60	
Elimination of Age-50 requirement for DIB. Summary 6000-A	11/60	9/1/60	
Increase in benefits for children of deceased workers. Summary 300-C, 100-F-3	12/60	———	

Provision	Effective for Monthly Benefits Beginning	Based on Application Filed on or After	Remarks
Elimination of obsolete recomputations. Summary 100-E-5	1/61	See Remarks	Applies where W/E dies or application filed after 1960.
New method of computing PIA. Summary 100 A-D	First month of retroactive period.	See Remarks	Based on death or application 1/1/61 or later.
Six-month requirement for 1954 work recomputation eliminated. Summary 100-E-2	First month of retroactive period.	1/1/61	
Deductions--annual earnings test. Summary 2500 A-H	See Remarks	———	Effective for taxable years beginning after 1960.

PROVISIONS AFFECTING LUMP-SUM DEATH PAYMENTS ONLY

Provision	Effective Date
LSDP based on payment of burial expenses. Summary 700-B	Effective if death on or after 9/13/60; also if death before that date and application for LS not filed before 12/60.
Reinterment in Guam or American Samoa. Summary 700-C	Applies to reinterments after 9/13/60.

COVERAGE PROVISIONS

Provision	Effective Date
Nonprofit organization--2/3 requirement dropped. Summary 1300-B-1	Applies to waiver certificates filed after 9/13/60.
State and local coverage. Summary 1400	Most of the provisions on State and local coverage become effective 9/13/60. However, the provisions permitting the State to obtain review, and the statute of limitations on State and local coverage become effective 1/1/62.

Provision	Effective Date
Extension of coverage to employees of foreign governments and international organizations. Summary 1500-C	Effective for taxable years ending on or after 12/31/60. For retirement test purposes remuneration is treated as wages for taxable years beginning on or before 9/13/60; and as NE for taxable years beginning after 9/13/60.
Extension of the program to wages in Guam and American Samoa. Summary 1300-D	1/1/61 For governmental employees the date of coverage will depend on certification by Governor.
Service of parent for son or daughter. Summary 1300-A	1/1/61
Coverage of NE in Guam and American Samoa. Summary 1500-B	Taxable years beginning after 1960.

Disability

1. Disability insurance benefits will be payable to disabled workers under the age of 50 and their dependents on the same basis as such benefits are provided for disabled workers aged 50 to 65 and their dependents. An estimated 125,000 disabled workers and at least that many dependents of these disabled workers will be able to qualify for benefits when the provision takes effect. The benefits are payable for months starting with the second month after the month in which the bill becomes law.

2. A disability beneficiary or a childhood disability beneficiary could perform services in each of 12 months, so long as he does not medically recover from his disability, before his benefits would be terminated as a result of such services. After the first 9 months (not necessarily consecutive) of the trial period, however, any services he performed during the period would be considered in determining whether he has demonstrated an ability to engage in substantial gainful activity. If he has demonstrated such ability, 3 months later his benefits would be terminated. Any month in which a disabled person works for gain, or does work of a nature generally performed for gain, would be counted as a month of trial work. Thus the services rendered in a month need not constitute substantial gainful activity in order for the month to be counted as part of a trial-work effort.

   The bill also provides a continuation of benefits for 3 months for any person, irrespective of attempts to work, whose medical condition improves to the extent that he is no longer disabled within the meaning of the law. A person who recovers from his disability, especially if he has spent a long period in a hospital or sanitarium, may require benefits for a brief interval during which he is becoming self-supporting.

   For beneficiaries on the rolls, the first month of the trial-work period could be no earlier than the month after the month of enactment. In the future the trial-work period would begin with the month in which a person became entitled to benefits on account of disability.

3. Workers who become disabled a second (or subsequent) time will not be required to undergo another six-month's waiting period if the prior period of disability was terminated no more than 5 years before the onset of the current disability. The change is intended to remove a possible disincentive to return to work in cases where disabled persons are doubtful as to whether their work attempts will be successful. The provision is effective with respect to monthly benefits beginning with the month in which the bill is enacted. A relatively small number of persons would be affected by this provision.

Disability (Continued)

4. The law provides an alternative disability insured status requirement--a disabled worker would be deemed insured for disability insurance benefits if he has at least 20 quarters of coverage (6 earned after 1950) and has quarters of coverage in each quarter elapsing after 1950 and before the quarter of disablement. Benefits would be payable under this provision for months after the month of enactment. The alternative would have no effect for people who become disabled after 1955 and is not available to individuals who meet the usual disability insured status requirement. It is designed to take care of a few cases that were brought to the attention of the House Committee on Ways and Means.

Coverage - General

1. The family employment exclusion is modified to cover most services performed after 1960 by a parent in the employ of his son or daughter. Service that is not in the course of the employer's trade or business and domestic service in a private home of the employer (including such service which constitutes agricultural labor) will continue to be excluded. This extension of coverage will apply to about 25,000 parents employed by their adult children.

2. Coverage is extended to the territories of Guam and American Samoa. About 8,000 employees and self-employed persons in Guam and about 2,000 in American Samoa will be covered under these amendments. Coverage will be effective for employees (except governmental employees) on January 1, 1961, and for self-employed persons for taxable years beginning after 1960. Coverage of employees and officers of the Governments of Guam and American Samoa is on a compulsory basis, rather than under the State-Federal agreement method which applies to the employees of States and localities. Coverage for employees of the Government of Guam will not become effective until the calendar quarter following the quarter in which the Governor of Guam certifies to the Secretary of the Treasury that the Guamanian Government has enacted legislation expressing its desire that old-age, survivors, and disability insurance be extended to these employees (and in no event before January 1, 1961). This special effective date was provided because the Government of Guam wished to have time to make appropriate adjustments of its present retirement system to take into account the extension of social security coverage to the governmental employees. A comparable effective date provision is included for employees of the Government of American Samoa. Filipino workers who come to Guam under contracts to work temporarily are excluded from coverage.

SUMMARY OF THE

SOCIAL SECURITY AMENDMENTS

of 1960

TITLE II

DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION
BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

INTRODUCTION

This Summary of the changes made in Title II of the Social Security Act by Public Law 86-778 (The Social Security Amendments of 1960), approved September 13, 1960, is organized so that the subject matter parallels the chapters of the Claims Manual. No attempt is made in this Summary to interpret the amendments made by Public Law 86-778.

Prepared by
The Division of Claims Policy

TABLE OF CONTENTS

75. INSURED STATUS

A. QC'S AND INSURED STATUS--GENERAL

Significant changes were made by the 1960 amendments liberalizing the requirements for fully insured status. Changes were also made in the definition of QC's for the years before 1951 and in the deemed insured provision of the 1954 amendments; these changes tend to simplify the Act after the transition period. An alternative insured status provision to be used to determine insured status for DIB and disability freeze determinations was added.

The amendments retain the minimum requirement of 6 QC's for insured status, the maximum requirement of 40 QC's, and the same rules for determining currently insured status. The requirements of 20/40 and fully insured status for DIB and freeze determinations are still effective in most cases.

B. 1 FOR 3 INSURED STATUS REQUIREMENT

1. Defined

Under the amendments a person is fully insured if he has 1 QC (whenever acquired) for each 3 calendar quarters elapsing from 12/31/50, or 12/31 of the year in which he attains age 21, if later, to the year in which he attains retirement age or dies (whichever occurs earlier). If the number of such elapsed quarters is not a multiple of 3 then it will be reduced to the next lower multiple of 3.

2. Effective Date

a. Monthly Benefits

This provision is effective for the payment of benefits for months after September 1960, based on applications filed in or after September 1960.

b. Lump-Sum Death Payments

The 1 for 3 amendment applies to LSDP where the W/E died after September 1960.

C. CREDITING OF QUARTERS OF COVERAGE FOR QUARTERS PRIOR TO 1951

1. Definition of QC

The new amendments change the crediting of quarters for years prior to 1951 to allow:

a. the crediting of 4 QC's where an individual earned $3000 or over in a year for the years before 1951, and

b. crediting of the initial and last quarter of a disability period as a QC.

2. Effective Date

This method of crediting Q/C's is applicable:

a. Where the W/E files application in or after September 1960 for:

(1) OAIB or DIB;
(2) 1954 Work Recomputation;
(3) Drop-out Recomputation; or
(4) Disability Freeze Determination.

b. In survivors benefits cases where:

(1) The W/E died prior to September 1960, and the survivor is entitled to a survivor's 1954 Work Recomputation, but only if no one was entitled to a survivor's benefit or LSDP on the W/E's earnings on the basis of an application filed before September 1960, and no one was entitled to the LSDP or to survivor's benefits for a month before September 1960 without the filing of an application;

(2) The W/E died in or after September 1960 and a survivor is entitled to a survivor's 1954 Work Recomputation;

(3) A survivor is entitled to a survivor's Drop-out Recomputation based on an application filed in or after September 1960;or

(4) The W/E died without becoming entitled to OAIB or DIB and, unless he died currently insured but not fully insured, no one was entitled to survivors benefits or the LSDP on the basis of an application filed before September 1960.

Unless the W/E was fully insured under the previous provisions of the Act no benefit can be paid based on these provisions for any month before September 1960.

D. DEATH BEFORE 1951

Under the 1960 amendments a person who dies before 1951 with 6 QC's is fully insured. This provision does not affect present procedures to any great extent. It does liberalize the previous "deemed insured status" provision of the Act by covering persons dying before 1951 and all types of survivors benefits. The prior provision was restricted to benefits other than those payable to a former wife divorced and applied only where the individual died prior to 9/1/50.

This amendment applies to benefits for months after September 1960, based on application filed in or after September 1960. The previous "deemed insured status" provision has been eliminated in all cases where application is filed after September 1960.

E. ALTERNATE INSURED STATUS PROVISION FOR DIB

An individual who cannot meet the insured requirements for a DIB or disability freeze as established in 216(i)(3) or 223(c)(i) in September 1960 or earlier may be insured if:

1. he has 20 QC's prior to the close of the quarter in which he became disabled or a subsequent quarter and

2. all the quarters after 1950 up to that quarter are QC's, and

3. there are at least 6 QC's after 1950 up to that quarter.

This provision is effective for all applications for DIB or disablity freeze determinations filed in or after September 1960.

100. COMPUTATIONS AND RECOMPUTATIONS

A. GENERAL

The 1960 amendments introduce a new method of figuring the AMW to go into effect after 1960. However, the change is such that there will be no additional advantage in benefit computation for claimants whether they apply for OAIB either before 1961 or after 1960. The new method establishes a permanent number of divisor months (new-start and old-start) for each individual, depending on the year of first eligibility or death, whichever is earlier. To facilitate the transition from the pre-1961 methods, cases under the amendments in which age 22 or disability is not involved will require no less than 5 years (19 years, old-start) to be used in figuring the AMW, which is the normal span over which the AMW would be figured based upon filings in 1961 under the pre-1961 methods. A saving clause allowing use of the pre-1961 methods will protect any computation advantage which might have come from a first eligibility before 1961 (See C 3. below).

There is no general benefit increase although the increase of survivor child's benefits to a uniform 3/4 of the PIA, regardless of the number of children, may lead to an increase in family benefits.

B. APPLICABILITY OF NEW COMPUTATION METHODS

The new fixed divisor new-start and old-start PIA determination methods apply where a person:

1. Becomes entitled to OAIB or DIB based on an application filed after 1960, or

2. Dies after 1960 without having become entitled to DIB or OAIB, or

3. Becomes entitled to a 1954 work recomputation based on a recomputation application filed after 1960, or

4. Dies after 1960 and his survivors are entitled to a survivor's 1954 work or RR recomputation.

See C 3. below for cases where the 1958 PIA and the revised PIB methods may also apply even though the above conditions may be met. Where a new fixed divisor method is used it also applies to benefits for months in the retroactive period before 1961, so that in any case only one PIA determination method is necessary.

C. AMW AFTER 1960

1. Divisor.--A W/E's new-start divisor consists of the number of months in all but 5 of the years after 1950 (or after the year he attains age 21 if later) up to the year in which he dies or, the

first year after 1960 in which he is fully insured and of retirement age, whichever occurs first. Years all or part of which fall in a period of disability are not counted. The requirement that the period for determining the divisor end "after 1960" even where first eligibility occurs before 1961 will result in a divisor of no less than 5 years in most cases. The minimum new-start fixed divisor of 24 will be applicable only in age 22 or disability cases.

For old-start purposes the divisor consists of the number of months in all but 5 of the years after 1936 (or after the year of attainment of age 21 if later) up to the year of death or first eligibility after 1960 whichever is earlier, not counting years all or part of which fall in a period of disability. The minimum divisor is 24, though in cases other than age 22 and disability cases the old-start divisor will be at least 228 (19 years).

2. Dividend.--The "total earnings" for AMW purposes are the total wages and self-employment income in the "computation years." The "computation years" are those years, after 1936 or after 1950, for which the earnings are highest, corresponding in number to divisor years, but selected from among all of the "computation base years." The "computation base years" are the years after 1936, or after 1950, up to the year of death or filing, or including the year of death or filing if the earnings are available. However, years all of which are in a period of disability are not counted.

3. First Eligibility Before 1961.--Where a W/E who qualifies under B. 1 or 2 above is fully insured and of retirement age before 1961, the AMW will be determined under the 1958 PIA method or the revised PIB method if a higher PIA results from using a pre-1961 first eligibility closing date. The 1958 PIA and the revised PIB methods will therefore be applicable in a significant number of cases for several years after 1960.

D. DETERMINING THE PIA AFTER 1960

Where the new fixed divisor method of figuring the AMW is used the PIA is still determined with reference to the table in the law introduced with the 1958 amendments. The new-start AMW is translated directly by table to the PIA and the old-start AMW is brought through a PIB to a PIA using the table in the law. As previously, to use the new-start fixed divisor method a W/E must have 6 QC's after 1950. Likewise, to use the old-start fixed divisor method he must have at least 1 QC before 1951. Where a W/E attained age 22 after 1950 and has 6 QC's after 1950 he must as in the past use the new-start.

E. RECOMPUTATIONS

1. General.--The basic requirements for entitlement to the various recomputations currently in use are unchanged by the amendments.

Outlined below are minor changes in the method of redetermining the PIA in several types of recomputations. A cut-off date for filing applications for various types of obsolescent recomputations is also introduced in the amendments as discussed in 5. below.

2. 1954 Work Recomputation.--After 1960 applications for 1954 work recomputations may be filed immediately after the close of the qualifying year. It is no longer necessary to wait until after June of the following year. Both life and survivor cases will be worked under the new fixed divisor method as indicated in B 3. and 4. above. Where this new method is used in a previous computation then only the new start may be used in a 1954 work recomputation and the year of filing for the recomputation may not be included in the computation base years. Where the last previous computation or recomputation was worked under the methods or formulas in effect before the 1960 amendments, the 1954 work recomputation may in addition consider an old start and may also include the year of recomputation filing in the new-or old-start computation base years.

3. Current Year Recomputation.--The method of redetermining the PIA under a current year recomputation is changed in two respects. First, the general provision is adapted to take into account the new fixed divisor methods and, second, recomputations under the present provisions where applicable would be worked in a slightly different way.

a. Current-Year Recomputation Under the Fixed Divisor Methods.--Where a previous computation was based on initial entitlement or death after 1960 or entitlement to a 1954 work recomputation based on an application after 1960, a current year recomputation will allow the case to be reopened to include the year of entitlement or death among the computation base years. The usual 24-month maximum retroactivity applies.

b. Current Year Recomputation Under Revised Pre-1961 Methods.--Where application for current year recomputation is filed on or after September 13, 1960, and the previous computation was based on entitlement or death before 1961, the PIA will be redetermined under the methods or formula in effect before the amendments as if the claimant were filing initially at the time of death or at the time of the application for recomputation. In such case, however, only the closing date of January 1 of the year following the year of death or last previous filing (initial or recomputation) will be used. QC's acquired after the previous filing may thus be used to qualify for a new start. The drop-out may be used only if applicable to the previous computation or if 6 QC's after 6/53 had been acquired since the previous computation. This change in the current year recomputation provision is meant to eliminate the possibility of a claimant's filing "too early" to get a favorable new start recomputation.

c. Previous Entitlement to Current Year Recomputation.--Where a current year recomputation has already been processed under the pre-amendment provisions a new application may be filed on or after September 13, 1960 to take advantage of the provisions in b. above if a higher PIA would result. The increase is effective with the month for which the previous current-year recomputation was effective but in no event for more than 24 months before the month in which the new recomputation application is filed.

4. The Drop-Out Recomputation.--Applications for drop-out recomputations filed after 1958, and after 1960 as well, will continue to be processed under the 1958 PIA method or the revised PIB method.

5. Obsolescent Recomputations.--The amendments provide a cut-off date for the filing of applications for certain obsolescent recomputations. Only where application for recomputation is filed or death occurs before 1/1/61 can there be entitlement to the following types of recomputations:

a. 1950 work recomputations, eligibility before 9/54

b. Lag recomputation

c. 1952 self-employment recomputation

d. Post-World War II military service recomputation for persons on the rolls in 8/52. (See Summary Section 1800, Veterans Benefits.)

The new application cut-off date does not apply to survivors of W/E's who died before 1961.

F. MAXIMUM FAMILY BENEFITS

The amendments provide two new benefit saving clauses (see 2. and 3. below) and change one (see 1. below) which is currently in use. Two of the saving clauses allow total family benefits to exceed the regular table limits. One merely regulates the apportionment of the statutory maximum.

1. Effect of Amendments On Prior Freeze Saving Clause.--This saving clause introduced in the 1958 amendments was intended to simulate the 1958 conversion saving clause. However, it inadvertently was made to apply to PIA's above $96. The 1960 amendments change the prior freeze saving clause effective with November 1960, but only where the W/E becomes entitled to OAIB or DIB based on an application filed after October 1960 or, if he died before becoming entitled, only where no one was entitled to survivors benefits for October 1960 or a prior month based on an application filed before November 1960.

The requirements that must be met for application of the saving clause, explained in CM 143, remain the same except for the PIA range affected. Benefits of those to whom the previous requirements applied (but to whom the revised saving clause provisions do not apply), will continue to receive benefit amounts figured under the saving clause in effect before the amendments. Benefits of those to whom the revised saving clause applies, where the PIA is less than $66 or $97 and over, will be determined using the regular statutory maximum family amounts specified by the table in the law. Where the PIA is in the range $66 through $96 the revised saving clause family maximums will apply as follows:

PIA	MAXIMUM	PIA	MAXIMUM
$66	$ 99.10	$82	$160.20
67	102.40	83	163.40
68	106.50	84	167.50
69	110.50	85	171.60
70	113.80	86	174.80
71	117.90	87	178.90
72	121.90	88	183.00
73	125.20	89	186.20
74	129.30	90	190.30
75	133.30	91	194.40
76	136.60	92	197.60
77	140.70	93	201.70
78	144.70	94	205.80
79	148.00	95	206.60
80	152.10	96	206.60
81	156.10		

2. Invalid Marriage Saving Clause.--The amendments provide that the benefits of a child, wife, husband, widow, widower, or parent who is entitled to benefits for August 1960 based on an application filed before September 1960 will not be reduced for a subsequent month because of the entitlement of a wife, husband, widow, widower or child of a W/E under the invalid marriage provisions outlined in Section 200-600 of this Summary. The benefits of those entitled solely because of the invalid marriage provisions and of others who may become entitled to benefits in September 1960 or later are figured under the regular maximum family benefit provisions taking into account all beneficiaries entitled on that earnings record. The benefits of those individuals entitled before September 1960 are figured taking into account all beneficiaries except those entitled under the invalid marriage provisions (See example after 3. below).

3. Benefits Saved Where Child's Benefit Increased to 3/4 PIA.--Where one or more persons are entitled to monthly survivors benefits for November 1960, based on application filed before December 1960, and such benefits are reduced for the maximum in a subsequent month, such reduction is made as if the child's benefit had not been increased to 3/4 of the PIA. This means that in cases where the maximum applied before the month in which the child's benefit is increased, there will be no change in benefit amounts. If an additional beneficiary becomes entitled to benefits on the same A/N in a month subsequent to November 1960, the saving clause will no longer apply even if the additional benefits should subsequently terminate. The benefits of those entitled under the invalid marriage provisions are excepted from this saving clause. Their entitlement cannot be considered in determining the prerequisites for the saving clause nor can it serve to terminate the applicability of the saving clause. Benefits of these latter persons are determined as if neither of the saving clauses in 2. or 3. above existed.

Example: Benefits for E and 4 C's where the PIA is $100 and the maximum family benefit is $221.60; C4 entitled under invalid marriage provisions.

	August 1960	September 1960	December 1960	C3 Worked
E -	66.50	66.50	66.50	75.00
C1-	51.80	51.80	51.80	73.30
C2-	51.80	51.80	51.80	73.30
C3-	51.80	51.80	51.80	--
C4-	Not entitled	41.60	44.40	55.40

G. MISCELLANEOUS COMPUTATION PROVISIONS

1. Survivors Benefits Where W/E Died Before 1940.--The PIA of a W/E who died before 1940 will be determined using the old PIB formula. The resultant PIB is converted via the conversion tables to the 1958 PIA. (See Summary Sections 300-600 for effective date.)

2. Survivor Benefits Where W/E Died After 1939 and Before 1951.--Where a W/E who died after 1939 and before 1951 was insured under the pre-1951 provisions, use the old PIB formula and convert the resultant PIB (or a previously established PIB) to the 1958 PIA via the conversion tables. Where the W/E is insured under the 6 QC "deemed" insured provision of the 1954 amendments or the 6 QC provisions of the 1960 amendments use the revised PIB formula

with a closing date as of the first day of the quarter of death and convert to a 1958 PIA. (See Summary Section 450, Widower's Benefits, for effective date.)

3. First Eligibility Closing Dates Under the New Insured Status Provisions.--Where a person is first eligible before 1960 his first eligibility closing date will be determined under the previous insured status provisions. The earliest first eligibility closing date which can be based on the new provisions is 1/1/60. (See Summary Section 75, Insured Status.)

200. WIFE'S BENEFITS

A. WIFE DEFINED

1. Purported Wife.--Effective for benefits beginning with the September 1960, based on an application filed in or after such month, a wife whose marriage to the W/E is invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify as a "wife" if:

   a. There was a marriage ceremony;

   b. She went through the ceremony in good faith, not knowing of the impediment at that time;

   c. She was living in the same household with the W/E at the time she filed her application; and

   d. At the time she filed her application there is no other person who has the status of wife, based on a valid marriage or inheritance rights under State law, who is or was entitled to wife's insurance benefits.

2. Duration of Marriage.--The 3-year marriage requirement to qualify as a "wife" is reduced to 1 year effective for benefits beginning with September 1960, based on an application filed in or after such month.

B. REQUIREMENTS FOR ENTITLEMENT

No change.

C. AMOUNT OF BENEFIT

1. No change.

2. Saving Clause.--See Chapter 100 of this Summary.

D. TERMINATION

The entitlement of a purported wife ends with the month before the month in which:

1. Another individual is certified for entitlement to wife's benefits on the W/E's account if that individual is validly married to the W/E or has the same inheritance rights as a wife, or

2. The purported wife enters into a valid marriage with someone other than the W/E.

250. HUSBAND'S BENEFITS

A. HUSBAND DEFINED

1. Purported Husband.--Effective for benefits beginning with September 1960, based on an application filed in or after such month, a husband whose marriage to the W/E is invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify as a "husband" if:

   a. There was a marriage ceremony;

   b. He went through the ceremony in good faith, not knowing of the impediment at that time;

   c. He was living in the same household with the W/E at the time he filed his application; and

   d. At the time he filed his application there is no other person who has the status of husband, based on a valid marriage or inheritance rights under State law, and who is or was entitled to husband's benefits.

2. Duration of Marriage.--The 3-year marriage requirement to qualify as a "husband" is reduced to 1 year, effective for benefits beginning with September 1960, based on an application filed in or after such month.

B. REQUIREMENTS FOR ENTITLEMENT

Proof of Support.--No change in requirements. However, where the husband could not qualify for husband's benefits before the amendments, but may qualify under the amendments, the period for filing proof of support is extended for 2 years after September 1960.

C. AMOUNT OF BENEFIT

1. No change.

2. Saving Clause.--See Chapter 100 of this Summary.

D. TERMINATION

The entitlement of a purported husband ends with the month before the month in which:

1. Another individual is certified for entitlement to husband's benefits on the W/E's account, if that individual is validly

married to the W/E, or has the same inheritance rights as a husband, or

2. The purported husband enters into a valid marriage with someone other than the W/E.

A. CHILD DEFINED

1. Stepchild.--The 3-year steprelationship requirement to qualify as a stepchild in life cases is reduced to 1 year effective for benefits beginning with September 1960 based on an application filed in or after such month. The duration requirement is now the same in both life and survivor cases.

2. Deemed Stepchild.--Effective for benefits beginning with September 1960 based on an application filed in or after such month, a child is deemed to be the stepchild of the W/E if his natural or adopting father or mother went through a marriage ceremony with the W/E (who is not his natural or adopting parent) resulting in a purported marriage between them which would have been a valid marriage except for a legal impediment arising:

a. From the lack of dissolution of a previous marriage or otherwise arising out of such a previous marriage or its dissolution, or

b. From a procedural defect in the purported marriage.

3. Child of Purported Marriage.--Effective for months beginning with September 1960, based on an application filed in or after such month, a child who does not meet the pre-amendment definition of "child" but is the son or daughter of an insured individual shall nevertheless be deemed the child of such insured individual if such individual and the mother or father, as the case may be, went through a marriage ceremony resulting in a purported marriage between them which would have been valid except for an impediment arising:

a. From the lack of dissolution of a previous marriage or otherwise arising out of such a previous marriage or its dissolution, or

b. From a procedural defect in the purported marriage.

B. REQUIREMENTS FOR ENTITLEMENT

1. Child of W/E Who Died Before 1940.--A child of a W/E who died after 3/31/38 and before 1940 with at least 6 QC's may be paid benefits. This change is effective for benefits beginning with October 1960 but only if application is filed after August 1960. Because of the time element, this can apply only to disabled children who are over 18 and who were disabled prior to attaining age 18. For computation of benefit, see Chapter 100 of Summary.

2. Child Dependency.

a. When Dependency Requirement Must be Met.--Adds "the time the child's application is filed" as a point for establishing child dependency where the W/E has a continuing period of disability. However, this point can be used only by a natural or stepchild, but not by an adopted child unless the child was legally adopted before the end of a 24-month period beginning with the month after the W/E became entitled to a DIB, but only if the adoption proceedings were instituted in or before the first month of the W/E's period of disability or the child was living with him in such month. This provision is effective for months after 8/58 based on applications filed on or after 8/28/58. It will apply as though it had been included in the 1958 amendments enacted on 8/28/58.

b. Dependency on Natural or Adopting Father--Child Living With and Supported by Stepfather.--A child may be deemed dependent on his natural or adopting father at the appropriate time even if the child is living with and chiefly supported by his stepfather, provided other conditions to deemed dependency are met. This provision is effective for benefits beginning with September 1960, based on application filed in or after such month.

C. AMOUNT OF BENEFITS

1. Survivors Benefits.--The benefit payable to a surviving child (in cases involving two or more children) is raised to 3/4 of the W/E's PIA, rather than 1/2 of the PIA with 1/4 divided between the children. This change is effective for benefits beginning with December 1960.

2. Saving Clause.--See Chapter 100 of this summary, Computations.

D. TERMINATIONS

The benefit of a disabled child over age 18 (whose benefits have not otherwise terminated) will end with the second month following the month in which he ceases to be under a disability after attaining age 18. (Effective with respect to benefits for months after September 1960 but only if the child is entitled to a child's benefit for September 1960, or any succeeding month without regard to this provision.) See Chapter 6000 of this summary, Disability, for provision relating to "Period of Trial Work" and its effect on terminating a period of disability.

A. WIDOW DEFINED

Effective for benefits beginning with September 1960, based on an application filed in or after such month, a widow whose marriage was invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify if:

1. There was a marriage ceremony;

2. She went through the marriage ceremony in good faith, not knowing of the impediment at the time of marriage;

3. She was living in the same household with the W/E when he died; and

4. At the time of filing application there is no widow (based on a valid marriage or inheritance rights under State law) who is or was entitled to benefits and who still has status as a widow.

B. REQUIREMENTS FOR ENTITLEMENT

The widow of a W/E who died after 3/31/38, and before January 1, 1940, with at least 6 QC's may qualify for benefits. For computation of benefit see chapter 100 of this summary. This provision is effective for months after September 1960, based on applications filed in or after September 1960.

C. AMOUNT OF BENEFIT

No change in proportion. However, where the family maximum applies, see chapter 100 of this summary for saving clauses relating to:

1. The increase in the child's benefit rate, and

2. Additional individuals who may be entitled as a result of the invalid marriage provision.

D. TERMINATION

Benefits based on a widow's invalid marriage terminate the month before the month in which entitlement is certified for a widow of a valid marriage or one who has inheritance rights as a widow under State law.

450. WIDOWER'S BENEFITS 450

A. WIDOWER DEFINED

Effective for benefits beginning with September 1960, based on an application filed in or after such month, a widower whose marriage was invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify if:

1. There was a marriage ceremony;

2. He went through the ceremony in good faith, not knowing of the impediment at that time;

3. He was living in the same household with the W/E when she died; and

4. At the time of filing application, there is no widower who has the status of a widower based on a valid marriage or inheritance rights under State law, who is or was entitled to benefits.

B. REQUIREMENTS FOR ENTITLEMENT

1. Death Before 9/50.--A widower may qualify even though the W/E died before 9/1/50 if death occurred after 3/31/38, and the W/E had at least 6 QC's. For computation of benefit see chapter 100 of this summary. This provision is effective for months after September 1960, based on applications filed in or after September 1960.

2. Proof of Support.--A widower who qualifies only under these amendments may file proof of support within 2 years after September 1960.

C. AMOUNT OF BENEFIT

No change in proportion.

D. TERMINATION AND RE-ENTITLEMENT

The benefit of a purported widower terminates the month before the month in which entitlement is certified for a widower of a valid marriage to the W/E or with the same inheritance rights under State law as a widower.

500. MOTHER'S BENEFITS 500

A. WIDOW DEFINED

Effective for benefits beginning with September 1960, based on an application filed in or after such month, a widow whose marriage was invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify if:

1. There was a marriage ceremony;

2. She went through the marriage ceremony in good faith, not knowing of the impediment at the time of marriage;

3. She was living in the same household with the W/E when he died; and

4. At the time of filing application there is no widow who has the status of a widow, based on a valid marriage or inheritance rights under State law, who is or was entitled to benefits.

B. REQUIREMENTS FOR ENTITLEMENT

The mother may qualify even though the death was before January 1, 1940, if death occurred after 3/31/38. and the W/E had at least 6 QC's. This provision is effective beginning with October 1960 based on applications filed in or after September 1960. (For deaths before 1940, the only mother who could now qualify would be one with a childhood disability beneficiary over 18 in her care.) For computation of the PIA in these cases, see Chapter 100 of this Summary.

C. AMOUNT OF BENEFIT

No change in proportion. However, where the family maximum applies, see chapter 100 of this summary for saving clauses relating to:

1. The increase in the child's benefit rate, and

2. Additional individuals who may be entitled as a result of the invalid marriage provision.

D. TERMINATION

Benefits based on a widow's invalid marriage terminate the month before the month in which entitlement is certified for a widow of a valid marriage or one who has inheritance rights as a widow under State law.

A. PARENT DEFINED

No change.

B. REQUIREMENTS FOR ENTITLEMENT

1. Parents of a W/E may qualify for parent's insurance benefits even though the W/E died before 1940 if death occurred after 3/31/38, and the W/E had at least 6 QC's. For computation of the PIA in these cases see chapter 100 of this summary. (Effective for months after September 1960, based on application filed in or after such month.)

2. Where the parent could not qualify for parent's benefits except for the enactment of this bill, the period for filing proof of support is extended to permit filing of such proof prior to the expiration of 2 years from October 1, 1960.

C. AMOUNT OF BENEFIT

No change in proportion. However, where family maximum applies, see chapter 100 of this summary for saving clauses relating to:

1. The increase in the child's benefit rate, and

2. Additional individuals who may be entitled as a result of the invalid marriage provision.

D. TERMINATION

No change.

700. LUMP-SUM DEATH PAYMENTS

A. SURVIVING SPOUSE DEFINED

The surviving spouse of an insured deceased W/E includes an individual who, although not validly married to the W/E at the time of his death, nor having the same status as a widow (or widower) with respect to the taking of the W/E's intestate personal property, has been deemed to have entered into a valid marriage with the W/E under the "invalid marriage provision" as defined in Sections 400A and 450A of this Summary. This provision is effective based on an application for the lump sum filed in or after September 1960, provided no other person has filed for the lump sum prior to September 13, 1960.

B. PAYMENT OF BURIAL EXPENSES

If there is no surviving spouse eligible for the LS, or if such spouse died before receiving payment,

1. and where all or part of the burial expenses of the insured individual incurred by or through a funeral home is unpaid,

   a. the payment will be made to such home, to the extent of the unpaid expenses, upon application of any person who assumed the responsibility for the payment of all or any part of such burial expenses requesting that the LSDP be made to the home;
   b. where no person assumed responsibility for the payment of any such burial expenses in the 90-day period after the insured's death, such payment will be made to the funeral home upon application by the home.

2. If all of the burial expenses of the insured individual which were incurred by or through a funeral home or funeral homes have been paid (including payments made under B(1)(a) and (b) above), the (remaining) LSDP will be made 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.

3. If any part of the LS payable remains unpaid after all payments have been made under the above paragraphs, the remainder will be paid 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 in the following order of priority:

   a. expenses of opening and closing of the grave;

   b. expenses of providing the burial plot;

   c. any remaining expenses in connection with the burial.

These amendments are effective in the case of deaths occurring on or after September 13,1960. They also apply where death occurred prior to this date unless an LS application is filed prior to December 1960.

C. DEATH IN THE MILITARY SERVICE OUTSIDE THE UNITED STATES.--The amendments provide for the payment of the lump sum in cases where the body of a serviceman who died outside the United States after December 1953 and before January 1, 1957, is returned to Guam or American Samoa for reinterment, on the basis of an application filed within 2 years after the date of such reinterment.

Previously, this extension of the filing period was not available in the case of such deaths outside the United States prior to 1957, where the body was returned to Guam or American Samoa for interment or reinterment. The amendment is effective with respect to reinterments after September 13, 1960.

The only changes with respect to applications concern the advance filing, retroactive effect and prospective life of disability applications. See paragraphs D and E of Summary Section 6000, Disability.

1300. COVERAGE AND EXCEPTIONS

A. FAMILY EMPLOYMENT

Effective 1/1/61 service performed by an individual in the employ of his or her son or daughter (except domestic service in or about the private home of a son or daughter or service not in the course of a son or daughter's trade or business) is covered.

B. NONPROFIT EDUCATIONAL, RELIGIOUS, ETC., ORGANIZATIONS

1. Filing of Waiver Certificates (Form SS-15).--The amendments eliminate the requirement that a nonprofit educational, religious, etc., organization exempt from income tax as a type of organization described in Section 501(c)(3) of the Internal Revenue Code must obtain the signatures on a Form SS-15a (List of Concurring Employees) of at least two-thirds of its employees in order to have coverage for its employees by filing a waiver certificate (Form SS-15).

Effective after September 13, 1960, an organization may file a Form SS-15 without the concurrence of any of its employees and without filing a Form SS-15a. However, only the employees whose names are included on a Form SS-15a or SS-15a Supplement and employees hired or rehired after the calendar quarter in which the Form SS-15 is filed are covered.

Where an organization must divide its employees into two groups it may file a Form SS-15 in accordance with the above with respect to the employees in one or both groups.

2. Organization Erroneously Reported Remuneration for Employees.--Effective after September 13, 1960, an employee of a nonprofit educational, religious, etc., organization exempt from income tax as a type of organization described in Section 501(c)(3) of the Internal Revenue Code may receive social security credit for remuneration erroneously reported on his behalf by the organization for any taxable period from 1/1/51 through 6/30/60, if the employee (or a fiduciary acting for him or his estate or his surviving spouse, former wife divorced, child or parent) files a request that the remuneration erroneously reported be deemed to constitute remuneration for covered employment and if in addition the following requirements are met:

a. The employee performed some services for the organization after 1950 and, before July 1960, was paid remuneration for such services; and

b. The employee's services would have constituted covered employment had the organization filed a valid waiver certificate (Form SS-15) effective for the period during which the services were performed and had the employee's signature appeared on the organization's Form SS-15a or Form SS-15a Supplement (List of Concurring Employees); and

c. Before 8/11/60 employment taxes had been paid on at least a part of the remuneration received by the employee for such services; and

d. The organization has filed a waiver certificate (Form SS-15) on or before the date the employee files his request that the remuneration erroneously reported be deemed to constitute wages for covered employment, or the organization has no employees to whom remuneration is paid at the time such request is filed; and

e. If the employee was in an employment relationship with the organization in the calendar quarter in which it filed a waiver certificate and was also employed at any time during the 24-month period immediately following such calendar quarter, the organization paid employment tax on some part of the remuneration paid the employee in such 24-month period; and

f. Any amount of refund or credit obtained with respect to any part of the employment tax paid before 8/11/60 on the employee's remuneration (other then a refund or credit which would be allowed if the employee's services had constituted covered employment) is repaid (including any interest thereon) before 1/1/63.

Any employee, whose remuneration is deemed to constitute remuneration for covered employment because the above requirements are met will be deemed to have become an employee of the organization involved (or to have become a member of a group described in CM 1351.72) on the first day of the calendar quarter following the quarter in which his request is filed if: (1) He performs services as an employee of the organization on or after the date he files his request that the remuneration erroneously reported by the organization be deemed to be remuneration for employment; and (2) The waiver certificate filed by the organization is not effective with respect to his services before the first day of the calendar quarter following the quarter in which his request is filed. In this situation the employee will be considered to have the status of a new employee and his services for the organization after the calendar quarter in which he files his request will be compulsorily covered.

Procedures concerning the filing of the request are being formulated and will be distributed as soon as possible.

3. Certain Employees of Nonprofit Educational, Religious, Etc., Organizations Erroneously Reported Their Remuneration as Net Earnings from Self-Employment.

a. The amendments provide that an employee of a nonprofit educational, religious, etc., organization exempt from income tax as a type of organization described in Section 501(c)(3) of the Internal Revenue Code may receive social security credit for the remuneration paid him by the organization for services and erroneously reported by him as self-employment income for any taxable year after 1954 and before 1962, if the employee (or a fiduciary acting for him or his estate or his surviving spouse, former wife divorced, child or parent) files a request that such remuneration be deemed to constitute net earnings from self-employment, and if in addition, the following requirements are met:

(1). The request must be filed after September 13, 1960, and before 4/16/62; and

(2). The nonprofit organization which paid the employee the remuneration which he erroneously reported as self-employment income has filed a waiver certificate (Form SS-15) on or before the date on which the employee files his request; and

(3). The remuneration for any taxable year after 1954 and before 1962 must have been reported as self-employment income on a return filed on or before the due date prescribed for filing such return (including any extension thereof); and

(4). Any amount of refund or credit obtained with respect to any part of the self-employment tax erroneously paid for any taxable year (other then a refund or credit which would be allowable if such tax was applicable with respect to such remuneration) is repaid on or before the date on which the request is filed.

b. Only the amount of remuneration which is paid to the employee after 1954 and before the calendar quarter in

which he files his request (or before the first quarter after the quarter in which the request is filed if his service for the organization is not covered until such quarter) and with respect to which self-employment tax has been paid and no employment tax has been paid can be deemed to constitute net earnings from self-employment and not remuneration for employment.

c. Any employee, whose remuneration is deemed to constitute net earnings from self-employment because the above requirements are met will be deemed to have become an employee of the organization involved (or to have become a member of a group described in CM 1351.72) on the first day of the calendar quarter following the quarter in which his request is filed if:

(1). He performs services as an employee of the organization on and after the date he files his request that the remuneration erroneously reported by him as self-employment income be deemed to constitute net earnings from self-employment and

(2). The waiver certificate (Form SS-15) filed by the organization is not effective with respect to his services on or before the first day of the calendar quarter in which his request is filed. In this situation the employee will in effect be considered to have the status of a new employee and his services for the organization after the calendar quarter in which his request is filed will be compulsorily covered.

4. Effect on Benefit Payments.--Under the 1960 amendments no monthly benefits for September 1960, or for any prior month may be payable or increased on the basis of amounts which are considered wages for employment under B2 above or net earnings from self-employment under B3 above. Also no lump-sum death payment may be payable or increased on the basis of such wages or net earnings from self-employment in the case of any individual who died prior to September 13, 1960.

5. Organization Failed to File Valid Certificate (Form SS-15)--Section 403(a) of the 1954 Amendments as Amended by Section 401 of the 1956 Amendments and P.L. 85-785.--Under the 1960

amendments, Section 403(a) of the Social Security Amendments of 1954 as amended by Section 401 of the 1956 amendments applies only to requests filed pursuant to such section before September 13, 1960. However, the fact that an employee filed a request under section 403(a) before September 13, 1960, that the remuneration erroneously reported on his behalf before 1957 be considered remuneration for employment does not preclude him from filing a request discussed in B2 above that the remuneration erroneously reported on his behalf for any period from 1/1/57 through 6/30/60 be considered remuneration for covered employment.

C. FOREIGN GOVERNMENT, WHOLLY-OWNED INSTRUMENTALITY OF FOREIGN GOVERNMENT, INTERNATIONAL ORGANIZATION

The amendments continue the exclusion from employment of service performed for foreign governments, certain wholly-owned instrumentalities of foreign governments and international organizations. However, the amendments provide that beginning with taxable years ending on or after 12/31/60 American citizens employed within the United States by foreign governments, wholly-owned instrumentalities of foreign governments and international organizations are covered as self-employed persons to the extent that their service is excepted from employment.

D. EXTENSION OF COVERAGE TO GUAM AND AMERICAN SAMOA

Effective January 1, 1961, the term "United States" when used in a geographical sense includes Guam and American Samoa. Coverage extends to employees in these territories on the same basis as in the continental United States, with the following limitations:

1. Governmental Employees of Guam and American Samoa.--Effective after the calendar quarter in which the Secretary of the Treasury receives a certification from the Governor of Guam that such coverage is desired, service by an officer or employee (including members of the legislature) of the Government of Guam or any political subdivision thereof, or by an officer or employee of any wholly-owned instrumentality of any one or more of the foregoing is covered on a mandatory basis. Coverage for employees of the Government of American Samoa may be similarly effectuated. Those employees whose services are covered by a retirement system established by a law of the United States are excluded from coverage. The State-Federal agreement method which applies to employees of State and local governments is not applicable to those territorial governments.

2. Service in Guam by Residents of the Republic of the Philippines.-- Excluded from employment is service performed in Guam by a resident of the Republic of the Philippines while in Guam on a temporary basis as a nonimmigrant alien.

A. DELEGATION BY GOVERNOR OF CERTIFICATION FUNCTION

Effective as of September 13, 1960, the Governor of a State may delegate his responsibility for making the certifications required by Sections 218(d)(3) and (d)(7) of the Act, in connection with the referendum procedure, to an official of the State selected by him for that purpose.

B. RETROACTIVE COVERAGE

With respect to agreements or modifications to an agreement executed on or after January 1, 1960, a State may make coverage retroactive for five years preceding the year in which the agreement or modification is executed but not earlier than January 1, 1956. (The latter limitation will have no effect as to agreements or modifications executed after 1960.)

C. MUNICIPAL AND COUNTY HOSPITALS

The amendments give the States an additional option as to what shall constitute a retirement system for referendum and coverage purposes. A retirement system which covers positions of employees of a hospital that is an integral part of a political subdivision may, if the State desires, be deemed to be a separate retirement system for employees of the hospital.

D. TRANSFER OF INDIVIDUALS FROM ONE DEEMED RETIREMENT SYSTEM TO ANOTHER

A retirement system which is composed of the State and one or more political subdivisions or of more than one political subdivision may at the option of the State be subdivided into deemed retirement systems for referendum and coverage purposes. Prior to the amendments, where such a deemed retirement system had been further divided on the basis of the desires of the members, those members who were included in the part of the system composed of members not desiring coverage were, upon transfer of their positions to another such deemed retirement system, treated as new members of the deemed retirement system to which their positions were transferred and automatically included in the part of that system composed of the positions of members who elected coverage. Under these amendments, an individual whose position is transferred from one deemed retirement system to another deemed retirement system on or after September 13, 1960, as the result of an action taken by the political subdivision will be included in the part of the deemed system composed of the positions of members not electing coverage if:

1. The individual before the transfer was included in the part of the deemed retirement system composed of the positions of members of the system not desiring coverage, and

2. The two deemed retirement systems involved were part of a single retirement system before it was divided into deemed retirement systems for referendum and coverage purposes.

An individual whose position was transferred under the conditions described above from one deemed retirement system to another deemed retirement system before September 13, 1960, may also be included in the part composed of the positions of members not electing coverage. However, this can be accomplished only where the Governor, or an official designated by him files a request with the Secretary of Health, Education, and Welfare prior to July 1, 1961. Under these circumstances, this amendment will be effective with respect to wages paid these individuals on or after the date on which the Governor's request is filed.

E. DEEMING A RETIREMENT SYSTEM TO EXIST FOR EFFECTIVE DATE PURPOSES

Under the amendments a retirement system which is composed of the positions of employees of the State and one or more political subdivisions or two or more political subdivisions which is not divided for referendum and coverage purposes into separate "deemed" retirement systems may, at the option of the State, be divided into separate "deemed" retirement systems for effective date purposes only. Where this option is used a separate retirement system may be deemed to exist with respect to:

1. The State,

2. The State and any one or more political subdivisions, or

3. One or more political subdivisions.

This provision of the amendments is effective with respect to agreements or modifications executed on or after September 13, 1960.

F. COVERAGE OF POLICEMEN AND FIREMEN POSITIONS UNDER A RETIREMENT SYSTEM

Effective as of September 13, 1960, the State of Virginia may, upon compliance with the referendum procedures, cover under its agreement employees in policemen and firemen positions under a retirement system.

G. DIVIDING A RETIREMENT SYSTEM ON THE BASIS OF MEMBERS' DESIRES

Effective as of September 13, 1960, the State of Texas is added to those States which may divide a retirement system on the basis of the desires of the membership.

H. VALIDATION OF COVERAGE FOR CERTAIN MISSISSIPPI TEACHERS

Remuneration for services performed by Mississippi teachers after February 28, 1951, and prior to October 1, 1959, were reported under the State's coverage agreement as wages for services performed by State employees rather than as services performed by employees of various school districts. Under the amendments these reportings are validated by deeming teachers to be State employees for the periods referred to above. A teacher is defined in the legislation as:

1. Any individual who is licensed to serve in the capacity of teacher, librarian, registrar, supervisor, principal or superintendent and who is principally engaged in the public elementary or secondary school system of the State in any one or more of such capacities;

2 Any employee in the office of the county superintendent of education or the county school supervisor, or in the office of the principal of any county municipal public elementary or secondary school in the State; and

3. Any individual licensed to serve in the capacity of teacher who is engaged in any educational capacity in any day or night school conducted under the supervision of the State Department of Education as a part of the educational adult program provided for under the laws of Mississippi or under the laws of the United States.

I. TEACHERS IN THE STATE OF MAINE

The provision of the 1958 amendments which authorized the State of Maine up to July 1, 1960, to divide a retirement system covering positions of teachers and other employees into two deemed retirement systems for purposes of holding a referendum and extending coverage, has been revised to authorize Maine, if it so desires, to modify its agreement prior to July 1, 1961, for purposes of a division of such retirement system.

J. JUSTICES OF THE PEACE AND CONSTABLES IN THE STATE OF NEBRASKA

The State of Nebraska may, if it chooses, modify its agreement so as to exclude services performed by justices of the peace and constables compensated on a fee basis. Such a modification to the agreement shall be effective with respect to services performed after an effective date specified except that such services cannot be excluded for periods prior to September 13, 1960.

K. CERTAIN EMPLOYEES IN THE STATE OF CALIFORNIA

The State of California may, if it chooses, modify its agreement prior to 1962 to include services performed by an individual employed by a hospital on or after January 1, 1957, and on or before December 31, 1959, whose position was covered by a retirement system on September 1, 1954, but removed from coverage under such a system prior to 1960. This action can be taken only if prior to July 1, 1960, the State of California has in good faith paid to the Secretary of the Treasury amounts equivalent to the employer and employee share of taxes under the Internal Revenue Code. Such a modification to the agreement will be effective with respect to the services performed by such individuals on or after January 1, 1960, as well as to all services performed prior to such date with respect to which the State has paid prior to September 13,1960, amounts equivalent to such taxes.

L. LIMITATION ON STATE'S LIABILITY FOR CONTRIBUTION IN CERTAIN CASES

Under the amendments a State may amend its agreement to provide that contributions due on wages received during a calendar year by an employee who performs covered services for two or more political subdivisions or for the State and one or more political subdivisions shall be computed as if they were paid by a single employer. However, a State's contribution liability may be limited in this manner only if:

1. The State furnishes all the funds to pay the contributions due and,

2. The political subdivision(s) by whom the employee is employed does not reimburse the State the amount of the contributions attributable to the employee's employment by such subdivision(s).

3. The State complies with such regulations as the Secretary may prescribe.

The limitation of a State's contribution liability in the manner described will be effective as of the date specified in the modification but in no event with respect to wages paid before (1) January 1, 1957, in the case of an agreement or modification which is mailed or delivered by other means to the Secretary before January 1, 1962, or (2) the first day of the year in which the agreement or modification is mailed or delivered by other means to the Secretary, in the case of an agreement or modification which is so mailed or delivered on or after January 1, 1962.

M. STATUTE OF LIMITATIONS

The amendments provide a statute of limitations for State and local coverage which becomes effective January 1, 1962. The statute fixes a time limit beyond which a State will not be liable for amounts due with respect to wages paid individuals whose services are covered under its agreement and beyond which the Department will not be liable for refunding or crediting overpayments made by a State under its agreement. The time limitations are essentially the same as those applicable to employers in private industry.

Section 205(c)(5)(F) was also amended to permit the correction of earnings records after the time limitation for revision of such records has expired to conform to a timely assessment or an allowed claim for credit or refund.

N. REVIEW BY SECRETARY

Effective January 1, 1962, the Secretary will at the request of a State review any determination made by him disallowing a State's claim for refund or credit of an overpayment, or allowing a credit or refund, or making an assessment of an amount due under the State's agreement. The State's request for such a review must be made within 90 days after it is notified of the Secretary's determination or within such additional time as the Secretary may allow.

O. REVIEW BY COURT

If upon receipt of the decision reached by the Secretary as a result of his review of a determination, a State is still dissatisfied with the decision it may file a civil suit in an appropriate district court of the United States for a redetermination of the correctness of the Secretary's determination. The suit, however, must be brought within 2 years after the mailing of the notice to the State of the decision reached by the Secretary upon review. This provision of the amendments is effective January 1, 1962.

A. MINISTERS AND CHRISTIAN SCIENCE PRACTITIONERS

1. Extension of Time for Filing Waiver Certificates.--The amendments extend until April 15, 1962, the time within which ministers and Christian Science practitioners (who have had earnings from the ministry in 2 or more years after 1954) may elect coverage as self-employed clergymen. A waiver certificate will be retroactively effective for the taxable year immediately preceding the year for which the due date, including any extension thereof, for filing a tax return has not expired. Thus, for most ministers (i.e., those whose due date for filing a tax return is April 15) a waiver certificate filed between January 1 and April 15 will be effective for the second taxable year before the year in which the certificate is filed and waiver certificates filed after April 15 will be effective for the current year and the previous year.

2. Supplemental Certificate to Make Certain Certificates Effective With 1956.--The amendments provide that a minister or Christian Science practitioner who previously filed a waiver certificate which was effective with 1957 may change such effective date to 1956 by filing a supplemental certificate and paying the self-employment tax for 1956, including repayment of any tax refund, on or before April 15, 1962. This provision is similar to the one contained in P.L. 239 which was effective only through April 15, 1959.

3. Validation of Previous Reportings.

a. No Valid Waiver Certificate Filed.--The new law provides that a minister or Christian Science practitioner who filed timely tax returns reporting SEI for any taxable year(s) ending after 1954 and before 1960, but failed to file a waiver certificate may file such a certificate on or before April 15, 1962, effective for such previous years and for all subsequent taxable years. The certificate may be filed by the minister or in the event of his death or incompetency by a fiduciary acting for such individual or his estate or by his spouse, former wife divorced, child or parent and the certificate will validate the previous SEI reportings, provided the SE tax for each year, including repayment of any tax refunds, is paid on or before April 15, 1962.

b. Valid Waiver Certificate Filed Which Was Not Effective For First Taxable Year Ending After 1954 and Before 1959 For Which a Return Was Filed.--If a minister or Christian Science practitioner has previously filed a waiver certificate which is not effective for the first taxable year ending after 1954 and before 1959 for which he filed a return, a supplemental certificate may be filed on or before April 15, 1962, to validate such previous reportings and for all succeeding years. This may be done by the minister, or in the event of his death or incompetency, by a fiduciary acting for the minister or his estate or by his spouse, former wife divorced, child or parent. As in 3 a. above, the previous self-employment income reportings will be validated for the first year of such reporting, provided the self-employment tax for each year, including repayment of any tax refunds, is paid on or before April 15, 1962.

4. Limitation on Retroactivity.-- No benefits are payable, nor may any benefit be increased, by reason of this amendment for September 1960 or any prior month. No lump-sum death benefit is payable, nor may any lump-sum death benefit be increased, by reason of this amendment where death occurred before September 13, 1960.

B. EXTENSION OF SEIF-EMPLOYMENT COVERAGE TO GUAM AND AMERICAN SAMOA

The amendments provide that for the purposes of self-employment coverage, and the computation of net earnings from self-employment and self-employment income, the term "possession of the United States" does not include Guam and American Samoa. The amendments further provide that residents of Guam and American Samoa who are not citizens of the United States shall not be regarded as nonresident aliens for self-employment purposes.

As a result of the amendments, Guamanians or American Samoans conducting a trade or business in either place will compute and report their net earnings from self-employment and self-employment income in the same manner as American citizens engaged in a trade or business in any of the States. Prior exclusions from gross income of American citizens conducting a trade or business in Guam or American Samoa no longer apply for purposes of computing their net earnings from self-employment. Accordingly, the gross income from a trade or business will be computed in the same manner as if the business was conducted in any of the States.

These provisions are effective for taxable years beginning after 1960.

C. SELF-EMPLOYMENT OF AMERICAN CITIZEN EMPLOYEES OF FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

Self-employment coverage is extended to United States citizens who perform services in the United States as employees of:

1. A foreign government,

2. An instrumentality wholly owned by a foreign government, or

3. An international organization.

This provision is effective for taxable years ending on and after December 31, 1960. However, for retirement test purposes, remuneration is treated as "wages" for taxable years beginning on or before September 13,1960, and as net earnings from self-employment for taxable years beginning after September 13, 1960.

1800. VETERANS BENEFITS - MILITARY SERVICE WAGE CREDITS

LIMITATION ON RECOMPUTATION TO INCLUDE CREDIT FOR POST-WORLD WAR II MILITARY SERVICE

If the wage earner was on the rolls in August 1952, the application for recomputation to include military service wage credits for the post-World War II period must be filed before January 1, 1961, unless he died before that date.

This amendment does not place a limitation on recomputation in the case of survivors who were on the rolls in August 1952. (See subsection E 5. of Summary, Section 100, Computations.)

A. SUMMARY OF REVISED ANNUAL EARNINGS TEST

The 1960 amendments substantially revised the retirement test. The highlights are as follows:

1. The $1,200 exempt amount remains the same.

2. For a full taxable year excess earnings, over $1,200 and up to $1,500, are charged on a $1 for $2 basis and amounts exceeding $1,500 are charged on a $1 for $1 basis.

3. Excess earnings are rounded to the next lowest dollar before charging.

4. Where auxiliary beneficiaries are entitled, excess earnings of an old-age beneficiary will be charged against the total family benefits payable. Where the auxiliary beneficiary is working, the excess will be charged against only his benefits.

5. If the excess to be charged because of the work of an old-age beneficiary for any month is less than the total of the family benefits payable for that month, then the difference payable to all beneficiaries is pro-rated in proportion to their original benefit rate.

6. There has been no revision in the application of additional (penalty) deductions against beneficiaries who work.

B. EXCESS EARNINGS

Where earnings in a taxable year exceed $100 times the number of months in such taxable year, an amount equal to one-half of the first $300 or less of such excess, plus any remaining excess above this $300 will be applied against and withheld from benefits payable for such year. The amount to be so applied will be known hereafter as the "chargeable excess."

C. ROUNDING OF THE CHARGEABLE EXCESS

Where the chargeable excess is not a multiple of an even dollar, it shall be reduced to the next lower multiple of $1.

D. MANNER OF APPLYING CHARGEABLE EXCESS

The chargeable excess will be applied against benefits beginning with the first month of the taxable year and proceeding to the last month of such year.

E. MONTH AGAINST WHICH CHARGEABLE EXCESS CANNOT BE APPLIED

A beneficiary's chargeable excess cannot be applied to months during which such beneficiary (1) was not entitled to benefits, (2) was age 72 or over, (3) neither worked as an employee for more than $100 nor rendered substantial services as a self-employed person, or (4) was entitled to a childhood disability benefit. Instead, these months are skipped over. If a beneficiary is subject to a deduction for a month because of noncovered remunerative activity outside the United States, because of failure to have a child in her care (in the case of a wife, widow, or former wife divorced), or because of refusal to accept rehabilitation services (in the case of a disabled child 18 or over), such beneficiary shall be deemed not entitled to benefits for that month for purposes of applying the chargeable excess.

F. DEDUCTIONS AGAINST AUXILIARY BENEFICIARIES BECAUSE OF WAGE EARNER'S EARNINGS

The wage earner's chargeable excess is applied against the benefits of his family group as a unit. Where the wage earner has excess earnings, an amount equal to his chargeable excess will be applied against (1) his benefits and (2) all other benefits (after adjustment for the family maximum without applying the deduction before reduction provision) payable on his earnings record and (3) any benefits payable to his spouse, if she is entitled to a child's disability or mother's benefit on another earnings record. However, where an auxiliary beneficiary is not entitled or is deemed not entitled to a benefit (see E, above) for a month, the wage earner's chargeable excess may not be applied against such auxiliary's benefit for such month.

Any partial benefit remaining for a month after applying the chargeable excess will be apportioned to the wage earner and all auxiliaries in the same proportion on which their original entitlement was based before reduction for the maximum, and without regard to any reduction in the benefit rate of an auxiliary because of entitlement to an OAIB or DIB. Where the apportioned amount is not a multiple of $0.10 it will be raised to the next higher multiple of $0.10.

G. HOW TO APPLY MULTIPLE CHARGEABLE EXCESSES

Where both the W/E and an auxiliary have chargeable excess earnings, the W/E's chargeable excess is first applied against his benefit and all other benefits payable on his earnings record. Then the chargeable excess of the auxiliary is applied against any benefits still payable to such auxiliary.

H. APPLYING CHARGEABLE EXCESS FOR AUXILIARY BENEFICIARY WHO WORKS WHERE MAXIMUM BENEFITS ARE INVOLVED

Where an auxiliary or survivor beneficiary works, the chargeable excess is applied against such individual's benefit as adjusted for the maximum without application of the deduction-before-reduction provision. Benefits to others entitled on the same E/R will be adjusted upward in accordance with the maximum provisions for the months in which the chargeable excess is applied. Where the working individual's benefit for a month exceeds his chargeable excess for that same month, the individual will be paid a benefit equal to this difference for such month. This partial benefit payable to the working beneficiary must be included in determining total benefits payable under the maximum provisions when adjusting upward the benefits of others entitled on the same E/R for that month.

I. EFFECTIVE DATES FOR ANNUAL RETIREMENT TEST

The provisions under B through H become effective for taxable years beginning after 12/31/60. The pre 1960 amendment annual earnings test remains in effect for taxable years ending in 1961 which began prior to 1961.

J. APPLICATION OF RETIREMENT TEST TO AMERICAN CITIZENS IN EMPLOY OF FOREIGN GOVERNMENT IN UNITED STATES

Services performed in the United States by U.S. citizens employed by foreign governments, wholly-owned instrumentalities of foreign governments, and certain international organizations previously excluded from employment covered by the Act are covered as self-employment effective for taxable years ending on or after 12/31/60. U.S. citizens performing such services will be subject to deductions under the annual earnings test on the basis of NE from SE and the substantial services factor rather than on the basis of wages and the $100 per month test effective for taxable years beginning after September 13, 1960.

K. EXTENDING A DEADLINE WHERE THE ENDING DATE FOR AN ACTION FALLS ON A NONWORK DAY

Effective September 13, 1960, any deadline date that falls on a Saturday, Sunday, or legal holiday, or on any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive Order, is extended to the first full work day immediately following the deadline date. For example, where April 15 (deadline date for filing annual earnings reports) falls on a holiday or other Federal nonwork day, the deadline date would be extended to the next full work day. This provision does not extend retroactivity of application for monthly benefits.

L. APPLICATION OF RETIREMENT TEST IN GUAM AND AMERICAN SAMOA

1. As a result of the extension of coverage under the OASDI program to Guam and American Samoa the annual earnings test rather than the 7-day work test will apply with respect to all persons living in these areas (except as noted in 2. below) effective for earnings from employment beginning January 1, 1961, and for SEI for taxable years beginning after 1960.

2. The 7-day work test remains applicable to earnings from the following employment and self-employment which continues to be excluded from coverage.

a. The SEI of a self-employed nonresident alien living in Guam or American Samoa.

b. Earnings for services performed in Guam by a resident of the Republic of the Philippines admitted to Guam on a temporary basis as a nonimmigrant alien.

M. MEANING OF UNITED STATES

Guam and American Samoa are now included in the geographical boundaries of the "United States" for program purposes (see exception in L. above), in addition to the States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

FAILURE TO REPORT OLD-AGE BENEFICIARY'S WORK

Effective September 13, 1960, an additional (penalty) deduction will no longer be imposable against the benefits of a person entitled to childhood disability benefits, or to mother's insurance benefits, who is married to an old-age insurance beneficiary for failure to timely report work of the old-age insurance beneficiary subject to the 7-day work test. Any such additional deductions previously imposed but not yet collected will not be collected after September 13, 1960.

A. ELIMINATION OF AGE 50 REQUIREMENT

The 1960 amendments eliminate age 50 from the DIB requirements effective with respect to monthly benefits for months beginning with November 1960 based on application for DIB filed in or after September 1960. The elimination of the age 50 requirement means that persons eligible for a freeze are also eligible for DIB except in a few situations such as the following:

1. Persons with statutory blindness who are able to engage in SGA;

2. Persons who qualified for freeze only with the help of RR or military service credits which are not creditable as wages for benefit purposes;

3. Certain persons who are past retirement age at time of filing and can establish a freeze which increases the amount of the OAIB, although they are ineligible for DIB (e.g., a woman aged 63 already entitled to OAIB or widow's benefits when she files her disability claim, or a W/E aged 66 or over when he files his disability claim, etc.)

B. WAITING PERIOD REQUIREMENT

1. When No Waiting Period is Required

Where a DIB claimant has previously had a freeze or DIB which ended within 5 years before the month his current disability began, he need not serve a waiting period, but will be eligible for benefits beginning with the first month throughout which he is under a disability and has DIB insured status. However, entitlement to the DIB without a waiting period cannot be established for any month before September 1960.

2. When Waiting Period Begins

With elimination of age 50 as a DIB requirement, the amendments also eliminate the restriction that the waiting period cannot begin more than 6 months before the month in which the W/E attained age 50. This means that the waiting period will begin with the first day of the 18th month before the month of filing, except where the disability requirements or the DIB insured status requirements were not met until after that day. This change affects only those cases where the W/E's application was filed in or after September 1960.

C. ALTERNATE INSURED STATUS REQUIREMENT

1. Where a claimant does not meet the 20/40 requirement for freeze or DIB in or before the 9/60 quarter, he nevertheless will have an insured status for freeze or DIB purposes as of the first quarter in which he has:

a. At least 20 quarters of coverage ending with that quarter, and

b. Quarters of coverage for at least 6 quarters beginning with the first quarter after 1950 and continuing for each quarter up to, but not including that quarter,

provided that the application is filed after August 31,1960 and before July 1, 1961 (an application filed after June 30, 1961 may be retroactive for no more than 18 months).

2. The alternate insured status requirement will help only a W/E whose disability began before 1956, and who had at least one quarter of coverage before 1946. (Otherwise persons meeting this requirement could also meet the 20/40 requirement.) A period of disability for such a person can start no earlier than 7/1/52 (since there must be at least 6 quarters of coverage after 1950 and before the quarter in which the freeze begins) and cannot start later than 12/31/55.

Benefits are payable under this amendment no earlier than October 1960.

D. APPLICATIONS FILED BEFORE DISABILITY BEGAN

An effective application for DIB or freeze may be filed before disability began, provided that:

1. In the case of an application for DIB, all requirements for DIB are met within 9 months after the month of filing (within 6 months, where no waiting period is necessary for DIB). Entitlement to a DIB cannot be established on the basis of this change for any month before September 1960.

2. In the case of a freeze application, all freeze requirements are met within 3 months after the day application is filed. However, an application is effective if all freeze requirements are met within 6 months after the month of filing where the DIB can be awarded without a waiting period for at least one month within such six months.

E. RETROACTIVITY OF APPLICATION FOR DIB OR FREEZE

The amendments provide expressly (rather than as previously by implication) that there can be no entitlement to DIB for retroactive months unless the disability continued throughout the retroactive months and up to the date of actual filing. The 12-month period of retroactivity for DIB is unchanged.

Freeze applications still have the same retroactivity as before.

F. TERMINATION OF FREEZE AND DIB

Under the amendments, when attainment of age 65, or cessation of disability requires terminating of the DIB and the freeze, they will end on the same date rather than a month apart.

Where attainment of age 65 is the terminating event, both freeze and DIB will end with the month before the month of attainment. However, where cessation of disability is the terminating event, DIB entitlement and the freeze will both continue through the month disability ceases and the 2 subsequent months, ending with the last day of the second month--unless, of course, termination occurs earlier because of death or attainment of age 65. In effect, therefore, the beneficiary whose disability ceases will usually receive DIB for 3 months longer than under previous law. Similarly, childhood disability benefits will continue through the month in which disability ceases and will end with the second month thereafter, unless some other terminating event occurs in or before the second month.

The DIB ends with the month before the month of death; but freeze continues to the end of the month of death. (As before, freeze will continue for a person with statutory blindness even though a DIB is terminated when he regains ability to work.)

These changes will apply only if the first terminating event (cessation of disability or attainment of age 65) occurs after September 1960. Where a terminating event occurs before October 1960, freeze and DIB will terminate in accordance with the law in effect before the 1960 amendments.

G. COMPUTATION OF THE DIB

1. Where the W/E becomes entitled to DIB (i.e., he has filed application and met all other requirements) in 1960, the DIB will be computed as if he had attained retirement age and filed for OAIB in the first month of the waiting period. Where the W/E is entitled to DIB without a waiting period (see B 1. above) the DIB will be computed as though he had attained retirement age and filed for OAIB in the first month for which he is entitled to DIB.

2. Where the W/E becomes entitled to DIB after 1960 the DIB will be computed as though:

a. The W/E had attained retirement age in the first month of the waiting period (or, if there is no waiting period, in the first month for which he is entitled to DIB); and

b. He had filed OAIB application when his DIB application was filed.

However, this rule will not be applied to increase the divisor for a woman who had actually attained retirement age and was fully insured before the beginning of the waiting period. For such cases, the elapsed years will not include the first year in which she was aged 62 and fully insured or any year thereafter. See summary of section 100, Computations and Recomputations, for explanation of "elapsed years" and "benefit computation years" in DIB cases.

H. EXCEPTION FROM 6-MONTH MINIMUM FREEZE REQUIREMENT

A freeze may be established for a period of less than 6 months, if during that period the W/E was entitled to a DIB for at least one month. This is possible only in cases where the W/E has qualified for a DIB without a waiting period (See B 1. above) that is, the W/E had a previous freeze period of at least 6 months' duration which terminated because disability ceased.

I. TRIAL WORK PERIOD

The amendment deletes the provision in the law relating to services performed under a State-approved rehabilitation program and substitutes a new section which provides for a trial work period. In determining whether a disability in a trial work period has ceased, we must disregard any remunerative work done during that period.

1. The trial work period applies only to persons who are entitled to either DIB or CDB; it does not apply to a person who is entitled only to a freeze. However, where a person has both a DIB and freeze, the trial work period applies to both (except for persons with statutory blindness; such a person's freeze will continue regardless of ability to engage in SGA).

2. The trial work period begins with whichever is the latest of the following months:

a. The month in which the beneficiary became entitled, by having filed application and having met all other requirements; or

b. October 1960; or

c. In CDB cases the month in which the child attained age 18.

3. The trial work period ends with the month in which medical recovery occurs or, if earlier, with the ninth month (beginning on or after the first day of the trial work period) in which the beneficiary does any work which is remunerative (including work which is of a type that would normally be remunerative). The nine months of work need not be consecutive. A month in which remunerative work is done will count as one of the nine months; the work need not be substantial.

4. Only one trial work period may be given in a single period of disability; and no trial work period may be given while a person is entitled to a DIB for which he qualified without a waiting period (see B 1. above).

Social Security Legislation in the Eighty-sixth Congress

by WILLIAM L. MITCHELL

Reprinted from the *Social Security Bulletin*, November 1960
U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE • Social Security Administration

Social Security Legislation in the Eighty-sixth Congress

by WILLIAM L. MITCHELL*

The Social Security Amendments of 1960 and related legislation enacted by the Eighty-sixth Congress make a number of technical improvements and several important substantive changes in the social security programs—notably a new program of medical assistance for the aged and broader disability protection.

The most controversial provisions, dominating public interest and discussion, were those relating to medical care for the aged. The highlights of the legislative development of the medical care provisions, as well as the details of the provisions adopted, are presented in Part I of this article. Part II gives the details and legislative history of the other provisions of the 1960 amendments to the Social Security Act and of other legislation affecting the social security programs.

WITH THE SIGNING on September 13, 1960, of H. R. 12580, the Social Security Amendments of 1960 became Public Law 86–778. They make revisions—some major and some technical—in all the programs under the Social Security Act.

SUMMARY OF MAJOR PROVISIONS

Old-Age, Survivors, and Disability Insurance

The major changes made by the 1960 amendments in the old-age, survivors, and disability insurance provisions are listed below.

1. Disabled workers under age 50 and their dependents can now qualify for benefits on the same basis as workers aged 50–64 and their dependents.

2. A change in the retirement test (effective for taxable years that begin after 1960) makes the test more equitable and improves its effect on incentives to work. The amendment eliminates the requirement for withholding a month's benefit for each $80 of earnings above $1,200 and provides instead for withholding $1 in benefits for each $2 of earnings from $1,200 to $1,500 and $1 in benefits for each $1 of earnings above $1,500. As under the previous act, no benefits are withheld for any month in which the beneficiary neither earns wages of more than $100 nor renders substantial services in self-employment.

3. The requirements for fully insured status are changed to 1 quarter of coverage for every 3 calendar quarters between January 1, 1951, and the year in which the worker becomes disabled, reaches retirement age, or dies (but not less than 6 or more than 40 quarters) instead of 1 for every 2 quarters.

4. A disability insurance beneficiary or childhood disability beneficiary is allowed a period of 12 months of trial work during which his disability benefits or freeze will not be terminated solely because of such work. Benefits for the beneficiary who recovers from his disability will be continued for the month in which his disability ceases and for the 2 following months.

5. Persons who become disabled within 5 years after termination of a previous period of disability can qualify for benefits without undergoing another 6-month waiting period.

6. The benefits paid to each child of a deceased worker have been increased to three-fourths of the primary insurance amount of the deceased worker (subject to the maximum on benefits payable to a family). Under the provision previously in effect, the benefit of each child was one-half the primary insurance amount plus one-fourth divided by the number of children.

7. Benefits are provided for the survivors of workers who had acquired 6 quarters of coverage and who died before 1940.

8. Benefits are payable under certain circumstances to a person as the wife, husband, widow,

*Commissioner of Social Security.

or widower of a worker if the person had gone through a marriage ceremony in good faith in the belief that it was valid when it was not, if the marriage would have been valid had there been no impediment, and if the couple had been living together at the time of the worker's death or at the time an application for benefits was filed. The child or stepchild of a couple who have gone through such a marriage ceremony can also get benefits.

9. The duration-of-relationship requirements that apply when a worker is alive are now the same as the requirements that apply when a worker has died. Benefits are payable to a wife, husband, or stepchild on the basis of a disabled or retired worker's earnings if the necessary relationship had existed for 1 year rather than for 3 years.

10. The coverage provisions of the program are changed to (a) extend coverage to service (other than domestic service or casual labor) performed by an individual in the employ of his son or daughter; (b) facilitate coverage of additional State and local government employees; (c) extend coverage under the self-employment provisions to services performed in the United States after 1959 by United States citizens in the employ of foreign governments, instrumentalities of such governments, or international organizations; (d) extend coverage to the territories of Guam and American Samoa; (e) provide an additional opportunity, generally until April 15, 1962, for ministers and Christian Science practitioners who have been in practice at least 2 years to elect coverage; (f) eliminate the requirement that two-thirds of the employees of a nonprofit organization must concur for the organization to elect coverage for concurring employees and all employees hired in the future; (g) permit employees or their representatives or survivors to obtain credit for certain earnings reported by nonprofit organizations that failed to comply with the requirements for extending coverage to these employees.

11. The method of financing the program has been strengthened by changes designed to make the interest earnings of the trust funds more nearly equivalent to the rate of return on Government bonds bought in the open market.

12. Other changes, mostly of a technical nature, were made to simplify the law and make it fairer and to facilitate the administration of the program.

Public Assistance

The major provisions of the Social Security Amendments of 1960 that affect the public assistance program relate to medical care for the aged and are as follows:

1. Title I of the Social Security Act is expanded to include a new program providing grants-in-aid to States for medical assistance in behalf of aged persons who are not recipients of old-age assistance but who have insufficient income and resources to meet the costs of necessary medical services. Federal sharing will range from 50 percent to 80 percent under a formula based primarily on per capita income.

2. Federal sharing in State old-age assistance expenditures for medical care in behalf of recipients is increased.

3. Provision is made for the preparation of guides or recommended standards for State use in evaluating and improving the level, content, and quality of medical care in their programs of public assistance and medical assistance for the aged, as well as the collection and publication of information on these matters.

Maternal and Child Health and Child Welfare

The major changes in the provisions of title V under the 1960 amendments to the Social Security Act are as follows:

1. The amounts authorized for annual appropriation are increased to $25 million for each of the three programs—maternal and child health services, crippled children's services, and child welfare services.

2. A new program, and a separate appropriation, is authorized for grants to public or other nonprofit institutions of higher learning and to public or other nonprofit agencies and organizations engaged in research or child welfare activities, for special research or demonstration projects in the field of child welfare that are of regional or national significance and for special projects for the demonstration of new methods or facilities that show promise of substantial contribution to the advancement of child welfare.

I. Medical Care Provisions of the Social Security Amendments of 1960

THE POSSIBLE expansion of the old-age, survivors, and disability insurance program to include hospitalization and nursing-home service benefits for aged and other beneficiaries had been discussed during the consideration of the 1958 amendments to the Social Security Act by the Eighty-fifth Congress. A bill introduced by Representative Forand, with medical care provisions almost identical with H. R. 4700 (the bill that he introduced in the Eighty-sixth Congress and that is described below), was actively under consideration and was discussed by most of the witnesses who testified at public hearings relating to the social security programs. The Committee on Ways and Means of the House of Representatives concluded, however, that more information was needed before any legislation in this field could be recommended. The Committee consequently asked the Secretary of Health, Education, and Welfare to make a study and report on possible ways of providing insurance against the cost of hospital and nursing-home care for old-age, survivors, and disability insurance beneficiaries and on the benefit costs and administrative implications of the different alternatives.

Such a report [1] was submitted to the Committee in April 1959. It brought together information on the characteristics of the aged population, their income and assets, their utilization of medical services, and the extent to which they are covered by voluntary health insurance. It also outlined and presented cost estimates for several alternative methods of providing hospital benefits for old-age, survivors, and disability insurance beneficiaries and other aged persons, including the provision of such benefits as part of the old-age, survivors, and disability insurance system, various methods of stimulating voluntary insurance, subsidies to private insurance carriers, and Federal assistance to the medically indigent. The report did not include any recommendations for specific action.

[1] *Hospitalization Insurance for OASDI Beneficiaries* (Committee Print), Committee on Ways and Means of the House of Representatives, April 3, 1959.

1959 HEARINGS ON H.R. 4700

In July 1959 the Ways and Means Committee held 5 days of public hearings on H. R. 4700, a bill introduced in the Eighty-sixth Congress by Representative Forand "to provide insurance against the costs of hospital, nursing home and surgical services for persons eligible for old-age and survivors insurance benefits."

Under the bill, eligible persons aged 65 and over (62 for women), their qualified dependents, and young survivors were to be entitled to the following health benefits in a 12-month period: up to 60 days of hospital care; up to 120 days, less the number of days in hospital, of care in a skilled nursing home upon transfer from a hospital and on a physician's certification that care was medically necessary for a condition associated with that for which the person was hospitalized; and necessary surgical services. Any hospital (other than mental or tuberculosis or Federal hospitals) or qualified nursing home licensed by the State in which it was located was to be eligible to enter into an agreement to provide services under the program. Payments for these services by the insurance fund were to cover the reasonable costs incurred by the provider, who would agree to accept them as payments in full for covered services. The Secretary was to be authorized to utilize in the administration of the program nonprofit organizations representing providers of hospital, nursing-home, or surgical services or operating voluntary insurance plans covering such services.

To finance the benefits, the bill provided for an increase in old-age, survivors, and disability insurance contributions of 0.25 percent of taxable earnings each for employers and employees and 0.375 percent for self-employed persons. The cost of the program as estimated by the Social Security Administration was $1,120 million, or 0.53 percent of taxable payrolls, in the first full year and 0.79 percent on a level-premium basis—that is, the average over the indefinite future.

(The comparable bill introduced by Representative Forand in the Eighty-fifth Congress had been fully financed according to cost estimates made at that time. In the subsequent congressional consideration of H.R. 4700, Representative Forand stated that he would amend the bill to assure that it was actuarially sound and to

take account of certain other technical problems resulting from the 1958 amendments to the Social Security Act.)

In testifying on the opening day of the hearings, the Secretary of Health, Education, and Welfare quoted from his report of April 3, 1959, to the Committee as follows:

> There is general agreement that a problem does exist. The rising cost of medical care, and particularly of hospital care, over the past decade has been felt by persons of all ages. Older persons have larger than average medical care needs. As a group they use about two and a half times as much general hospital care as the average for persons under age 65 and they have special need for long-term institutional care. Their incomes are generally considerably lower than those of the rest of the population, and in many cases are either fixed or declining in amount. They have less opportunity than employed persons to spread the cost burden through health insurance. A larger proportion of the aged than of other persons must turn to public assistance for payment of their medical bills or rely on "free" care from hospitals and physicians. Because both the number and proportion of older persons in the population are increasing, a satisfactory solution to the problem of paying for adequate medical care for the aged will become more rather than less important.

The Secretary then stated, however, that he did not regard H. R. 4700 as a satisfactory solution to the problem, since he believed that the objective of making adequate medical care available to the aged population should, as far as possible, be achieved through reliance upon and encouragement of individual and organized voluntary action. As a proportion of all persons aged 65 and over in the population, those having voluntary health insurance had risen from 26 percent in 1952 to about 40 percent in 1959 and in view of the special efforts being made by insurance carriers would, he felt, certainly increase still further. The Secretary pointed out that "enactment of a compulsory hospital insurance law would represent an irreversible decision to abandon voluntary insurance for the aged in the hospital field and would probably mark the beginning of the end of voluntary insurance for the aged in the health field generally. The pattern of health coverage of the aged would have become frozen in a vast and uniform governmental system [involving] governmental intervention into arrangements that are on the whole better left within the framework of nongovernmental action."

The Secretary further indicated that he recognized there were problems relating to the adequacy and cost of existing health insurance for aged persons and that the Department was continuing to study possible methods of strengthening the voluntary approach but had not yet had time to develop a definite recommendation.

During the course of the hearings, numerous witnesses testified both for and against H. R. 4700 or any similar proposal to provide health benefits for aged persons through the social security system. The American Medical Association, a number of State medical societies, the American Hospital Association, the Chamber of Commerce of the United States, the Health Insurance Association of America, the American Life Convention, the Life Insurance Association of America, and others opposed "the social security approach," and some opposed any Federal action, on a number of different grounds.

The major arguments presented by those opposed to H. R. 4700 related to the fear of Government control of hospital costs and of medical practice, the danger of overutilization of hospital facilities with an accompanying decline in the quality of care, and the fear that hospital insurance for the aged would be but the first step toward health insurance for the entire population through the social insurance system. The rapid growth of voluntary insurance and the willingness of many doctors to agree to hold down their charges for older persons were cited as evidence that the problem would solve itself, given time. Questions were also raised as to whether the aged were as badly off financially as pictured, and it was pointed out that the neediest aged were not receiving old-age and survivors insurance benefits and that they would therefore not be helped by a program geared to old-age, survivors, and disability insurance.

The use of the social insurance mechanism to provide hospital and other health benefits for aged persons was supported by the American Federation of Labor-Congress of Industrial Organizations and other representatives of organized labor, the American Public Welfare Association, the American Nurses Association, Group Health Association of America, the Physicians' Forum, the National Association of Social Workers, and others. The primary arguments presented by those supporting H. R. 4700 related to the growing need for the entire community to share in the higher-than-average medical costs of the aged, with use of the social insurance system

the most effective and logical method, assuring immediate broad coverage and a mechanism for prepayment; they reflected also the opposition to the use of a means test for medical care—suggested as an alternative to health benefits under old-age, survivors, and disability insurance. Also cited were the shortcomings of private insurance policies and protection and the question as to how much private insurance could be expected to do; the advantages that would accrue to hospitals and to private insurance carriers if the costs of the aged group were taken over by Government; and the probability that such action would strengthen rather than weaken voluntary insurance. A number of the witnesses also made suggestions for modifying the bill—by dropping surgical benefits, for example, and adding outpatient diagnostic and visiting nurse services to avoid unnecessary utilization of hospitals.

1960 PROPOSALS

There was no further congressional action on proposals for medical care for the aged in 1959. On March 14, 1960, the Ways and Means Committee went into executive session to consider possible amendments to the Social Security Act. It remained in executive session through April and May and into June. A large part of the time was devoted to the issue of medical care for the aged.

At the request of the Committee Chairman, the Secretary of Health, Education, and Welfare, as well as technical staff of the Department, sat with the Committee during most of its sessions. At the beginning of the session, the Secretary indicated that the executive branch had been exploring various alternative approaches to the problem of medical care for the aged and had conferred many times with representatives of various interested groups in an attempt to work out an acceptable solution. Up to that time, however, no agreement had been reached. The Committee asked the Secretary to push forward with his explorations and indicated an unwillingness to proceed without a definite recommendation from the Administration.

Early in 1959 the Senate Committee on Labor and Public Welfare had established a special Subcommittee on Problems of the Aged and Aging (the McNamara Subcommittee) to conduct a comprehensive study of the major problems of the aged. The subcommittee held public hearings in seven communities throughout the country and during the first 2 weeks in April 1960 held hearings in Washington, primarily on the health needs of the aged. The lineup of groups for and against provision of medical benefits through the social insurance system was similar to that at the time of the hearings before the Committee on Ways and Means in 1959.

Some new information on the medical needs of the aged was introduced. There were additional pressures for action and additional arguments for delay. A number of persons, for instance, thought no action should be taken until after the White House Conference on Aging early in January 1961. The Secretary of Health, Education, and Welfare again testified that he was exploring various alternatives.

The Javits Bill

On April 7, Senator Javits introduced, for himself and seven other Republican Senators, S. 3350—a bill to provide Federal matching grants to States to help subsidize the cost of health insurance for persons aged 65 and over. Six identical bills were introduced in the House.

Under this proposal, a participating State would enter into contracts with private insurance carriers to provide at least one service benefit and one indemnity benefit health insurance policy that would be available to every individual in the State who was aged 65 or over or married to such an individual. The policies would be required to cover home and office physicians' calls and other ambulatory care constituting not less than one-third of the premium cost and also to permit the substitution of care in skilled nursing homes for care of equal cost in general hospitals.

The bill established a schedule of subscription charges for individual subscribers ranging from zero for those whose annual incomes were less than $500 in the preceding year and 50 cents a month for those with incomes of $500–$1,000, up to $13 a month (or such larger amount as the State might designate) for those with incomes of $3,600 and above. No individual's subscription charge, however, was to exceed the premium cost of his policy if that cost was less than $13 a month. The difference between the aggregate premium cost for all participants and their total

subscription payments would be made up by the Federal and State governments, with the Federal share ranging from 33⅓ percent to 75 percent, depending on the per capita income of the State. The government costs under the bill were estimated by Senator Javits to be $1.12 billion, of which about $480 million would be Federal funds.

Administration Proposal

On May 4, Secretary Flemming presented to the Committee on Ways and Means and released to the press the Administration's plan. It called for Federal grants to the States to help finance a program of comprehensive medical benefits for the aged. In the States participating, the program would be open to all persons aged 65 and over who did not pay an income tax in the preceding year and to taxpayers aged 65 and over whose adjusted gross income, plus old-age and survivors insurance benefits and railroad retirement and veterans' pensions, in the preceding year did not exceed $2,500 ($3,800 for a couple).

The program in all participating States would provide that eligible persons could participate in the plan by paying an enrollment fee of $24 a year (old-age assistance recipients would be covered without paying an enrollment fee). After they had incurred health and medical expenses of $250 in a year ($400 for a couple), the program would pay 80 percent (100 percent for old-age assistance recipients) of the cost of the following benefits in a 12-month period when the services were determined to be medically necessary: up to 180 days of hospital care, skilled nursing-home care, organized home-care services, surgical procedures, laboratory and X-ray services (up to $200), physicians' services, dental services, prescribed drugs (up to $350), private-duty nurses, and physical restoration services. For public assistance recipients, the initial $250 would be paid by the assistance program.

In line with the principle enunciated by the Administration that opportunity for further development of private health insurance coverage of the aged should be maintained, the plan also provided that an eligible individual who so wished could elect to receive 50 percent, up to a maximum of $60 a year, of the cost of a private major medical insurance policy in lieu of the specified program benefits. The States would be responsible for establishing minimum specifications for such policies.

The program would be administered by the States directly or through the use of appropriate private organizations as agents. Federal matching grants toward the government costs of the program would be 50 percent on the average, with a range from 33⅓ percent to 66⅔ percent, depending on the relative per capita income of the State.

On the assumption that all States would participate and that 75 percent of the 10 million persons not now receiving old-age assistance who would be eligible would enroll, the annual government cost of the program was estimated to be $1.2 billion, and the Federal share $600 million. Including the costs that would fall on the public assistance program (the first $250 in a year for old-age assistance recipients), the total government cost under the proposal was estimated to be $1.65 billion. This proposal would require new appropriations of $688 million by the Federal Government and $617 million from State and local revenues. Enrollment fees would amount to $182 million a year.

The major arguments that were presented for and against this proposal are summarized below in the discussion of the Senate Finance Committee hearings.

The McNamara Bill

During the spring and early summer, a number of bills using the social insurance approach were introduced in both the House and the Senate. A few were identical with the Forand bill. Others were similar, but with variations in the scope of benefits, the groups covered, and other features. On May 6, Senator McNamara for himself and 18 other Democratic Senators introduced S. 3503, based in part on the hearings of his subcommittee.

The bill was designed to meet several of the criticisms that had been levied against the Forand bill. One criticism that had been made with increasing frequency was that 4 million of the 16 million persons aged 65 and over would be left out of any program limited to social insurance beneficiaries. The McNamara bill provided protection for this group (other than those entitled to railroad or Federal civil-service retirement

benefits), with the costs to be paid from general revenues. It also declared it to be the policy of Congress to take action as soon as possible to provide health benefits on a contributory basis for the almost 1 million railroad retirement and civil-service annuitants.

The McNamara bill restricted eligibility for health benefits to persons among those eligible for old-age and survivors insurance and the other entitled groups who met a special retirement test. It provided on an annual basis for hospital services up to 90 days, nursing-home services up to 180 days, and home health services up to 240 days but with an overall maximum of 90 units of service. One unit of service would be equal to 1 day of hospital service, 2 days of nursing-home benefits, and 2⅔ days of home health services.[2] The bill also provided for diagnostic outpatient services and a benefit covering the cost of very expensive drugs to the extent specified by the Secretary of Health, Education, and Welfare through regulation, after consultation with an advisory council. It provided for a staggered introduction of benefits, with the hospital and diagnostic outpatient services to become effective not earlier than July 1, 1961, or later than January 1, 1962, and the remaining benefits to become effective in various 6-month periods, none ending later than July 1, 1963.

To finance these benefits, the bill provided for an increase in the scheduled old-age, survivors, and disability insurance tax rate of 0.25 percent each for employers and employees and 0.38 percent for self-employed persons beginning in 1961 and an additional increase of 0.13 percent and 0.19 percent beginning in 1972. In the first full year of operation, when all the benefits were in effect, the estimated cost of the benefits (excluding the drug benefits, for which, in the absence of precise specifications, estimates could not be made) was $1.05 billion or 0.50 percent of taxable payroll for persons eligible for old-age and survivors insurance benefits and meeting the retirement test. It would be $430 million for the group whose benefits would be paid for from general revenues. The long-range level premium cost for those eligible for old-age and survivors insurance benefits was estimated at 0.89 percent of taxable payroll. (The estimated long-range level value of the increased contributions was 0.70 percent.)

[2] S. 3503 provided more limited benefits for aged persons not eligible for old-age, survivors, and disability insurance. This was changed, however, when the bill was reintroduced on June 24 as an amendment to H. R. 12580, to provide the benefits listed above for all persons covered by the bill.

ACTION OF WAYS AND MEANS COMMITTEE

In the Ways and Means Committee, discussion centered around the Forand bill and the Administration's proposal. The Committee rejected the Forand bill by a vote of 17 to 8. Several alternatives involving the social insurance approach but more limited benefits, eligibility at age 68 or age 72, the option of a cash payment in lieu of health benefits, and other proposals were considered and rejected. The Committee then began to work towards the development of a plan for medical assistance along lines similar to the existing public assistance programs, but with a less stringent test of need. According to the Chairman of the Committee a program of this kind would not be a permanent commitment for the future but would leave open the possibility of adopting either the Administration approach or the social insurance approach at a later time.

On June 13, 1960, the Ways and Means Committee reported out H. R. 12580, the Social Security Amendments of 1960. H. R. 12580 provided for a new title XVI of the Social Security Act, establishing a program of Federal grants to the States, effective July 1, 1961, to help pay the cost of medical services for aged persons who need assistance in meeting their medical expenses.

As under existing public assistance programs, each State would decide whether to participate and would determine the extent and character of its own program, including (within very broad limits) standards of eligibility and scope of benefits. Federal grants under this program could not be used for persons already receiving assistance under another federally aided public assistance program. However, a State's program under the new title could not be more liberal than its medical program under old-age assistance. The Committee indicated that the test of need for medical assistance would presumably be less stringent than that for cash assistance payments.

Federal matching grants were also conditioned on the availability under the State program of both institutional and noninstitutional services

and applied to any or all of the following listed services: up to 120 days a year of inpatient hospital services, skilled nursing-home services, physicians' services, outpatient hospital services, organized home-care services, private-duty nursing services, therapeutic services, major dental treatment, laboratory and X-ray services (up to $200 a year), and prescribed drugs (up to $200 a year).

The Federal share of the costs of medical assistance under title XVI was to be between 50 percent and 65 percent, depending on the per capita income of the State. H. R. 12580 also provided that States could get somewhat more favorable matching for vendor medical payments for old-age assistance recipients, effective October 1, 1960. Specifically, there would be an increase of 5 percentage points in the Federal share of additional expenditures up to an average of $5 per recipient per month. The annual cost of medical services under title XVI after all States had had an opportunity to develop programs was estimated to be $325 million, of which the Federal share would be $165 million and the State share $160 million. The cost of improved medical care for old-age assistance recipients was estimated to be $10.6 million of Federal funds and $5.4 million of State and local funds per year.

H. R. 12580 was considered in the House under a closed rule (preventing any amendments from the floor) and was passed, 381 to 23.

SENATE FINANCE COMMITTEE ACTION

The Senate Finance Committee held 2 days of public hearings on H. R. 12580 on June 29 and 30. In testifying for the Administration, the Secretary of Health, Education, and Welfare endorsed the proposed medical assistance title. He pointed out, however, that the new program would not help the aged make advance provisions for meeting the costs of illness. He reiterated the Administration's objections to use of the social insurance approach, stressing the danger of placing too heavy a load on the payroll tax. That tax, he thought, should be reserved for the cash benefits under old-age, survivors, and disability insurance. He recommended that the Federal share of any program to meet the medical care needs of the aged be financed through general revenues.

The Secretary also summarized the Administration's proposal.[8] In support of the plan he stressed the element of free choice for the individual as to whether or not to participate, the coverage of the catastrophic risks of long-term illness, the provision of a wide range of benefits without placing a premium on institutional care, the incentive for a judicious use of health services by requiring the individual to share in their costs, and the greater equity of financing the Federal share out of general revenues rather than from a payroll tax on annual earnings of $4,800 or less. He pointed out that the test of eligibility was simple and would not subject the individual to a detailed examination of means.

The major objections raised in the Senate Finance Committee hearings to the Administration plan had to do with the reliance on State action; doubt as to the likelihood of either the States or the Federal Government raising the required amounts of money from general revenues or that many States could in fact or should be expected to raise the necessary sums; the complete determination of benefit specifications by the Federal Government in a program half of whose costs were to be financed by the States; the difficulties that many aged persons would face in paying the first $250 of their medical expenses and 20 percent of the costs of additional expenses; the confusion and inequity that, it was argued, would result from the proposed income test; and the administrative costs and problems involved in getting such a program into operation.

Questions were also raised on the financing and State administration provisions of the Javits bill, and in addition objections were raised to the subsidy of commercial insurance companies thereunder without Federal regulations or standards on allowable profits and administrative costs. Neither the Javits bill nor the Administration plan was endorsed by any of the major groups who were opposing the Forand bill.

A resolution approved by the Governors' Conference, with 30 Governors in support and 13 opposed, was submitted to the Committee. The resolution urged Congress to adopt "a health insurance plan for persons 65 years of age and over to be financed principally through the contributory plan and framework of the old-age, survivors, and disability insurance system."

---

[8] S. 3784, introduced by Senator Saltonstall on June 30, 1960.

Most of the witnesses who testified before the Senate Finance Committee endorsed the provisions of H. R. 12580 establishing a new program of medical assistance, whether or not they thought that the government should do more than this.

In executive session, the Senate Finance Committee made a number of changes in the medical care provisions of H. R. 12580, which it reported out on August 19, 1960. Instead of a new title for medically needy persons, it proposed amending title I of the Social Security Act, relating to Federal grants for old-age assistance. These amendments provided additional Federal matching for vendor medical payments to persons receiving old-age assistance and authorized Federal grants to the States for payment of part or all of the medical expenses of persons whose income and resources were above the assistance standard in a State but who needed help with their medical bills. These provisions, which were incorporated in Public Law 86–778, are described in detail below.

SENATE FLOOR DEBATE

On the floor of the Senate, three major amendments relating to medical care for the aged were debated. All accepted the medical assistance provisions of H. R. 12580 as reported out by the Senate Finance Committee but proposed to add other medical care programs.

Senator Javits, for himself and eight other Republican Senators, proposed an amendment that represented a combination of elements of his original bill and of the Administration's proposal. The amendment provided for Federal grants to the States to help pay for medical services for the aged. To qualify for these Federal matching grants, a State program would have to include the following provisions.

All persons aged 65 and over who did not pay an income tax or whose income including old-age and survivors insurance benefits, payments under the railroad retirement program, and veterans' pensions in the preceding year was $3,000 ($4,500 for couples) or less would be eligible to participate. Each State would establish a schedule of individual enrollment fees related to the participant's income, but the fee could not be less than 10 percent of the estimated full per capita cost of the medical benefits provided under the program.

States would be required to offer each participant a choice of enrolling in (1) *a diagnostic and short-term illness benefit plan* providing 21 days of hospitalization or equivalent skilled nursing-home services, 12 physician's visits in home or office, diagnostic laboratory and X-ray services costing up to $100, and organized home health-care services for up to 24 days; or (2) *a long-term illness benefit plan* providing, after a deductible of $250, 80 percent of the costs of 120 days of hospitalization and up to a year of skilled nursing-home services and organized home health-care services; or (3) *an optional private insurance benefit plan* providing 50 percent of the premium cost of a private health insurance policy, up to a maximum reimbursement of $60 in a year. The Federal Government would also share in the cost of improved plans of the first two types up to a per capita cost of $128 a year for the benefits. The average annual per capita cost (for the country as a whole) of the specified minimum plans was estimated to be $90. A State wishing to provide more than the minimum benefits would have to make equivalent improvements both in the diagnostic and short-term illness benefit plan and in the long-term illness benefit plan. Federal sharing in costs would range among the States from 33⅓ percent (in the richest State) to 66⅔ percent (in the poorest State). State administrative expenses would be shared 50-50 by the Federal and State governments.

It was estimated that, if all States participated, some 11 million persons would be eligible to participate (about 1 million more than the number of nonrecipients of old-age assistance estimated to meet the somewhat more stringent income test under the original Administration proposal). On the assumption that 75 percent (8.25 million) of those eligible would participate, the annual government cost of the minimum benefits was estimated to be $672 million, of which $320 million would be Federal and $351 million State and local cost. The annual cost of the maximum benefits in which the Federal Government would share was estimated to be $950 million, and the Federal share would be $463 million.

In a press conference several days following the introduction of the Javits amendment, Secretary Flemming indicated that, though he had not had an opportunity to discuss the proposal in full detail with the President, there was no question of its consistency with the basic principles favored

by the Administration. After several hours of debate on the floor of the Senate, the Javits amendment was defeated by a vote of 67 to 28.

The Senate then turned to consideration of the Anderson-Kennedy amendment, introduced by Senator Anderson and nine other Democratic Senators. This amendment proposed to add to the medical assistance provisions of H. R. 12580 a program of health benefits for persons eligible for old-age, survivors, and disability insurance benefits and aged 68 or over.

The benefits would include hospital services for up to 120 days in a year after the individual paid the first $75 of hospital costs, up to 240 days of skilled nursing-home care on discharge from a hospital and for a condition associated with the period of hospitalization, home health services by a nonprofit or public agency for a maximum of 365 visits a year, and diagnostic outpatient hospital services, including X-ray and laboratory services. There was an overall ceiling on the first three benefits of 180 units of service in a year, with a unit of service equal to 1 day of inpatient hospital care, 2 days of skilled nursing-home care, and 3 home health visits.

Social security contribution rates would be increased beginning in 1961 by 0.25 percent each for employers and employees and 0.375 percent for self-employed persons, and the additional contributions credited to a separate account in the old-age and survivors insurance trust fund, from which all payments for medical services would be made. The level-premium or long-range cost of the plan was estimated to be 0.50 percent of taxable payroll and the cost in the first full year of operations 0.33 percent of taxable payroll or $690 million.

The Anderson-Kennedy amendment was defeated by a vote of 51 to 44.

An amendment was introduced by Senator Long, of Louisiana, to modify the medical assistance provisions under title I of the Social Security Act to permit Federal matching of vendor payments to public mental and tuberculosis hospitals. It was estimated that this amendment would result in additional Federal grants of $120 million a year in the first years of operation.

The amendment was opposed on the grounds that support of public mental and tuberculosis hospitals was an accepted responsibility of the States and that, if Federal funds were to be made available to the States to improve their hospital programs, it should be done directly and not through the public assistance program. The supporters of the amendment cited the great need for additional funds for care of patients with mental illness or tuberculosis and argued that the public assistance program should not discriminate on the basis of type of illness. The amendment was adopted by a vote of 51 to 38.

CONFERENCE COMMITTEE ACTION

The Conference Committee appointed by the two Houses agreed to the medical care provisions in the Senate-passed bill, with one exception. Senator Long's amendment was dropped, but a provision that had been in the bill as approved by the House was reinstated, to provide that Federal matching grants could be used for medical care for a patient in a general hospital as the result of a diagnosis of tuberculosis or psychosis for 42 days (whether consecutive or not) after such diagnosis. Previously Federal financial participation was not available for assistance to anyone for whom a diagnosis of tuberculosis or psychosis had been made and who was in a medical institution as a result. The new provision was intended to encourage and help finance early rehabilitative treatment.

When the Conference Committee report came to the floor of the Senate, Senator Long argued against its adoption because of this and other differences from the bill as voted by the Senate. After extensive debate, the Conference report was adopted by a vote of 74 to 11. The House had adopted the report of the conferees by a vote of 368 to 17 several days earlier.

MEDICAL CARE PROVISIONS OF PUBLIC LAW 86–778

As adopted and signed by the President, Public Law 86–778 provides substantially liberalized Federal grants to the States to enable them to help pay for medical care for persons aged 65 and over who are unable to carry the cost themselves.

Under title I, as amended, Federal grants are available, effective October 1, 1960, to the States for the first time to enable them to furnish necessary medical assistance for aged persons of low

income not receiving old-age assistance for their maintenance needs. As of the same date, additional funds are made available to States to improve or to establish medical care programs in old-age assistance. The law also provides for the issuance by the Secretary of Health, Education, and Welfare of medical care guides and standards for public assistance and medical assistance for the aged and for reporting on the scope and content of the programs established by the States.

Medical Assistance for the Aged

Under this new program, States can receive Federal funds to help pay the costs of medical services for persons aged 65 and over who are not recipients of old-age assistance but whose income and resources are determined by the States to be insufficient to meet such costs. States may choose among a broad scope of medical services, but the services for which they pay the costs must include those of both an institutional and noninstitutional character.

The law specifies the scope of care and services that may be provided as follows: Inpatient hospital services; skilled nursing-home services; physicians' services; outpatient hospital or clinic services; home health-care services; private-duty nursing services; physical therapy and related services; dental services; laboratory and X-ray services; prescribed drugs, eyeglasses, dentures, and prosthetic devices; diagnostic, screening, and preventive services; and any other medical care or remedial care recognized under State law. However, as under the law before the 1960 amendments, there can be no Federal participation in payments with respect to medical services furnished an inmate in a nonmedical public institution or to a patient in a mental or tuberculosis institution. Persons with a diagnosis of tuberculosis or psychosis may be covered for 42 days of care in a general hospital.

To qualify for Federal matching grants, State plans for medical assistance must meet certain requirements already in the act and still applicable to old-age assistance as well as the new program —the requirements, for example, that the program be in effect in all political subdivisions, provide for financial participation by the State, and ensure proper and efficient administration. In addition, under a State plan for medical assistance for the aged no enrollment fee or charge may be imposed as a condition of eligibility, and under regulations prescribed by the Secretary the State must furnish assistance to State residents absent from the State. Reasonable standards for determining eligibility and the extent of medical assistance are required. There must be a provision that no lien can be imposed during a recipient's lifetime on account of payments under the plan (except pursuant to a court judgment concerning incorrect payments) and that adjustment or recovery is permitted only after the death of the recipient and spouse. A State may not impose an age requirement higher than 65, and no resident of the State and no citizen of the United States may be excluded.

The Federal Government's share in the total amounts expended by the States for medical assistance for the aged under a Federal matching percentage will range from 50 percent to 80 percent, under a formula based primarily on per capita income. For Puerto Rico, the Virgin Islands, and Guam the percentage is set at 50 percent.

Medical Care in Old-Age Assistance

Under the amended title I, as formerly, there is no Federal requirement as to the scope of medical services that the States provide for old-age assistance recipients. It is expected, however, that many of the States now paying the costs of medical care for such recipients will extend their programs and that others will begin to pay for medical care by making direct payments to the suppliers.

An additional plan requirement for old-age assistance under title I is the same as one that applies to medical assistance for the aged—the State plan must include reasonable standards for determining the eligibility for and the extent of assistance. Federal matching in the cost of medical care for patients in a medical institution as the result of diagnosis of psychosis or tuberculosis for 42 days after such diagnosis is permitted for old-age assistance as well as for medical assistance. The law continues, however, to exclude from the matching provision money payments to such patients.

Before the amendments the maximum average monthly payment for old-age assistance in which

the Federal Government would participate was $65. This amount included both money payments to the individual and vendor payments for his medical care. The Federal Government will continue as before to share in such expenditures for old-age assistance up to four-fifths of the first $30 of the average monthly payment, with variable matching ranging from 50 percent to 65 percent in the remainder up to $65 based on the relationship of the State's per capita income to the national per capita income.

For States with average monthly payments of more than $65, the 1960 amendments provide for Federal participation in additional expenditures, except that such participation will be limited to the amount of the average vendor medical payments up to $12 a month, or the amount by which the total average payment exceeds $65, whichever is less, with the Federal share ranging from 50 percent to 80 percent based on per capita income. For States with average monthly payments of $65 or less the Federal share in average vendor medical payments up to $12 a month will be an additional 15 percent over the usual Federal percentage applicable to the amount of payments falling between $30 and $65. This percentage, when added to the usual Federal percentage for the second part of the formula for payments, will give a total Federal share of 65–80 percent. The additional Federal share of 15 percent will also be available to States with average monthly payments of more than $65, when it is advantageous to them as an alternative to the method described above.

Comparable liberalizations of the formula for Federal participation in old-age assistance for Puerto Rico, the Virgin Islands, and Guam are included in the new law. In order to provide more adequate medical care for old-age assistance recipients, the dollar limitation on the amounts per year of Federal matching payments has been increased from $400,000 to $420,000 for Guam, from $8,500,000 to $9,000,000 for Puerto Rico, and from $300,000 to $315,000 for the Virgin Islands. These increases are earmarked for medical care payments in behalf of recipients of old-age assistance under title I. Medical care payments in behalf of individuals made under the new program of medical assistance for the aged under title I are not subject to the overall dollar limitation on the Federal payments to these jurisdictions.

Medical Guides and Reports

The 1960 amendments add a new section to title XI. The Secretary is directed to develop and keep current guides or recommended standards as to the level, content, and quality of medical care and services for the use of the States in evaluating and improving their public assistance programs and programs of medical assistance for the aged. The Secretary will also secure reports from the States on the scope and content of medical services under their programs and publish this information.

Estimated Costs

It was estimated during the congressional consideration of H. R. 12580 that, when all States had fairly well-developed programs, the new program of medical assistance might involve costs of about $325 million a year—$165 million in Federal funds and $160 million in State and local funds. The first year's expenditures for medical assistance were estimated to be $60 million in Federal funds and $56 million in State and local funds.

The change in the Federal matching formula for vendor medical payments under old-age assistance makes additional Federal funds available to most States without any increase in their present expenditures for medical care. On the assumption that (1) States now spending less than $12 a month for vendor medical payments would improve their programs as far as the additional Federal funds would permit up to that level and that (2) States with no medical care programs or very limited ones would develop plans with an average monthly cost of $6 per recipient, it was estimated that the additional Federal grants for old-age assistance vendor medical payments in the first year would be $142.2 million and the additional State and local expenditures $3.9 million. These costs might increase within a few years to perhaps $175 million in Federal funds and $30 million in State and local funds.

Just how many persons will receive assistance under the new program is difficult to estimate. In one sense, almost all aged persons are potentially eligible for either old-age assistance or medical assistance. If all States adopted tests of need similar to the income test in the Administration plan ($2,500 a year for an individual and $3,800

for a couple), some 10 million persons aged 65 and over and not recipients of old-age assistance might be found in need of medical assistance.

If all States adopted fairly comprehensive programs, within a few years some 500,000–1,000,000 persons might actually receive medical assistance during a year because of substantial medical bills. This approximate number of recipients is assumed in arriving at the estimated cost of $325 million a year when the program has been in operation for some years. All these figures could be larger in the future, as the number of persons aged 65 and over increases and if medical costs rise or all States come to have fully developed programs.

II. Other Provisions of the Social Security Amendments of 1960 and Related Legislation

BACKGROUND AND LEGISLATIVE HISTORY

Many parts of the Social Security Amendments of 1960 have their origins in actions taken by the Eighty-fifth Congress.

On June 28, 1958, the report of the House Ways and Means Committee on the Social Security Amendments of 1958 requested that the Department of Health, Education, and Welfare undertake three special studies—all relating to the old-age, survivors, and disability insurance program. The first was on the hospitalization of beneficiaries. The second was on the retirement test, with particular emphasis on situations in which individuals who had very large earnings during a single month of the year could receive benefits for other months. The third was a study to develop a practical method of includings tips as wages for purposes of coverage.

The 1958 amendments (Public Law 85–840) provided for the establishment of two advisory councils, one on public assistance and one on child welfare services. Each was directed to and did file its report by January 1, 1960. The statutory language on medical care guides and reports, which was incorporated into the 1960 amendments as reported by the House and which finally became law, was patterned on a recommendation of the Advisory Council on Public Assistance. Similarly the increase in the amount authorized to be appropriated for child welfare services and the new authorization for special research or demonstration projects in the field of child welfare services follow two of the recommendations that had been made by the Advisory Council on Child Welfare Services.

An Advisory Council on Social Security Financing, which had served during 1958 on the basis of a provision of the Social Security Amendments of 1956, made recommendations that, although modified before final enactment, formed the basis for the trust fund investment provisions contained in the 1960 amendments.

Some technical corrections in the 1958 bill, which were not made at the time the bill was passed, became the basis of a house joint resolution subsequently embodied in the 1960 amendments. On January 26, 1959, the Secretary of Health, Education, and Welfare transmitted the proposed joint resolution to the Chairman of the Committee on Ways and Means, with the request that these technical corrections be made. The proposal was subsequently introduced, as H. J. Res. 521, by Chairman Mills on September 8, 1959.

On March 13, 1959, the Committee on Ways and Means established a Subcommittee on Administration of the Social Security Laws under the chairmanship of Representative Harrison, of Virginia.

On April 2, 1959, the Department transmitted to the Committee on Ways and Means the report, *Hospitalization Insurance for OASDI Beneficiaries.*

On June 25, 1959, the Alaska Omnibus Bill, became Public Law 86–70. This law modified the public assistance and child welfare provisions of the Social Security Act so that Alaska would be treated on the same basis as other States with respect to these programs.

From July 13 to July 17, 1959, the Committee on Ways and Means held 5 days of hearings on H. R. 4700 (the Forand bill), a bill "to amend the Social Security Act and the Internal Revenue Code so as to provide insurance against the cost of hospital, nursing home, and surgical services for persons eligible for old-age and survivors insurance benefits, and for other purposes."

On August 26, 1959, the Secretary transmitted

to the President of the Senate and the Speaker of the House draft legislation to revise certain provisions of the Social Security Act relating to the management and investment of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund. The bill was based on recommendations made by the Advisory Council on Social Security Financing and modifications of some of these recommendations proposed by the Board of Trustees of the trust funds. This bill was subsequently introduced, as H. R. 9148, by Representative Simpson, of Pennsylvania, on September 8, 1959.

On September 16, 1959, Public Law 86–284 was enacted. The law, described in detail later in this article, modifies existing provisions governing the coverage of nonprofessional school employees under old-age, survivors, and disability insurance and makes additions to the list of States in which coverage is available to all or certain policemen and firemen on the same basis as other State and local employees under retirement systems.

During the period from November 4 to December 7, 1959, the Harrison subcommittee (the Subcommittee on Administration of Social Security Laws of the Committee on Ways and Means) held hearings on all aspects of the administration of disability insurance. Though this subcommittee did not have legislative jurisdiction, one result of the hearings was the introduction by Mr. Harrison on January 6, 1960, of H. R. 9323, a bill "to amend the provisions of Title II of the Social Security Act relating to disability freeze and disability insurance benefits so as to eliminate the age 50 requirement for such benefits, to eliminate waiting period for such benefits in certain cases, to provide a period of trial work for certain individuals receiving such benefits, and for other purposes." These three provisions, all of which were recommended in substantially the same form by the Administration, were embodied in the Social Security Amendments of 1960.

On March 14, 1960, the full Committee on Ways and Means began executive sessions, which continued almost daily for 13 weeks. During these sessions Secretary Flemming recommended, on behalf of the Administration, the extension of coverage under old-age, survivors, and disability insurance to doctors of medicine, to policemen and firemen in all States, to parents employed by adult children (except in work around the house), to the Territory of Guam, and, on a facilitated basis, to the employees of nonprofit institutions.

The Secretary asked for the elimination of age 50 as a minimum age for receipt of disability insurance benefits, the elimination of a second waiting period for persons who had had an earlier period of disability within 5 years, and the establishment of a period of trial work for individuals who had attempted rehabilitation under other than a State-approved rehabilitation plan. (A similar provision for persons undergoing rehabilitation under a State-approved plan was already in the law.) He recommended that old-age, survivors, and disability insurance benefits for surviving children be raised to a uniform three-fourths of the primary insurance amount, subject, as before, to the family maximum, and that benefits be made payable to survivors, largely aged widows, of individuals who died fully insured before 1940.

On March 29 the Department transmitted its report, *The Retirement Test Under Old-Age, Survivors, and Disability Insurance*, and on April 5 the joint report of the Department of Health, Education, and Welfare and the Treasury Department on the question of covering tips under the old-age, survivors, and disability insurance program.

On May 4, Secretary Flemming described the Administration's proposals for medical care of the aged to the Committee.

On June 9, Chairman Mills introduced a bill, H. R. 12580, embodying the decisions made during the 3 months of executive sessions of the Ways and Means Committee. Identical bills were introduced by Representative Byrnes, of Wisconsin, and Representative Baker, of Tennessee. The bill was ordered reported the same day and was reported to the House on June 13. Its principal provisions were:

(1) Establishment of a new title of the Social Security Act, "Medical Services for the Aged," under which the Federal Government would make grants to States to assist them in providing medical care for low-income aged persons who are otherwise self-sufficient but who the States determine need help with medical expenses.

(2) Limited additional Federal matching for increased State old-age assistance expenditures for medical care.

(3) Elimination of the requirement of age 50 for disability insurance benefits and the other disability provisions described earlier.

(4) Liberalization of the insured-status requirements for old-age, survivors, and disability insurance so that a person would be fully insured if he has 1 quarter of coverage for every 4 (instead of 2) elapsed quarters.

(5) An increase in benefits payable under old-age, survivors, and disability insurance to the children of deceased workers so that, subject to the maximum on family benefits, each child would be eligible for three-fourths of the primary insurance amount.

(6) Most of the Department recommendations on old-age, survivors, and disability insurance coverage, investment of trust funds, and other matters.

(7) Increases in the amounts authorized to be appropriated for the various maternal and child health and child welfare programs and authorization for special research or demonstration projects in the field of child welfare.

(8) A number of amendments to the unemployment insurance program.

On June 22 the House of Representatives debated the bill under a closed rule and adopted it on the following day by vote of 381 to 23.

On June 28 the Senate Finance Committee, meeting in executive session, decided to hold 2 days of open hearings—June 29 and June 30. On the first day, Secretary Flemming appeared before the Committee and presented the Administration's health care proposals. These were embodied in a bill, S. 3784, which was introduced the next day by Senator Saltonstall.

On July 12, 1960, Public Law 86–624 was approved, conforming the laws applying to Hawaii with those applicable to the other States. The legislation includes changes in the public assistance and maternal and child health and child welfare provisions.

On August 10, the Finance Committee began executive sessions and on August 13 ordered H. R. 12580 reported to the Senate with the following changes:

(1) Most of the extension of old-age, survivors, and disability insurance coverage in the House bill was deleted.

(2) The insured-status liberalization to 1 out of 4 quarters was deleted.

(3) Most of the unemployment insurance provisions in the House bill were deleted.

(4) A reduction from 3 years to 1 year in the duration-of-relationship requirements for entitlement to benefits as wife, stepchild, or husband of a worker under old-age, survivors, and disability insurance was deleted.

(5) Certain modifications of the responsibilities of the Advisory Council on Financing, to be appointed in 1963, were deleted.

(6) The amount authorized to be appropriated for child welfare services was further increased.

The following additions were made:

(1) The exempt amount under the retirement test for receipt of old-age and survivors insurance benefits was increased from $1,200 to $1,800.

(2) The retirement age for men under old-age and survivors insurance was lowered to 62, with benefits on a reduced basis.

(3) The present monthly exemption of $50 in earned income under the program of aid to the blind was increased to an annual exemption of $1,000 in earned income plus half any additional earnings.

(4) The Kerr-Frear amendment, which is essentially the same as the medical care provisions contained in the bill finally enacted, was adopted. This amendment provided for materially increasing Federal matching of expenditures for medical care under Federal-State old-age assistance programs and adopted essentially the House provisions for low-income aged persons not receiving public assistance. Instead of establishing these provisions as a new title of the Social Security Act, they were incorporated into title I.

The bill was reported in the Senate on August 19 and was debated on August 22 and 23. During the debate the Javits amendment, embodying a health care program for the aged to be financed from general revenue funds on a Federal-State basis, was defeated 67 to 28. The Anderson-Kennedy amendment that would have provided health insurance for old-age and survivors insurance beneficiaries under the old-age, survivors, and disability insurance system was defeated 51 to 44.

The following amendments were adopted:

(1) An amendment by Senator Long, permitting old-age assistance payments to aged persons in mental and tuberculosis institutions.

(2) An amendment by Senator Javits making eligible for old-age, survivors, and disability insurance benefits, under certain conditions, a child to whom the wage earner had stood "in loco parentis."

(3) An amendment by Senator Javits extending the unemployment insurance system to Puerto Rico.

(4) Other technical amendments affecting unemployment insurance.

(5) Three amendments (one by Senator Yarborough, one by Senator Engle, and the third by Senator Williams of New Jersey), which embody provisions to meet special situations related to the application of the State and local coverage provisions of old-age, survivors, and disability insurance in Texas, California, and New Jersey.

With these amendments the Senate passed the bill by a vote of 91 to 2 and requested a conference with the House.

The conferees met on August 24 and 25 and made the following significant changes:

(1) Most of the old-age, survivors, and disability insurance coverage provisions eliminated by the Senate Fi-

nance Committee were restored; however, coverage of physicians and of additional domestic and casual workers (both included in the House bill) were omitted from the final bill.

(2) The Senate provision increasing the exempt amount under the old-age and survivors insurance retirement test from $1,200 to $1,800 was eliminated and a test substituted under which $1 in benefits would be withheld for each $2 of earnings from $1,200 to $1,500 and for each $1 of earnings above $1,500. This test embodied a principle that had been described in the Department's report to the Ways and Means Committee.

(3) The Senate-approved provisions permitting payment under old-age and survivors insurance of actuarially reduced benefits to men beginning at age 62 were eliminated.

(4) The proposed insured-status requirement of 1 quarter of old-age, survivors, and disability insurance coverage for every 4 calendar quarters—approved by the House but deleted by the Senate—was replaced by a compromise requirement of 1 quarter of coverage for every 3.

(5) The Long amendment permitting payment of old-age assistance to aged patients in mental and tuberculosis hospitals was eliminated, but the House language permitting such payments in other medical institutions for up to 42 days, following a diagnosis of tuberculosis or psychosis, was restored. The amendment to pay benefits to children on the basis of an "in loco parentis" relationship was also eliminated. The provision relating to the duties of the Advisory Council on Financing, which had been deleted by the Senate, was reinstated, as was the provision relating to the duration-of-relationship requirements for a wife, husband, or stepchild.

On August 26 the House adopted the report of the conferees by a vote of 386 to 17. On August 29, after nearly 2 days of debate led by Senator Long, the Senate adopted the conference report by a vote of 74 to 11, thereby clearing the bill for the President.

On September 13, 1960, H. R. 12580 was signed by President Eisenhower and became Public Law 86–778.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Improvements in Disability Provisions

Benefits for disabled workers under age 50.—Under the amendments, a disabled worker under age 50 and his dependents can qualify for monthly benefits, if they meet the other requirements. Previously, such benefits were payable only to disabled workers aged 50–64 and their dependents. The benefits are first payable for the month of November 1960, on the basis of applications filed in or after September 1960.

This amendment considerably strengthens the disability protection provided under old-age, survivors, and disability insurance. An estimated 125,000 disabled workers under age 50 and at least that many dependents can qualify immediately.

The age limitation of the old law was included as part of the conservative approach of the 1956 disability benefit provisions, which took into account the difficulty of predicting costs under the new program. The need of younger workers for protection in the event of disability was not seriously questioned. In 1959, the Department of Health, Education, and Welfare concluded from its experience in operating the disability insurance provisions that it would be feasible to extend the benefits to younger workers, and subsequently it recommended to Congress the elimination of the age requirement.

Trial-work period.—The amendments broaden the provision under which persons who return to work pursuant to a State-approved vocational rehabilitation plan could continue to draw benefits for as many as 12 months even though they engaged in substantial gainful activity. Under the new law, disability beneficiaries who work under any kind of rehabilitation plan or are rehabilitating themselves may perform services in each of 12 months, as long as they do not medically recover from their disability, before their benefits are terminated as a result of such services.

After 9 months of the trial period, however, the services a person has performed during the period or performs afterward will be considered in determining if he has demonstrated an ability to engage in substantial gainful activity. If he demonstrates such ability, 3 months later his benefits will be terminated. It is intended that any month in which a disabled person works for gain be counted as a month of trial work. Thus the services rendered in a month need not constitute substantial gainful activity for the month to be counted as part of a trial-work effort, but a month is not counted as part of the trial if no work is performed. No trial-work period may begin before the month in which a person becomes entitled to disability benefits or before October 1960, whichever occurs later.

The amendments also provide for the continuance of benefits for a short time after a disability ceases, whether or not the individual has tested

his ability to work. Beneficiaries who recover from their disabilities will have their benefits paid to them for the month in which their disability ceases and for the 2 succeeding months.

The Department recommended the trial-work provision as a means of relieving disabled people of anxiety concerning loss of benefits while they test their possible ability to work. Persons who are so severely disabled as to meet the statutory definition of disability need to recondition themselves to renewed work before they can carry a full workload or be certain that they can continue in gainful employment.

Modification of the waiting-period requirement.—For persons who again become disabled within 60 months of the termination of disability insurance benefits or an earlier period of disability, the amendments eliminate the requirement that the worker must be under a disability during a 6-month waiting period before qualifying for benefits.

This change had also been recommended by the Department as a means of removing a disincentive to the rehabilitation of disabled beneficiaries in doubt about their ability to work and therefore unwilling to risk termination of their disability benefits when there was the threat that they would be without benefits for 6 months after they once again became unable to work. Furthermore, persons who become disabled a second time after only a brief interval of work usually are in a less favorable position financially than when first disabled. A 6-month waiting period during which they have neither earnings nor benefits imposes needless hardship on them and their families. Restricting this change to persons who again become disabled within 5 years means that the group aided will be those for whom it is reasonable to assume that the second disability is related to the earlier disability and will be long lasting.

Benefits are payable under this provision for September 1960 and subsequent months, based on applications filed no earlier than March 1960.

Other changes in the disability provisions.—The amendments provide an alternative to the requirement that, to qualify for disability insurance benefits, the disabled worker must not only be fully insured but also must have at least 20 quarters of coverage in the 40-quarter period ending with the calendar quarter in which he meets the definition of disability. The new alternative will affect only a few persons—those who worked long periods in employment or self-employment that is now covered by the program and had covered work in the period immediately preceding their disablement but who did not have 20 quarters of coverage within the 40 quarters preceding their disablement. The alternative requirement permits such individuals to become entitled to disability benefits if all the quarters after 1950 and before the quarter of disablement are quarters of coverage. They must have a total of 20 quarters of coverage and at least 6 quarters of coverage after 1950. The alternative is effective beginning October 1960 for applications filed in or after September 1960.

The amendments also liberalize the former provision under which a person had to be under a disability severe enough to meet the conditions of law when he filed application for disability insurance benefits or the disability freeze. Under the amendments a person who first meets the statutory requirement, generally speaking, within 3 months of filing (or 6 months in the case of a second disability) is deemed to have filed a valid application.

Changes In The Retirement Test

The amendments establish a new retirement test, effective for taxable years that begin after 1960. The former requirement that a month's benefit be withheld for each $80 of earnings above $1,200 is eliminated. Under the new test, if a beneficiary under age 72 earns more than $1,200 in a year, $1 in benefits will be withheld for each $2 of earnings from $1,200 to $1,500 and for each $1 of earnings above $1,500. As under the previous test, regardless of the amount of annual earnings, no benefits will be withheld for any month in which the beneficiary neither earns wages of more than $100 nor renders substantial services in self-employment. This new test follows the general approach developed and discussed by the Department in a report on the retirement test that was submitted to the Committee on Ways and Means of the House of Representatives in March of this year.

The new test reduces the deterrent to work that existed under the previous test. A beneficiary who wants to work can feel free to accept a job

at any earnings level above $1,200, knowing that he will always have more in combined earnings and benefits than if he had limited his earnings to $1,200 or less.

Generally speaking, under the previous test, no benefits could be paid to anyone who worked throughout the year and made more than $2,080. Under the new test, some benefits can be paid to a single beneficiary getting the current maximum monthly benefit of $120 if his earnings are less than $2,790 in a year; a man and wife getting the current maximum monthly benefit of $180 can get some benefits if his earnings are less than $3,510.

Liberalization of the Requirements for Fully Insured Status

The amendments liberalize requirements for fully insured status so that, to be eligible for benefits, a person needs 1 quarter of coverage for every 3 calendar quarters (rather than 1 for every 2, as under the old law) elapsing after 1950 or the year of attainment of age 21 and before the year in which he reached retirement age, died, or became disabled (but not less than 6 or more than 40 quarters of coverage). Because the elapsed period used for determining the number of quarters required is now on the basis of full years, the number required will be the same in any given year regardless of when in that year the person dies or attains retirement age.

The number of additional persons—workers, dependents, and survivors—who will, as a result of the change, become eligible for monthly benefits beginning October 1960 is estimated to be about 400,000. By January 1, 1966, an estimated 1 million persons who could not qualify under the earlier provision will be eligible for monthly benefits.

Changes In Benefit Amounts

Increase in the benefits of children of deceased workers.—The amendments provide that the benefit payable to each child of a deceased worker shall be three-fourths of the worker's primary insurance amount (subject, of course, to the maximum limitation on the amount of family benefits payable on the worker's earnings record). Under the old law the benefit payable to each such child was one-half the primary insurance amount plus one-fourth the primary insurance amount divided by the number of entitled children. If there were two surviving children, for example, even though one child went to work and got no benefits the other child still was not eligible for a benefit equal to three-fourths of the worker's primary insurance amount. Beginning with benefits for the month of December 1960, about 400,000 children will get some increase in benefits as a result of the change.

Improved method of computing the average monthly wage.—The amendments provide that the average monthly wage will now be computed on the basis of a constant number of years regardless of when the worker files application for benefits or for a benefit recomputation. The number will be five less than the number of years elapsing after 1950 (after 1936 when the use of pre-1951 earnings would raise the benefit amount) or attainment of age 21 if later, and up to the year in which the person becomes eligible for benefits, dies, or becomes disabled. The change makes the provision for computation of the average monthly wage simpler and easier to understand than it had been, and for future cases it eliminates the problem that occasionally arose under the old method when a person did not apply for benefits at the most advantageous time.

Changes In Eligibility Provisions

Benefits for survivors of certain people who died before 1951.—The amendments provide for payment of child's, widow's, mother's, and parent's insurance benefits to survivors of workers who had 6 quarters of coverage and died before 1940. Under the old law, monthly benefits were provided only for the survivors of workers who died after 1939.

The amendments provide also for the payment of benefits to the widower of a fully and currently insured woman who died before September 1950. Until now monthly benefits were provided only for the widowers of working women who died after August 1950. Provision is also made for the payment of mother's benefits to the former wife (divorced) of a man who died before September 1950 and who had at least 6 quarters of

coverage at the time he died. About 25,000 persons—most of them aged widows—have been made eligible for benefits by these changes.

Benefits in certain situations when a marriage is legally invalid.—Under the amendments, benefits are now payable to a person as the wife, husband, widow, or widower of a worker if (1) the person had gone through a marriage ceremony with the worker in good faith in the belief that it was valid, (2) the marriage would have been valid had there been no impediment, and (3) the couple had been living together at the time of the worker's death or at the time an application for benefits was filed. For the purposes of this provision, an impediment is defined as an impediment resulting from a previous marriage—its dissolution or lack of dissolution—or resulting from a defect in the procedure followed in connection with the marriage.

Benefits are also payable to a child of a person who had gone through a marriage ceremony with a worker even though an impediment prevented the ceremony from resulting in a valid marriage.

Reduction in the length of time needed to acquire the status of child, wife, or husband.—The amendments simplify the duration-of-relationship requirement by making the conditions that apply when the worker has died also applicable when the worker is alive. Wives, husbands, or stepchildren can qualify for benefits payable on a retired or disabled person's earnings if the relationship had existed for 1 year, rather than 3 years as previously required.

Benefits for a child based on his father's earnings record.—Under the amendments, benefits will be payable to a child on his father's earnings record even though the child is living with and being supported by his stepfather. Under the previous law a child was not deemed dependent upon his father, and therefore was not eligible for benefits on the father's earnings record, if the child was living with and being supported by his stepfather. In most States there is no obligation for a stepfather to support his stepchild. If a child has been denied benefits based on his father's earnings because of the support provided by his stepfather and the stepfather stops supporting him, the child could not get benefits based on the earnings of either. The change will extend to the child living with his stepfather the protection now provided for other children, including children living with and being supported by other relatives.

Benefits for a child who is born to, becomes a stepchild of, or is adopted by a disabled worker.—Because of a defect in the 1958 amendments to the Social Security Act, benefits have not been payable to a child who is born to, becomes the stepchild of, or is adopted by a worker after the worker becomes disabled. The amendments provide for benefits to be paid to a child who is born or who becomes a worker's stepchild after the worker becomes entitled to disability insurance benefits. Provision is also made for the payment of benefits to a child who is adopted after the worker became disabled if he is adopted within 2 years after the worker becomes entitled to disability insurance benefits and if either (1) the adoption proceedings began in or before the month in which the worker's period of disability began, or (2) the child was living with the worker in the month in which the worker's period of disability began.

Because the amendment corrects a defect that arose as a result of the 1958 amendments, it is effective as though it had been enacted in the 1958 amendments and benefits may be paid retroactively to September 1958.

Changes in Coverage Provisions

Family employment.—Under the old law any services performed by a parent for his child have been excluded from coverage. This exclusion is changed to provide coverage for services performed after 1960 by parents in the employ of their adult children, if the services are those that are performed by the parent for his child in the course of a trade or business. Domestic services in or about the employer's home or other work not in the course of his trade or business continue to be excluded.

State and local government employees.—A number of new amendments are designed, in general, to facilitate coverage under the Social Security Act for employees of State and local governments. The most important is a provision, along lines recommended by the Department, that

permits coverage for groups of public employees brought under the program after 1959 to be made effective as early as the first day of the fifth year preceding the year in which the coverage is agreed to (but not before January 1, 1956). Under the old law, coverage for public employees brought under the program after 1959 could not begin earlier than the first day of the year in which the coverage was arranged.

In addition, the amendments place a time limitation on the period within which the Secretary may assess unpaid contributions based on State and local employment and on the period within which the Secretary must refund contributions that a State has erroneously paid. This provision is comparable to the statute of limitations of the Internal Revenue Code applying to nongovernment employment. A specific procedure was also provided for a State to use in seeking review in the United States district courts of determinations by the Secretary that result in the assessment of contributions or the denial of refund claims.

Another change permits a State to limit its liability for contributions in certain cases. It will be unnecessary for the State to pay employer contributions on more than $4,800 when an individual is paid wages totaling more than $4,800 in a year by two or more employing entities and when the State itself bears the cost of the employer contributions.

Several additional amendments, although applicable to all States, are designed to facilitate coverage in special situations and will affect relatively few people. Six amendments are each applicable to a single State (California, Maine, Mississippi, Nebraska, Texas, Virginia). One amendment makes the provision concerning divided retirement systems applicable to Texas, and another adds Virginia to the list of States that can cover policemen and firemen. The other amendments take care of special problems involved in the coverage of groups of employees in the other four States.

Minor changes in State and local coverage provisions were adopted by Congress during 1959. Public Law 86-284, signed September 16, 1959, reinstated until January 1, 1962, a 1956 provision under which nine States (Florida, Hawaii, Minnesota, Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, and Washington) could provide coverage for nonprofessional school district employees without a referendum and as a group separate from professional employees. This law also permits coverage of policemen and firemen in positions under a retirement system in California, Kansas, North Dakota, and Vermont. The legislation also made special provision for covering certain policemen in Oklahoma.

Employees of foreign governments, instrumentalities of foreign governments, and international organizations.—Services performed within the United States by citizens of the United States in the employ of foreign governments or of international organizations entitled to privileges, exemptions, and immunities under the International Organizations Immunities Act are covered on a compulsory basis under the self-employment provisions.

The congressional committees recognized that it is generally undesirable to cover as self-employment the services of individuals who are actually employees. Since, however, a compulsory employer tax was not feasible and since some objections had been raised to allowing foreign governments to participate, even voluntarily, as employers in the United States social insurance program, the committees concluded that the only practical way to provide immediate coverage for these employees was to cover them as though they were self-employed persons. Only about 5,000 employees will be covered under this provision.

This coverage is effective for taxable years ending on or after December 31, 1960. For purposes of the retirement test, however, remuneration received by such individuals for taxable years beginning on or before September 13, 1960, is treated as wages in noncovered employment, but as net earnings in self-employment for taxable years beginning after that date.

Guam and American Samoa.—Coverage is extended to about 8,000 employees and self-employed persons in Guam and about 2,000 in American Samoa. Coverage will be effective for employees (except government employees) on January 1, 1961, and for self-employed persons for taxable years beginning after 1960. Coverage for employees of the Government of Guam will not become effective until the calendar quarter following the quarter in which the Governor of Guam certifies to the Secretary of the Treasury that the Guamanian Government has enacted legislation expressing its desire that old-age, survivors, and disability insurance be extended to these em-

ployees (in no event before January 1, 1961). A comparable effective date provision is included for employees of the Government of American Samoa. Filipino workers who come to Guam under contracts to work temporarily are excluded from coverage. Extension of coverage to Guam was recommended by the Department.

Ministers.—Legislation enacted in 1957 extended until April 15, 1959, the time within which ministers and Christian Science practitioners already in practice could file waiver certificates electing old-age, survivors, and disability insurance coverage. After that date only ministers who have not had net earnings from self-employment of $400 or more, some part of which was from the exercise of the ministry, for as many as 2 taxable years after 1954 were still eligible to file certificates electing coverage.

The present amendments give an additional opportunity, generally until April 15, 1962, to those ministers and Christian Science practitioners who failed to file in time certificates electing coverage. In addition, the legislation permits the validation of coverage of certain clergymen who filed tax returns reporting self-employment earnings from the ministry for certain years after 1954 and before 1960 even though, through error, they had not filed waiver certificates effective for those years. These ministers, their representatives, or their survivors are given the opportunity until April 15, 1962, to file waiver certificates or supplemental certificates and make their coverage effective with the first taxable year for which they had filed such a tax return and for all succeeding years. The minister who elects such retroactive coverage must pay all taxes due for the intervening tax years by April 15, 1962.

Under another provision, ministers who have previously elected coverage effective beginning with 1957 may obtain coverage for 1956 by filing a supplemental certificate on or before April 15, 1962.

Employees of nonprofit organizations.—An amendment, which the Department recommended, eliminates the requirement that two-thirds of the employees of a nonprofit organization must consent to coverage before the organization can obtain coverage for concurring present employees and all future employees. The law retains the requirement that, in a nonprofit organization with some employees in jobs covered by a public retirement system and some who are not, the employees must be divided into two coverage groups. The amendment also provides that certain erroneous reports of earnings by nonprofit organizations may be validated.

Employees of farm credit banks.—Another act, Public Law 86–168 (approved August 18, 1959), provides coverage for persons who first enter after December 31, 1959, the employ of Federal land banks, Federal intermediate credit banks, and banks for cooperatives. Persons who have been covered by the Federal civil-service retirement system while employed by such banks and who, after a break in service, are reemployed have an option to elect coverage under either that system or old-age, survivors, and disability insurance. Bank employees who were under the civil-service retirement system on January 1, 1960, are not covered by old-age, survivors, and disability insurance.

Financing

Investment of the trust funds.—The amendments provide for putting into effect certain recommendations made by the Advisory Council on Social Security Financing. Under these provisions the interest on future obligations issued exclusively to the trust funds is related to the average market yield of all marketable obligations of the United States that are not due or callable for 4 or more years from the time at which the special obligations are issued. Current actuarial cost estimates indicate that this change will, over the long range, provide additional income to the trust funds equivalent to 0.02 percent of payroll on a level-premium basis.

Under the old law, the interest on obligations issued exclusively to the trust funds is related to the average coupon rate on outstanding marketable obligations of the United States that are neither due nor callable until 5 years after the date of original issue. Thus the interest rate on new special obligations has been related to the coupon rate, established at some time in the past, rather than to the market yield prevailing at the time the special obligation is issued.

Advisory councils on social security financing.—The amendments provide that advisory coun-

cils on social security financing will be appointed in 1963, 1966, and every fifth year thereafter.

Under the previous law, an advisory council on social security financing was required to study and report on the status of the trust funds before each increase in the tax rates. When the law providing for advisory councils on financing was enacted in 1956, the tax increases were scheduled at 5-year intervals. The 1958 amendments accelerated the schedule of tax increases so that the tax rate is to be increased at 3-year intervals, with the next increase scheduled for 1963.

The first advisory council on financing, which made its report in January 1959, considered the present tax schedule and concluded that the 1963 tax increase should go into effect. Since the council issued its report there has been no significant change in the condition of the trust funds, nor is there any other reason to reexamine the need for the 1963 increase. It therefore was desirable to eliminate the requirement under previous law for a review of the status of the trust funds before the 1963 increase. On the other hand, it does seem desirable that the need for the increases scheduled for 1966 and 1969 be reviewed by advisory councils. Moreover, when the ultimate tax rate is reached there should continue to be periodic reviews of the financing of the program, and the amendments provide for additional councils to be appointed every 5 years after 1966.

The amendments also expand the function of the council to be appointed in 1963 so that, in addition to reviewing the status of the trust funds, it will review and report on the overall status of the old-age, survivors, and disability insurance program, including coverage, adequacy of benefits, and all other aspects.

Other Changes

The amendments made a number of changes of a technical nature. Some provisions for computing benefits that have served their purpose and generally are no longer used have been eliminated. The amendments changed the rule for crediting quarters of coverage on the basis of maximum creditable wages paid in years before 1951 to conform to the rule applied in the case of maximum creditable earnings in years after 1950. Other changes relate to the application of a penalty to the benefits paid to certain dependents of a person who is employed outside the United States, the maximum benefits payable to certain families, the naming of the Secretary in legal actions, and deadlines that fall on nonwork days.

The amendments also simplify and expedite the payment of the lump-sum death payment when there is no surviving spouse who was living in the same household with the worker at the time of his death by permitting the benefit to be paid directly to the funeral home for unpaid expenses incurred through the funeral home. The payment will be made for any part of the expenses that have not been paid if the person who assumed responsibility for the expenses requests that the payment be made to the funeral home. If no one has assumed responsibility for the expenses within 90 days after the date of the worker's death, the benefit will be payable directly to the funeral home. When the expenses incurred through the funeral home have been paid in full (including payment through application of part of the lump sum), any of the lump sum that remains will be paid as a reimbursement to any person (or persons) who have paid burial expenses, in this order of priority—the funeral home expenses, the expense of opening and closing the grave, the expense of the cemetery lot, and other expenses.

PUBLIC ASSISTANCE

1960 Amendments to Social Security Act

The major impact of the amendments on public assistance—the establishment of a new program of medical assistance for the medically needy aged and the increase in Federal participation in medical payments made under the old-age assistance program—are described in part I of this article. There are, however, other changes made under the amendments and other laws passed by the Eighty-sixth Congress that make other changes in the public assistance laws.

Two of the amendments affect the program of aid to the blind under title X of the Social Security Act. Formerly the law required that a State disregard the first $50 a month of earned income in determining need for aid to the blind. Under the new amendments, until June 30, 1962, a State may disregard either the first $50 per month of earned income, as before, or the first $85 per

month of earned income plus half the amount in excess of $85. After that date a State must disregard the first $85 per month of earned income plus half of earned income exceeding that amount.

The special legislation relating to the approval of certain State plans for aid to the blind was extended from June 30, 1961, to June 30, 1964. Only two States are affected by this legislation, which permits the approval of a State plan that does not meet title X requirements for the consideration of income and resources. Federal participation under these plans is, however, limited to expenditures that meet all requirements.

Other Legislation

Two other laws enacted by the Eighty-sixth Congress affect the public assistance provisions of the Social Security Act. Public Law 86–70, the Alaska Omnibus Act (approved June 25, 1959) and Public Law 86–624, the Hawaii Omnibus Act (approved July 12, 1960) enacted after the admission of the two new States to the Union, include provisions revising the method for computing the Federal grants to these States under titles I, IV, X, and XIV.

The 1958 amendments to the Social Security Act had set the Federal percentage to be used in the formula for computing the Federal share of public assistance expenditures for Alaska and Hawaii at 50 percent. Under these new laws, the Federal percentage for these States is to be determined, as for other States, on the basis of per capita income beginning July 1, 1960, for Hawaii and July 1, 1961, for Alaska.

MATERNAL AND CHILD HEALTH AND CHILD WELFARE

1960 Amendments to the Social Security Act

The Social Security Amendments of 1960 made several changes in the programs administered by the Children's Bureau. Other legislation enacted in 1959 and 1960 affected these programs significantly. The amounts authorized for annual appropriation were increased to $25 million for each of the three programs under title V. The amounts formerly authorized were (1) $21.5 million for maternal and child health services, (2) $20 million for crippled children's services, and (3) $17 million for child welfare services.

The uniform amount in the apportionment to each State prescribed by the law was increased for each of the three programs from $60,000 to $70,000. For maternal and child health services and crippled children's services, as under the old law, the full amount of the uniform grant is to be apportioned each year, even though the appropriation may be less than the full amount authorized. The amount of the uniform grant for child welfare services continues to be based on the ratio between the amount appropriated for child welfare services and the amount authorized, except that under the new law it shall not be less than $50,000.

The maternal and child health and crippled children's provisions are amended to provide that special project grants, up to 12½ percent of the total amount appropriated, may be made to State agencies (as is currently being done) and also directly to public or other nonprofit institutions of higher learning for special projects of regional or national significance that may contribute to the advancement of these programs. These grants may be made on such conditions as the Secretary of Health, Education, and Welfare finds necessary to carry out their purposes.

The provisions for maternal and child health and crippled children's services are also amended to make clear that the Secretary may make allotments "from time to time." He can thereby allot the funds at a time that will permit him to consider most effectively the financial need of each State.

A section was added to part 3 of title V that authorizes a new program and a separate appropriation for research or demonstration projects in the field of child welfare. Specifically, this section authorizes an appropriation for grants "to public or other nonprofit institutions of higher learning, and to public or other nonprofit agencies and organizations engaged in research or child welfare activities, for special research or demonstration projects in the field of child welfare which are of regional or national significance and for special projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare." Grants for these projects are to be made on such conditions as the Secretary finds

necessary to carry out the purposes of the grant.

As pointed out by the House Ways and Means Committee and the Senate Finance Committee, this new section permits implementation of a recommendation made by the Advisory Council on Child Welfare Services. The Council was established under a 1958 amendment to the act and submitted its report and recommendations to the Congress and the Secretary of Health, Education, and Welfare on December 28, 1959. One of its recommendations was that "Federal legislation provide for grants to research organizations, institutions of higher learning, and public and voluntary social agencies for demonstration and research projects in child welfare."

Other Legislation

Provisions in two new laws—the Alaska Omnibus Act (Public Law 86–70) and the Hawaii Omnibus Act (Public Law 86–264)—amend title V to enable Alaska and Hawaii to participate in the programs under that title on the same basis as other States.

Public Law 86–648 (approved July 14, 1960) extended to June 30, 1961, the provisions of Public Law 86–253 relating to the issuance of nonquota visas for certain alien orphans. This is the sixth time since 1948 that Congress has passed special, temporary legislation relating to these orphans.

The President had recommended in 1957 that the immigration laws provide for the annual admission of orphans adopted or to be adopted by American citizens. Later that year a law was enacted that provided temporary authorization (expiring June 30, 1959) for the issuance of special nonquota immigrant visas to certain eligible orphans under age 14 who were adopted by citizens abroad or who were coming to the United States to be adopted.

On May 18, 1959, the Secretary of Health, Education, and Welfare transmitted to Congress a legislative proposal to establish authority for the issuance of nonquota visas for these children on a permanent basis. This proposal also provided that assurances satisfactory to the Secretary would be given by the American citizen and spouse that the child would be well and properly cared for in a suitable home before he would be eligible for a nonquota visa. Secretary Flemming stated that the effect of the proposal would be "to extend to children adopted abroad, whether by the adoptive parent in person or by proxy, safeguards similar to those which now exist in the law for children adopted after they have been brought to the United States."

Public Law 86–253 (approved September 9, 1959) continued the existing provisions on nonquota visas to June 30, 1960. It also gave the Attorney General authority to approve petitions relating to the granting of special nonquota visas, under the provisions of the law, to these alien children.

On September 7, 1959, the President approved H. J. Res. 317 to change the date of Child Health Day to the first Monday in October. The Department had transmitted a bill for this purpose on March 17, 1959, to carry out the President's recommendation made when he approved the House Joint Resolution designating May 1 as Loyalty Day.

Child Health Day had been observed on May 1 ever since 1928, in accordance with the act of May 28, 1928. Since 1956, by agreement between the United States and the United Nations, the Child Health Day Proclamation of the President has contained references to Universal Children's Day and the work of the United Nations and the United Nations Children's Fund. The new date will permit the United States to link its Child Health Day observance more closely to Universal Children's Day, which many nations observe on October 1.

The International Health Research Act of 1960 (Public Law 86–610, approved July 12, 1960) is of major significance for the programs of the Children's Bureau. This law grants new powers to the Secretary of Health, Education, and Welfare in carrying out his responsibilities under the basic act of 1912 that established the Bureau. Among these new powers are authorization for establishing and maintaining fellowships, for making grants for such fellowships, and for making grants for research in carrying out the purposes of the new law.

These purposes are (1) to advance the status of the health sciences in the United States and thereby the health of the American people through cooperative endeavor with other countries in health research and in research training; and (2) to advance the international status of the health sciences through cooperative enter-

prises in health research, research planning, and research training.

The legislative history of the law makes clear the intent of Congress that research relating to children should be an integral part of the program. The House Committee on Interstate and Foreign Commerce, in reporting on the legislation, stated:

> The relationships between young children and mothers had long been recognized as fundamental to the development of stable, integrated personalities. This question can be most effectively investigated by viewing the relationship of children to mothers in different cultures. Investigations in a single culture do not provide the range of attitudes and practices that are necessary to show the consequences of different cultural patterns.
>
> Finally, there is an array of medical problems relating to children which can be investigated most effectively through an international approach. For example, genetic effects upon the frequency of stillborn, neonatal, and infant deaths, and upon congenital malformations can be effectively studied only against a wide backdrop of investigations covering different nationalities and geographical areas. Indeed, it is almost imperative to study genetic, as well as cultural differences affecting disease and health because without such studies it is virtually impossible to disentangle the effects of heredity from those of environment. In short, a well-developed program of research relating to children in this country must encompass a well-developed set of studies involving children in other countries, and few such studies now exist.[4]

UNEMPLOYMENT INSURANCE

Title V of the Social Security Amendments of 1960 (referred to as the Employment Security Act of 1960) amends titles IX and XII of the Social Security Act and the Internal Revenue Code. It extends the coverage of unemployment insurance to certain minor groups, brings Puerto Rico into the Federal-State program, and makes some changes in the financing provisions, including those relating to the operations of the loan fund.

Coverage

The amendments extend coverage to an estimated 60,000–70,000 persons: (1) employees of certain instrumentalities of the United States that are neither wholly nor partially owned by the United States, such as Federal Reserve banks, Federal credit unions, and Federal land banks; (2) employees serving on or in connection with American aircraft outside the United States; (3) employees of "feeder organizations," all of whose profits are payable to a nonprofit organization, and employees of nonprofit organizations that are not exempt from income tax; and (4) various employees of certain tax-exempt organizations, including agricultural and horticultural organizations, voluntary employee beneficiary associations, and fraternal beneficiary societies (except persons earning less than $50 a quarter and students). Coverage of the first group becomes effective January 1, 1961; the other three groups are covered beginning January 1962.

Puerto Rico, which since January 1, 1957, has had an independent unemployment insurance system, will be treated as a State for the purposes of the Federal-State system beginning January 1, 1961. Employers in Puerto Rico will be subject to the Federal unemployment tax, and Puerto Rico will be entitled to Federal grants to cover the administrative expenses of its unemployment insurance program. Benefits for Federal civilian employees and ex-servicemen in Puerto Rico will continue to be computed under the law of the District of Columbia until January 1, 1966, when they will be computed under Puerto Rican law.

Financing

Administrative expenses.—Effective January 1, 1961, the Federal unemployment tax rate becomes 3.1 percent of the first $3,000 of an employee's covered wages instead of 3.0 percent. Instead of the present 0.3 percent of this tax, 0.4 percent will be earmarked for the Federal Government, to be used to pay the cost of administering Federal and State operations of the employment security program and to finance a loan fund, the "Federal unemployment account," for making advances to States with depleted reserves. State tax credits are still to be computed, however, on the basis of a Federal tax rate of 3 percent. The increase in the tax rate was needed to meet rising administrative costs and to build up a larger fund for making advances to States whose unemployment reserves have been depleted because of heavy unemployment. (In the fiscal year 1958–59, the total cost of administration exceeded the proceeds of the tax for the first time, and

[4] H. Rept. 1915, 86th Cong., 2d sess., pages 10–11.

though proceeds were greater than expenditures in 1959–60, the difference was relatively small. As of July 1960, the cash balance in the loan fund had fallen to $3.8 million.)

Beginning with the fiscal year 1960–61, all receipts from the 0.4-percent tax will be credited to a new account—the "employment security administration account." From this account will be paid administrative expenses, with an annual maximum of $350 million allowed for State administrative expenses. (Actual expenditures during the fiscal year 1959–60 were $325 million.) At the end of each fiscal year, receipts of the account in excess of administrative expenses will be transferred to the Federal unemployment account, with a view to building up and maintaining a maximum balance of $550 million or 0.4 percent of taxable payrolls, whichever is greater, for use in making advances to States. The previous maximum for the account was fixed at $200 million.

Any excess of receipts not required to maintain the $550 million balance in the Federal unemployment account will be retained in the employment security administration account until that account shows a net balance of $250 million at the close of a fiscal year. This balance is to be used to provide funds out of which administrative expenses may be paid before receipt of the bulk of Federal unemployment taxes in January and February of each year. Until the balance is built up to $250 million, advances (to be repaid with interest) can be made from a revolving fund, which is to be financed by a continuing appropriation from the general fund of the Treasury. Any remaining excess in the exployment security administration account (after repayment of Treasury advances) will be distributed to the accounts of the individual States in proportion to their respective covered payrolls, as provided under present law. Any share of surplus funds due a State that has an outstanding advance must first be used, however, to reduce this advance.

Advances from loan fund.—The law provides more stringent eligibility requirements for the States to meet in obtaining advances from the Federal unemployment account. Advances will be made only in amounts sufficient to pay unemployment benefits during the current or following month, after taking into account reserves on hand plus expected tax receipts. These requirements apply to advances made after September 13, 1960. Under the old law, advances could be made to a State whose reserve account at the end of the quarter was less than the amount of benefits paid in the 4 preceding quarters, up to the largest amounts paid in any of the 4 quarters.

Provision is also made for speeding up the rate of repayment of advances to the States. The new law provides for a reduction of 0.3 percent a year in the employers' maximum tax credit against the Federal unemployment tax, starting with the second consecutive taxable year that the advance is outstanding. The old law provided for a reduction of 0.15 percent a year, starting with the fourth consecutive year.

Additional annual reductions in the employers' tax credit are provided for States with outstanding advances at the beginning of the third and fourth consecutive year, if the State's average contribution rate in the preceding year was less than 2.7 percent, and at the beginning of the fifth consecutive year if the State's average contribution rate in the preceding year was less than 2.7 percent or less than the State's 5-year benefit-cost rate, whichever is higher.

FEDERAL CREDIT UNIONS

Legislation signed by the President on September 22, 1959 (Public Law 86–354) completely rewrote the Federal Credit Union Act. The amendments, which were the most comprehensive in a quarter of a century, increase the scope of Federal credit union operations, placing greater powers and responsibilities on credit union officials and providing opportunities for added service to members.

Provisions increasing the maximum loan maturity from 3 years to 5 and the unsecured loan limit from $400 to $750 took effect with the passage of the amendments. Loans must be repaid or amortized in accordance with rules and regulations prescribed by the Director of the Bureau of Federal Credit Unions.

The board of directors of individual credit unions is given greater responsibility for internal audits. The supervisory committee, which formerly was elected by the members, must now be appointed by the board of directors for the terms of office specified in the bylaws—a change that places greater responsibility for internal control on the board.

Power is granted Federal credit unions to sell and cash checks and money orders to and for members for a fee. Rules and regulations necessary to enable credit unions to provide these services for their members were published in the *Federal Register* on October 16, 1959.

Other provisions were intended to modernize earlier legislation. Federal credit unions desiring to take advantage of these new provisions are required to amend their bylaws. They include the following:

(1) Authority for the credit committee to appoint a loan officer empowered to approve certain loans previously requiring approval by the credit committee;

(2) Authority to elect more than one vice president;

(3) Authority for the board of directors to appoint an executive committee to act for the board in making investments and in approving membership applications. The board may also appoint a membership officer whose sole function is to approve applications for membership.

(4) The board of directors given responsibility for declaring dividends rather than the members, as under the old act. The board of directors has been given added authority to declare semiannual or annual dividends. Another new provision permits a full month's dividend credit on shares paid up during the first 5 days of the month.

Another provision permits a credit union operating under a Federal charter to convert to operation under a State charter, and vice versa. In addition, the 1959 amendments permit Federal credit unions to amend their bylaws to liberalize restrictions on loans to credit union officials. Directors and committee members may now borrow up to the amount of their shareholdings plus any member's total unencumbered and unpledged shareholdings pledged as security for the loan. Still another provision, requiring no regulatory action by the Bureau or bylaw amendment by the Federal credit union, gives the board of directors the power to provide compensation for necessary clerical and auditing assistance required by the supervisory committee.

The 1960 amendments to the Social Security Act also affect the Federal credit unions. The amendments revise the Internal Revenue Code to extend unemployment insurance coverage to employees of certain Federal credit unions. Beginning January 1, 1962, any Federal credit union employing four or more persons in 20 weeks will be subject to the Federal Unemployment Tax Act. Credit unions will also be subject to the taxing provisions of State unemployment insurance laws. In addition, some Federal credit unions not subject to the Federal Unemployment Tax Act will be required to make contributions to State unemployment funds.

Old-Age, Survivors, and Disability Insurance: Financing Basis and Policy Under the 1960 Amendments

by ROBERT J. MYERS*

Reprinted from the *Social Security Bulletin*, November 1960
U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE • Social Security Administration

Old-Age, Survivors, and Disability Insurance: Financing Basis and Policy Under the 1960 Amendments

by ROBERT J. MYERS*

CONGRESSIONAL consideration of revisions in the old-age, survivors, and disability insurance program has always included careful study of the cost aspects. In the 1950 amendments, Congress stated its intention that the program be completely self-supporting from the contributions of covered individuals and employers, and accordingly it repealed the provision permitting appropriations to the system from general revenues of the Treasury. All major amendments since then, including those of 1960,[1] have indicated congressional conviction that the tax schedule should make the program as nearly self-supporting as can be foreseen—that is, actuarially sound.

The test of actuarial soundness differs considerably for old-age, survivors, and disability insurance and for private pension plans though there are certain points of similarity. The chief difference is in the application of the concept of "unfunded accrued liability." In general, a private plan that has been functioning for a number of years must have sufficient funds on hand to pay off all accrued liabilities if operations should be terminated. For a national compulsory social insurance program, which can be presumed to continue indefinitely into the future, the test is whether the expected future income from contributions and interest on invested assets will meet anticipated expenditures for benefits and administration. The intent that the program be self-supporting can be expressed in law by a contribution schedule that, according to intermediate-cost estimates, will bring the program into balance, or approximate balance, though future experience may be expected to vary from current estimates.

ACTUARIAL BALANCE IN PAST YEARS

Estimates of the actuarial balance that would develop under the 1952 act were virtually the same as those for the 1950 act; the effect of the rise in earnings levels in the intervening period was believed to about offset the increased cost resulting from the benefit liberalization. Cost estimates made in 1954 indicated that the level-premium cost (the average long-range cost, based on discounting at interest, in relation to payroll) of benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund). The contribution schedule in the 1954 amendments met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the current estimates had indicated in the financing of the 1952 provisions.

In 1956 the estimates for the 1954 act were revised to take into account the rise in the earnings level since 1951 and 1952—the 2-year period used as the basis for the 1954 estimates. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided, and the program's actuarial balance was unaffected.

Cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll. The large number of retirements among the groups newly covered by the 1954 and 1956 legislation had resulted in higher benefit expenditures than those estimated, and the average retirement age had dropped significantly. The 1958 law accordingly provided additional financing for the program, both to reduce the lack of actuarial balance and to finance certain benefit liberalizations.

The revised cost estimates made in 1958 for the disability insurance program contained certain modified assumptions that recognized the emerging experience under that program. As a result, the moderate actuarial surplus originally estimated was increased somewhat.

At the beginning of 1960, the cost estimates for

* Chief Actuary, Social Security Administration.

[1] For a summary of the amendments, see pages 3-29.

the old-age, survivors, and disability insurance program were reexamined and modified in certain respects. The earnings assumption was changed to reflect the 1959 level, and the assumptions for the disability insurance portion of the program were revised on the basis of newly available data on the operation of the disability provisions. The data showed that the number of persons meeting the insured-status requirements for disability benefits had been significantly overestimated and that the disability experience with respect to eligible women was considerably lower than the original estimate, although the experience for men was close to the intermediate estimate.

The Committee on Ways and Means of the House of Representatives stated in its report [2] on the 1960 legislation that it believes it a matter of concern if either portion of the program shows any significant actuarial insufficiency—more than 0.25 percent of payroll for old-age and survivors insurance and 0.05 percent for disability insurance. Whenever the actuarial insufficiency has exceeded these limits in the past, any subsequent liberalizations in benefits were fully financed by changes in the tax schedule or through other methods, and at the same time the actuarial status of the program was improved. The changes made by the 1960 amendments are in conformity with these principles.

BASIC ASSUMPTIONS FOR COST ESTIMATES

Benefit disbursements may be expected to increase continuously for at least the next 50–70 years because of factors, such as the aging of the population and the slow but steady growth of the benefit rolls, that are inherent in any retirement program in operation for a relatively short period. Estimates of the future costs of the old-age, survivors, and disability insurance program, however, are affected by many other factors difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable.

The long-term cost estimates are presented in a range to indicate the plausible variation in future costs. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent almost full employment with average annual earnings at about the 1959 level. Intermediate estimates, developed by averaging the low- and high-cost estimates, indicate the basis for the financing provisions.

In general, the costs are shown as percentages of covered payroll—the best measure of the program's financial cost. Dollar figures taken alone are misleading. A higher earnings level, for example, will raise not only the outgo but also and to a greater extent the income of the program. As a result, the cost in relation to payroll will decline.

For the short-range costs (for the years 1960–65), only a single estimate is necessary. It is assumed that the earnings level will rise gradually, paralleling the increase of the past few years. As a result, contribution income is somewhat higher than if level earnings were assumed, and benefit outgo is only slightly affected.

The level-premium contribution rate required to support the program into perpetuity, based on discounting at interest, is an important measure of long-range cost. It is assumed that benefit payments and taxable payrolls remain level after the year 2050. If a level rate based on this assumption were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and consequently sizable eventual income from interest. Even though such a method of financing is not followed, the concept may nevertheless be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various alternative proposals, since it takes into account the heavy deferred benefit costs.

The long-range cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has been characteristic of the past. If such an assumption were used, along with the unlikely assumption that the benefits would nevertheless not be changed, the cost in relation to payroll would be lower. If benefits are adjusted to keep pace with rising earnings trends, the year-by-year costs as a percentage of payroll would be unaffected. The level-premium cost, however, would be higher, since the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings do consistently rise, the financing basis of the program will have to be thoroughly considered because the interest receipts will then meet a smaller proportion of the

[2] H. Rept 1799, 86th Cong., 2d sess.

benefit costs than would be anticipated if the earnings level had not risen.

Amendments made in 1951 to the Railroad Retirement Act affect old-age, survivors, and disability insurance costs. Under these amendments, railroad retirement compensation and any earnings covered by the Social Security Act are combined in determining benefits for those with less than 10 years of railroad service and for all survivor cases.

Under the financial interchange provisions established at the same time, the old-age and survivors insurance trust fund and the disability insurance trust fund are to be maintained in the same financial position in which they would have been if railroad employment had always been covered. It is estimated that in the long run the net effect of these provisions will be a relatively small loss to the old-age, survivors, and disability insurance program, since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

The financing of old-age, survivors, and disability insurance is also affected by the 1956 legislation that provided for reimbursement from general revenues for past and future expenditures with respect to the noncontributory credits that had been granted for persons in military service before 1957. The cost estimates presented here reflect the effect of these reimbursements (included as contributions), based on the assumption that the required appropriations will be made in 1961 and later years.

RESULTS 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 related to payroll). The intermediate-cost figures presented are not the most probable estimate but a convenient and readily available single set of figures to use for comparative purposes.

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. Such a schedule, however, does make the intention specific, even though it may develop from actual experience that future changes may be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but the principle of self-support should be aimed at as closely as possible.

The schedule for contributions and the annual maximum earnings base ($4,800) to which these tax rates are applied are unchanged by the 1960 amendments. The schedules are as follows:

[Percent]

Calendar year	Employee rate (same for employer)	Rate for self-employed
1960–62	3	4½
1963–65	3½	5¼
1966–68	4	6
1969 and thereafter	4½	6¾

The 1960 amendments revised the basis for determining the interest rate on public-debt obligations issued for purchase by the trust funds (special issues), which constitute a major portion of the investments of the trust funds.[3] This change will have the immediate effect of gradually increasing the interest income of the trust funds. The ultimate effect will probably be only a slight increase in interest income since, over the long run, the market rates and the coupon rates on long-term Government obligations tend to be about the same.

The gain in the immediate future and the small, possible long-run advantage of the new interest basis are reflected in the cost estimates for the 1960 amendments by using a level interest rate of 3.02 percent for the level-premium calculations. This rate is the overall equivalent of the varying interest rates, developed on a year-by-year basis, used in the development of the progress of the trust funds. These varying interest rates have been estimated from the existing maturity schedule of special issues and from assumed average market rates on long-term Government obligations, running from their present level of about 4 percent down to about 3 percent ultimately. The interest rate used in the cost estimates for the

[3] See page 23 of this issue for a description of the revision.

1958 act was 3 percent (except that in developing the progress of the trust funds a slightly lower rate was used for the first few years).

The 1960 amendments will increase the lack of actuarial balance of the old-age and survivors insurance system from 0.20 to 0.24 percent of payroll (table 1). The disability insurance system will have a lack of actuarial balance of 0.06 percent of payroll under the amendments, compared with the 0.15-percent actuarial surplus under the 1958 provisions. The effect of the amendments on the combined old-age, survivors, and disability insurance system will be an actuarial deficit of 0.30 percent of payroll, which is well within the margin of variation possible in actuarial cost estimates and which is about the same as has generally prevailed in the past when the system has been considered to be in substantial actuarial balance. If the cost estimates had been based on an interest rate higher than 3.02 percent, the lack of actuarial balance would have been considerably less than 0.30 percent of payroll. In fact, if an interest rate of 3½ percent had been hypothesized, the cost estimates would show no actuarial deficit.

Table 2 traces the change in the actuarial balance of the program from its situation under the 1958 act, according to the latest estimate, to that under the 1960 law.

It should be emphasized that in 1950 and in subsequent amendments, Congress did not recommend a high level tax rate in the future but rather an increasing schedule, which, of necessity, ultimately rises higher than the level-premium rate. Nevertheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund, although less than that under a level-premium tax rate, will develop. This fund will be invested in Government securities. The resulting interest income will help to bear part of the higher benefit costs of the future.

The level-premium cost of the old-age and survivors insurance benefits (without considering administrative expenses and the effect of interest earnings on the existing trust fund) under the 1958 act, according to the latest intermediate-cost estimate, was about 8.5 percent of payroll. For the 1960 act it is about the same. The corresponding figures for the disability benefits are 0.35 percent for the 1958 act and 0.56 percent for the 1960 act (table 3).

The level-premium contribution rates equivalent to the graded schedules in the 1958 and 1960 acts may be computed in the same manner as level-premium benefit costs. They are shown for income and disbursements after 1959 in table 1, which also shows the net actuarial balances.

TABLE 1.—*Actuarial balance of the old-age, survivors, and disability insurance program under various acts, based on intermediate-cost estimate*

[Percent]

Legislation	Date of estimate	Level-premium equivalent [1]		
		Benefit costs [2]	Contributions	Actuarial balance [3]
	Old-age, survivors, and disability insurance [4]			
1950 act	1950	6.05	5.95	−0.10
1952 act	1952	5.85	5.75	−.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
	Old-age and survivors insurance [4]			
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
	Disability insurance [4]			
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

[1] Percent of taxable payroll.
[2] Includes adjustments to reflect (a) the lower contribution rate for the self-employed, compared with the combined employer-employee rate, (b) interest earnings on the existing trust fund, and (c) administrative expenses.
[3] A negative figure indicates the extent of lack of actuarial balance; a positive figure indicates more than sufficient financing, according to the estimate.
[4] The disability insurance program was established by the 1956 act; data for earlier years are for the old-age and survivors insurance program only.

TABLE 2.—*Changes in estimated level-premium cost of benefit payments as percent of taxable payroll, by type of change, based on intermediate-cost estimate, 1958 act and 1960 act*

Item	Change under 1960 act (percent)
Old-age and survivors insurance benefits:	
Lack of balance (−) under 1958 act	−0.20
Increase in child survivor benefits	−.02
Liberalization of retirement test	−.02
Liberalization of fully insured status	−.02
Improved yield of trust fund investments	+.02
Effect of increased coverage	
Lack of balance (−)	−.24
Disability insurance benefits:	
Surplus (+) under 1958 act	+0.15
Elimination of age-50 requirement	−.20
Other changes [1]	−.01
Lack of balance (−)	−.06

[1] Elimination of second waiting period for recurrence of disability within 5 years and liberalization of trial work period.

Under the 1960 act, the estimated increase (about $10 million) in old-age and survivors insurance benefit disbursements for the calendar year 1960 is not significant, since the provisions affecting disbursements in general become effective late in the year. There will, of course, be virtually no additional income during 1960 since the coverage extensions are generally effective on January 1, 1961.

The Next Five Years

In 1961, old-age and survivors insurance benefit disbursements under the new law will total about $11.7 billion—about $250 million more than under the previous law. Contribution income will be about the same—$11.5 billion—as under the old law. Thus, the excess of benefit outgo over contribution income will be about $150 million under the 1960 act, compared with an excess of contribution income over benefit outgo of about $50 million under the old law. The size of the old-age and survivors insurance trust fund will decrease by about $150 million since the interest receipts approximately equal the outgo for administrative expenses and for transfers to the railroad retirement account.

In 1962, old-age and survivors insurance benefit disbursements under the 1960 act will, according to the intermediate-cost estimate, be $12.3 billion, or an increase of $300 million from disbursements under the 1958 law. At the same time, contribution income will be $11.8 billion under the new law. Accordingly, in 1962, there will be an excess of benefit outgo over contribution income of about $500 million under the new law; under the previous law the corresponding figure would be $200 million. The situation will be reversed thereafter because of the scheduled rise in the tax rate, and contributions will exceed benefit outgo by almost $1.0 billion in 1963 and about $1.2 billion in 1964.

Under the 1960 act, according to this estimate, the old-age and survivors insurance trust fund will decline from $20.2 billion at the end of 1960 to $20.0 billion at the end of 1961 and to $19.5 billion at the end of 1962. At the end of 1963, however, it is estimated that it will rise to $20.6 billion.

Disability insurance benefit disbursements for 1960 will be increased by about $20 million under the new law, since the elimination of the age limitation will be effective for benefits for November

TABLE 3.—*Estimated level-premium cost of benefit payments, administrative expenses, and interest earnings on existing trust funds under the 1960 act as percent of taxable payroll,[1] by type of benefit, based on intermediate-cost estimate at 3.02-percent interest*

[Percent]

Item	Old-age and survivors insurance	Disability insurance
Old-age (primary) benefits	5.98	0.44
Wife's benefits	.58	.05
Widow's benefits	1.25	[2]
Parent's benefits	.02	[2]
Child's benefits	.45	.07
Mother's benefits	.11	[2]
Lump-sum death payments	.12	[2]
Total benefits	8.51	.56
Administrative expenses	.10	.02
Interest on existing trust fund[3]	−.19	−.02
Net total level-premium cost	8.42	.56

[1] Includes adjustment to reflect the lower contribution rate for the self-employed, compared with the combined employer-employee rate.
[2] Not payable under this program.
[3] Offsets costs of benefits and administrative expenses.

TABLE 4.—*Progress of the old-age and survivors insurance trust fund under the 1960 act, high-employment assumptions, based on intermediate-cost estimate at 3.02-percent interest*

[In millions]

Calendar year	Contributions[1]	Benefit payments	Administrative expenses	Railroad retirement financial interchange[2]	Interest on fund[3]	Balance in fund[4]
Actual data:						
1951	$3,367	$1,885	$81	.....	$417	$15,540
1952	3,819	2,194	88	.....	365	17,442
1953	3,945	3,006	88	.....	414	18,707
1954	5,163	3,670	92	.....	468	20,576
1955	5,713	4,968	119	.....	461	21,663
1956	6,172	5,715	132	.....	531	22,519
1957	6,825	7,347	[5] 162	.....	557	22,393
1958	7,566	8,327	[5] 194	−$121	549	21,864
1959	8,052	9,842	[5] 184	−275	525	20,141
Estimated data (short-range estimate):						
1960	10,747	10,726	205	−308	503	20,152
1961	11,486	11,658	227	−270	520	20,003
1962	11,790	12,326	221	−250	530	19,526
1963	13,882	12,913	223	−270	558	20,560
1964	14,609	13,424	225	−265	620	21,875
1965	14,925	13,880	229	−250	694	23,135
Estimated data (long-range estimate):						
1970	20,006	16,132	245	−160	1,289	41,270
1975	21,673	19,044	260	−91	1,846	63,305
1980	23,327	22,092	270	1	2,377	81,581
2000	31,477	30,704	356	86	4,101	140,161
2020	38,291	42,127	456	86	7,779	263,268

[1] Includes reimbursement for additional cost of noncontributory credit for military service.
[2] A positive figure indicates payment to the trust fund from the railroad retirement account, and a negative figure indicates the reverse. Interest payment adjustments between the two systems are included in the "interest" column.
[3] An interest rate of 3.02 percent is used in determining the level-premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used, equivalent to such fixed rate.
[4] Excludes amounts in the railroad retirement account creditable to the old-age and survivors insurance trust fund—$377 million for 1953, $284 million for 1954, $163 million for 1955, and $60 million for 1956.
[5] Figures for 1957 and 1958 are artificially high and for 1959 too low because of the method of reimbursements between this trust fund and the disability insurance trust fund.

(payable at the beginning of December). There will be virtually no additional contribution income to the trust fund during the year. In 1961, benefit disbursements under the new law will total about $800 million, or $200 million more than the amount under the previous law. Nevertheless, under the 1960 act, contribution income in 1961 will exceed benefit outgo by about $240 million. In 1962 and the years immediately following, contribution income will also be well in excess of benefit outgo.

The Long-Range Future

Table 4 gives the estimated operation of the old-age and survivors insurance trust fund for the long-range future, based on the intermediate-cost estimate. 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 most of the populations concerned—covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends—but it is desirable and necessary to consider these long-range possibilities under a social insurance program that is intended to operate in perpetuity.

In every year after 1962 for the next 20 years, contribution income under the 1960 act 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 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, reaching $41 billion in 1970, $82 billion in 1980, and more than $140 billion at the end of this century. The trust fund is estimated to reach a maximum of about $275 billion in the year 2025 and then begin to decline. The fund, according to this estimate, will not become exhausted until about a century hence.

The disability insurance trust fund, under the 1960 act, will grow steadily for about the next 10 years and then decrease slowly, according to the intermediate-cost estimate (table 5). In 1970, it is estimated at $3.4 billion and in 1980 at $2.4 billion. There will be an excess of contribution income over benefit disbursements for every year up to about 1966, and even thereafter the trust fund will continue to grow because of its interest earnings. This fund will decline after 1970, which is to be expected since the level-premium cost of the disability benefits, according to the intermediate-cost estimate, is slightly higher than the level-premium income—0.50 percent of pay-

TABLE 5.—*Progress of the disability insurance trust fund under the 1960 act, high-employment assumptions, based on intermediate-cost estimate at 3.02-percent interest*

[In millions]

Calendar year	Contributions [1]	Benefit payments	Administrative expenses	Interest on fund [2]	Balance in fund
Actual data:					
1957	$702	$57	[3] $3	$7	$649
1958	966	249	[3] 12	25	1,379
1959	891	457	[3] 50	41	1,825
Estimated data (short-range estimate):					
1960	1,012	570	44	53	2,276
1961	1,040	802	52	65	2,527
1962	1,066	864	51	76	2,754
1963	1,092	924	53	88	2,957
1964	1,126	978	55	98	3,148
1965	1,154	1,029	57	107	3,323
Estimated data (long-range estimate):					
1970	1,177	1,229	53	111	3,354
1975	1,275	1,401	58	95	3,108
1980	1,372	1,550	62	75	2,438
2000	1,852	2,048	80	(4)	(4)
2020	2,252	2,701	103	(4)	(4)

[1] Includes reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.
[2] An interest rate of 3.02 percent is used in determining the level-premium costs, but in developing the progress of the trust fund a varying rate in the early years has been used, equivalent to such fixed rate.
[3] Figures for 1957 and 1958 are artificially low and for 1959 too high because of the method of reimbursements between this trust fund and the old-age and survivors insurance trust fund.
[4] Fund exhausted in 1993.

TABLE 6.—*Estimated progress of the old-age and survivors insurance trust fund under the 1960 act, high-employment assumptions, based on low-cost and high-cost estimates*

[In millions]

Calendar year	Contributions [1]	Benefit payments	Administrative expenses	Railroad retirement financial interchange [2]	Interest on fund	Balance in fund
Low-cost estimate:						
1970	$20,061	$15,790	$230	−$100	$1,420	$45,530
1975	21,873	18,494	240	−41	2,090	71,951
1980	23,821	21,168	250	41	2,841	98,122
2000	34,065	27,807	332	126	7,521	259,577
High-cost estimate:						
1970	19,951	16,476	260	−220	1,157	36,974
1975	21,474	19,594	280	−141	1,600	54,617
1980	22,833	23,014	290	−39	1,913	64,999
2000	28,888	33,603	379	46	680	[3] 20,668

[1] Includes reimbursement for additional cost of noncontributory credit for military service.
[2] A positive figure indicates payments to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.
[3] Fund exhausted in 2005.

roll. As the experience develops, it will be necessary to study it carefully to determine if the actuarial cost factors used are appropriate or if the financing basis needs to be modified. The use of slightly less conservative cost factors would result in the cost estimates for the disability insurance system probably showing complete actuarial balance, with a trust fund that would grow steadily and level off rather than declining.

RESULTS OF COST ESTIMATES ON RANGE BASIS

Table 6 and table 7 show the estimated operation of the two trust funds for the low- and high-cost estimates. Under the low-cost estimate, the old-age and survivors insurance trust fund will build up rapidly, reaching about $260 billion in the year 2000, when it will be growing at a rate of about $14 billion a year. Likewise, the disability insurance trust fund will grow steadily under the low-cost estimate, reaching about $10 billion in 1980 and $26 billion in the year 2000, when its annual rate of growth will be about $1 billion. For both trust funds, under these estimates, benefit disbursement after 1962 will not exceed contribution income in any year in the foreseeable future.

Under the high-cost estimate the old-age and survivors insurance trust fund will build up to a maximum of about $65 billion in about 25 years but decrease thereafter until it is exhausted shortly after the year 2000. Under this estimate, benefit disbursements will be less than contribution income during all years after 1962 and before 1980.

TABLE 7.—*Estimated progress of the disability insurance trust fund under the 1960 act, high-employment assumptions, based on low-cost and high-cost estimates*

[In millions]

Calendar year	Contributions [1]	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
Low-cost estimate:					
1970	$1,180	$934	$51	$180	$5,622
1975	1,287	1,049	55	223	7,599
1980	1,401	1,160	58	285	9,805
2000	2,004	1,573	78	743	25,537
High-cost estimate:					
1970	1,174	1,525	55	42	1,089
1975	1,263	1,752	62	(2)	(2)
1980	1,343	1,943	66	(2)	(2)
2000	1,699	2,522	82	(2)	(2)

[1] Includes reimbursement for additional cost of noncontributory credit for military service and transfers to or from the railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.
[2] Fund exhausted in 1973.

TABLE 8.—*Estimated cost of benefits of the old-age, survivors, and disability insurance program as percent of payroll,[1] under the 1960 act*

[Percent]

Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate [2]
Old-age and survivors insurance benefits:			
1970	6.69	7.02	6.85
1980	7.55	8.57	8.05
1990	7.73	9.78	8.71
2000	6.94	9.89	8.29
2025	7.81	13.01	9.97
2050	9.90	14.85	11.81
Level-premium cost [3]	7.40	9.65	8.42
Disability insurance benefits:			
1970	0.40	0.65	0.52
1980	.41	.72	.56
1990	.39	.71	.54
2000	.39	.74	.55
2025	.45	.82	.60
2050	.49	.85	.63
Level-premium cost [3]	.42	.73	.56

[1] Takes into account the lower contribution rate for the self-employed, compared with the combined employer-employee rate.
[2] Based on the average of the dollar costs under the low-cost and high-cost estimates.
[3] Level-premium contribution rate, at 3.02-percent interest, for benefits after 1959, taking into account (a) interest on the trust fund as of Dec. 31, 1959, (b) future administrative expenses, and (c) the lower contribution rates payable by the self-employed.

In the early years of operation of the disability insurance trust fund, under the high-cost estimate, contribution income will be about the same as benefit outgo. Accordingly, the fund, as shown by this estimate, will be about $2.5 billion during 1961–64 and will then slowly decrease until it is exhausted in 1973.

These results are consistent and reasonable, since the system on an intermediate-cost-estimate basis is intended to be approximately self-supporting. Accordingly, a low-cost estimate should show that the system is more than self-supporting, but a high-cost estimate should show that a deficiency (on a cash-income versus cash-outgo basis) would develop in later years. In actual practice, under the philosophy set forth in the congressional committee reports on the 1950 and subsequent acts, the tax schedule would be adjusted in future years so that none of the developments described above would happen.

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. If, however, the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate indicates that, under the tax schedule adopted, there will be ample funds to

meet benefit disbursements for several decades, even under relatively high-cost experience.

Table 8 shows the estimated costs of the old-age and survivors insurance benefits and of the disability insurance benefits under the 1960 act as a percentage of payroll for selected years through 2050 and the level-premium cost of the two programs for the low-, high-, and intermediate-cost estimates.

SUMMARY

The old-age, survivors, and disability insurance program, as modified by the 1960 act, has an estimated benefit cost that is closely in balance with contribution income.

The separate old-age and survivors insurance system as modified by the 1960 act is about as close to actuarial balance, according to the intermediate-cost estimate, as it was under the 1958 act according to the latest cost estimates. As modified by the 1960 amendments, and also as modified by earlier amendments, it has been shown to be not fully self-supporting under the intermediate-cost estimate. It is, however, close to an exact balance, especially since a range of variation is necessarily present in the long-range actuarial cost estimates and rounded tax rates are used in actual practice. Accordingly, the old-age and survivors insurance program, under the 1960 act, is actuarially sound. The cost of the liberalized benefits is for all practical purposes met by the financing provided.

The disability insurance trust fund shows a small lack of actuarial balance under the 1960 act because the contribution rate allocated to this fund is slightly less than the cost for the disability benefits, based on the intermediate-cost estimate. In view of the variability of cost estimates for disability benefits and certain elements of conservatism believed to be present in these estimates, the small actuarial deficit is not significant.

SUMMARY OF THE

SOCIAL SECURITY AMENDMENTS

of 1960

TITLE II

DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION
BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

INTRODUCTION

This Summary of the changes made in Title II of the Social Security Act by Public Law 86-778 (The Social Security Amendments of 1960), approved September 13, 1960, is organized so that the subject matter parallels the chapters of the Claims Manual. No attempt is made in this Summary to interpret the amendments made by Public Law 86-778.

Prepared by
The Division of Claims Policy

TABLE OF CONTENTS

75. INSURED STATUS

A. QC'S AND INSURED STATUS--GENERAL

Significant changes were made by the 1960 amendments liberalizing the requirements for fully insured status. Changes were also made in the definition of QC's for the years before 1951 and in the deemed insured provision of the 1954 amendments; these changes tend to simplify the Act after the transition period. An alternative insured status provision to be used to determine insured status for DIB and disability freeze determinations was added.

The amendments retain the minimum requirement of 6 QC's for insured status, the maximum requirement of 40 QC's, and the same rules for determining currently insured status. The requirements of 20/40 and fully insured status for DIB and freeze determinations are still effective in most cases.

B. 1 FOR 3 INSURED STATUS REQUIREMENT

1. Defined

Under the amendments a person is fully insured if he has 1 QC (whenever acquired) for each 3 calendar quarters elapsing from 12/31/50, or 12/31 of the year in which he attains age 21, if later, to the year in which he attains retirement age or dies (whichever occurs earlier). If the number of such elapsed quarters is not a multiple of 3 then it will be reduced to the next lower multiple of 3.

2. Effective Date

a. Monthly Benefits

This provision is effective for the payment of benefits for months after September 1960, based on applications filed in or after September 1960.

b. Lump-Sum Death Payments

The 1 for 3 amendment applies to LSDP where the W/E died after September 1960.

C. CREDITING OF QUARTERS OF COVERAGE FOR QUARTERS PRIOR TO 1951

1. Definition of QC

The new amendments change the crediting of quarters for years prior to 1951 to allow:

a. the crediting of 4 QC's where an individual earned $3000 or over in a year for the years before 1951, and

b. crediting of the initial and last quarter of a disability period as a QC.

2. Effective Date

This method of crediting Q/C's is applicable:

a. Where the W/E files application in or after September 1960 for:

(1) OAIB or DIB;
(2) 1954 Work Recomputation;
(3) Drop-out Recomputation; or
(4) Disability Freeze Determination.

b. In survivors benefits cases where:

(1) The W/E died prior to September 1960, and the survivor is entitled to a survivor's 1954 Work Recomputation, but only if no one was entitled to a survivor's benefit or LSDP on the W/E's earnings on the basis of an application filed before September 1960, and no one was entitled to the LSDP or to survivor's benefits for a month before September 1960 without the filing of an application;

(2) The W/E died in or after September 1960 and a survivor is entitled to a survivor's 1954 Work Recomputation;

(3) A survivor is entitled to a survivor's Drop-out Recomputation based on an application filed in or after September 1960;or

(4) The W/E died without becoming entitled to OAIB or DIB and, unless he died currently insured but not fully insured, no one was entitled to survivors benefits or the LSDP on the basis of an application filed before September 1960.

Unless the W/E was fully insured under the previous provisions of the Act no benefit can be paid based on these provisions for any month before September 1960.

D. DEATH BEFORE 1951

Under the 1960 amendments a person who dies before 1951 with 6 QC's is fully insured. This provision does not affect present procedures to any great extent. It does liberalize the previous "deemed insured status" provision of the Act by covering persons dying before 1951 and all types of survivors benefits. The prior provision was restricted to benefits other than those payable to a former wife divorced and applied only where the individual died prior to 9/1/50.

This amendment applies to benefits for months after September 1960, based on application filed in or after September 1960. The previous "deemed insured status" provision has been eliminated in all cases where application is filed after September 1960.

E. ALTERNATE INSURED STATUS PROVISION FOR DIB

An individual who cannot meet the insured requirements for a DIB or disability freeze as established in 216(i)(3) or 223(c)(i) in September 1960 or earlier may be insured if:

1. he has 20 QC's prior to the close of the quarter in which he became disabled or a subsequent quarter and

2. all the quarters after 1950 up to that quarter are QC's, and

3. there are at least 6 QC's after 1950 up to that quarter.

This provision is effective for all applications for DIB or disablity freeze determinations filed in or after September 1960.

100. COMPUTATIONS AND RECOMPUTATIONS

A. GENERAL

The 1960 amendments introduce a new method of figuring the AMW to go into effect after 1960. However, the change is such that there will be no additional advantage in benefit computation for claimants whether they apply for OAIB either before 1961 or after 1960. The new method establishes a permanent number of divisor months (new-start and old-start) for each individual, depending on the year of first eligibility or death, whichever is earlier. To facilitate the transition from the pre-1961 methods, cases under the amendments in which age 22 or disability is not involved will require no less than 5 years (19 years, old-start) to be used in figuring the AMW, which is the normal span over which the AMW would be figured based upon filings in 1961 under the pre-1961 methods. A saving clause allowing use of the pre-1961 methods will protect any computation advantage which might have come from a first eligibility before 1961 (See C 3. below).

There is no general benefit increase although the increase of survivor child's benefits to a uniform 3/4 of the PIA, regardless of the number of children, may lead to an increase in family benefits.

B. APPLICABILITY OF NEW COMPUTATION METHODS

The new fixed divisor new-start and old-start PIA determination methods apply where a person:

1. Becomes entitled to OAIB or DIB based on an application filed after 1960, or

2. Dies after 1960 without having become entitled to DIB or OAIB, or

3. Becomes entitled to a 1954 work recomputation based on a recomputation application filed after 1960, or

4. Dies after 1960 and his survivors are entitled to a survivor's 1954 work or RR recomputation.

See C 3. below for cases where the 1958 PIA and the revised PIB methods may also apply even though the above conditions may be met. Where a new fixed divisor method is used it also applies to benefits for months in the retroactive period before 1961, so that in any case only one PIA determination method is necessary.

C. AMW AFTER 1960

1. Divisor.--A W/E's new-start divisor consists of the number of months in all but 5 of the years after 1950 (or after the year he attains age 21 if later) up to the year in which he dies or, the

first year after 1960 in which he is fully insured and of retirement age, whichever occurs first. Years all or part of which fall in a period of disability are not counted. The requirement that the period for determining the divisor end "after 1960" even where first eligibility occurs before 1961 will result in a divisor of no less than 5 years in most cases. The minimum new-start fixed divisor of 24 will be applicable only in age 22 or disability cases.

For old-start purposes the divisor consists of the number of months in all but 5 of the years after 1936 (or after the year of attainment of age 21 if later) up to the year of death or first eligibility after 1960 whichever is earlier, not counting years all or part of which fall in a period of disability. The minimum divisor is 24, though in cases other than age 22 and disability cases the old-start divisor will be at least 228 (19 years).

2. Dividend.--The "total earnings" for AMW purposes are the total wages and self-employment income in the "computation years." The "computation years" are those years, after 1936 or after 1950, for which the earnings are highest, corresponding in number to divisor years, but selected from among all of the "computation base years." The "computation base years" are the years after 1936, or after 1950, up to the year of death or filing, or including the year of death or filing if the earnings are available. However, years all of which are in a period of disability are not counted.

3. First Eligibility Before 1961.--Where a W/E who qualifies under B. 1 or 2 above is fully insured and of retirement age before 1961, the AMW will be determined under the 1958 PIA method or the revised PIB method if a higher PIA results from using a pre-1961 first eligibility closing date. The 1958 PIA and the revised PIB methods will therefore be applicable in a significant number of cases for several years after 1960.

D. DETERMINING THE PIA AFTER 1960

Where the new fixed divisor method of figuring the AMW is used the PIA is still determined with reference to the table in the law introduced with the 1958 amendments. The new-start AMW is translated directly by table to the PIA and the old-start AMW is brought through a PIB to a PIA using the table in the law. As previously, to use the new-start fixed divisor method a W/E must have 6 QC's after 1950. Likewise, to use the old-start fixed divisor method he must have at least 1 QC before 1951. Where a W/E attained age 22 after 1950 and has 6 QC's after 1950 he must as in the past use the new-start.

E. RECOMPUTATIONS

1. General.--The basic requirements for entitlement to the various recomputations currently in use are unchanged by the amendments.

Outlined below are minor changes in the method of redetermining the PIA in several types of recomputations. A cut-off date for filing applications for various types of obsolescent recomputations is also introduced in the amendments as discussed in 5. below.

2. 1954 Work Recomputation.--After 1960 applications for 1954 work recomputations may be filed immediately after the close of the qualifying year. It is no longer necessary to wait until after June of the following year. Both life and survivor cases will be worked under the new fixed divisor method as indicated in B 3. and 4. above. Where this new method is used in a previous computation then only the new start may be used in a 1954 work recomputation and the year of filing for the recomputation may not be included in the computation base years. Where the last previous computation or recomputation was worked under the methods or formulas in effect before the 1960 amendments, the 1954 work recomputation may in addition consider an old start and may also include the year of recomputation filing in the new-or old-start computation base years.

3. Current Year Recomputation.--The method of redetermining the PIA under a current year recomputation is changed in two respects. First, the general provision is adapted to take into account the new fixed divisor methods and, second, recomputations under the present provisions where applicable would be worked in a slightly different way.

a. Current-Year Recomputation Under the Fixed Divisor Methods.--Where a previous computation was based on initial entitlement or death after 1960 or entitlement to a 1954 work recomputation based on an application after 1960, a current year recomputation will allow the case to be reopened to include the year of entitlement or death among the computation base years. The usual 24-month maximum retroactivity applies.

b. Current Year Recomputation Under Revised Pre-1961 Methods.--Where application for current year recomputation is filed on or after September 13, 1960, and the previous computation was based on entitlement or death before 1961, the PIA will be redetermined under the methods or formula in effect before the amendments as if the claimant were filing initially at the time of death or at the time of the application for recomputation. In such case, however, only the closing date of January 1 of the year following the year of death or last previous filing (initial or recomputation) will be used. QC's acquired after the previous filing may thus be used to qualify for a new start. The drop-out may be used only if applicable to the previous computation or if 6 QC's after 6/53 had been acquired since the previous computation. This change in the current year recomputation provision is meant to eliminate the possibility of a claimant's filing "too early" to get a favorable new start recomputation.

c. Previous Entitlement to Current Year Recomputation.--Where a current year recomputation has already been processed under the pre-amendment provisions a new application may be filed on or after September 13, 1960 to take advantage of the provisions in b. above if a higher PIA would result. The increase is effective with the month for which the previous current-year recomputation was effective but in no event for more than 24 months before the month in which the new recomputation application is filed.

4. The Drop-Out Recomputation.--Applications for drop-out recomputations filed after 1958, and after 1960 as well, will continue to be processed under the 1958 PIA method or the revised PIB method.

5. Obsolescent Recomputations.--The amendments provide a cut-off date for the filing of applications for certain obsolescent recomputations. Only where application for recomputation is filed or death occurs before 1/1/61 can there be entitlement to the following types of recomputations:

a. 1950 work recomputations, eligibility before 9/54

b. Lag recomputation

c. 1952 self-employment recomputation

d. Post-World War II military service recomputation for persons on the rolls in 8/52. (See Summary Section 1800, Veterans Benefits.)

The new application cut-off date does not apply to survivors of W/E's who died before 1961.

F. MAXIMUM FAMILY BENEFITS

The amendments provide two new benefit saving clauses (see 2. and 3. below) and change one (see 1. below) which is currently in use. Two of the saving clauses allow total family benefits to exceed the regular table limits. One merely regulates the apportionment of the statutory maximum.

1. Effect of Amendments On Prior Freeze Saving Clause.--This saving clause introduced in the 1958 amendments was intended to simulate the 1958 conversion saving clause. However, it inadvertently was made to apply to PIA's above $96. The 1960 amendments change the prior freeze saving clause effective with November 1960, but only where the W/E becomes entitled to OAIB or DIB based on an application filed after October 1960 or, if he died before becoming entitled, only where no one was entitled to survivors benefits for October 1960 or a prior month based on an application filed before November 1960.

The requirements that must be met for application of the saving clause, explained in CM 143, remain the same except for the PIA range affected. Benefits of those to whom the previous requirements applied (but to whom the revised saving clause provisions do not apply), will continue to receive benefit amounts figured under the saving clause in effect before the amendments. Benefits of those to whom the revised saving clause applies, where the PIA is less than $66 or $97 and over, will be determined using the regular statutory maximum family amounts specified by the table in the law. Where the PIA is in the range $66 through $96 the revised saving clause family maximums will apply as follows:

PIA	MAXIMUM	PIA	MAXIMUM
$66	$ 99.10	$82	$160.20
67	102.40	83	163.40
68	106.50	84	167.50
69	110.50	85	171.60
70	113.80	86	174.80
71	117.90	87	178.90
72	121.90	88	183.00
73	125.20	89	186.20
74	129.30	90	190.30
75	133.30	91	194.40
76	136.60	92	197.60
77	140.70	93	201.70
78	144.70	94	205.80
79	148.00	95	206.60
80	152.10	96	206.60
81	156.10		

2. Invalid Marriage Saving Clause.--The amendments provide that the benefits of a child, wife, husband, widow, widower, or parent who is entitled to benefits for August 1960 based on an application filed before September 1960 will not be reduced for a subsequent month because of the entitlement of a wife, husband, widow, widower or child of a W/E under the invalid marriage provisions outlined in Section 200-600 of this Summary. The benefits of those entitled solely because of the invalid marriage provisions and of others who may become entitled to benefits in September 1960 or later are figured under the regular maximum family benefit provisions taking into account all beneficiaries entitled on that earnings record. The benefits of those individuals entitled before September 1960 are figured taking into account all beneficiaries except those entitled under the invalid marriage provisions (See example after 3. below).

3. Benefits Saved Where Child's Benefit Increased to 3/4 PIA.--Where one or more persons are entitled to monthly survivors benefits for November 1960, based on application filed before December 1960, and such benefits are reduced for the maximum in a subsequent month, such reduction is made as if the child's benefit had not been increased to 3/4 of the PIA. This means that in cases where the maximum applied before the month in which the child's benefit is increased, there will be no change in benefit amounts. If an additional beneficiary becomes entitled to benefits on the same A/N in a month subsequent to November 1960, the saving clause will no longer apply even if the additional benefits should subsequently terminate. The benefits of those entitled under the invalid marriage provisions are excepted from this saving clause. Their entitlement cannot be considered in determining the prerequisites for the saving clause nor can it serve to terminate the applicability of the saving clause. Benefits of these latter persons are determined as if neither of the saving clauses in 2. or 3. above existed.

Example: Benefits for E and 4 C's where the PIA is $100 and the maximum family benefit is $221.60; C4 entitled under invalid marriage provisions.

	August 1960	September 1960	December 1960	C3 Worked
E -	66.50	66.50	66.50	75.00
C1-	51.80	51.80	51.80	73.30
C2-	51.80	51.80	51.80	73.30
C3-	51.80	51.80	51.80	--
C4-	Not entitled	41.60	44.40	55.40

G. MISCELLANEOUS COMPUTATION PROVISIONS

1. Survivors Benefits Where W/E Died Before 1940.--The PIA of a W/E who died before 1940 will be determined using the old PIB formula. The resultant PIB is converted via the conversion tables to the 1958 PIA. (See Summary Sections 300-600 for effective date.)

2. Survivor Benefits Where W/E Died After 1939 and Before 1951.--Where a W/E who died after 1939 and before 1951 was insured under the pre-1951 provisions, use the old PIB formula and convert the resultant PIB (or a previously established PIB) to the 1958 PIA via the conversion tables. Where the W/E is insured under the 6 QC "deemed" insured provision of the 1954 amendments or the 6 QC provisions of the 1960 amendments use the revised PIB formula

with a closing date as of the first day of the quarter of death and convert to a 1958 PIA. (See Summary Section 450, Widower's Benefits, for effective date.)

3. First Eligibility Closing Dates Under the New Insured Status Provisions.--Where a person is first eligible before 1960 his first eligibility closing date will be determined under the previous insured status provisions. The earliest first eligibility closing date which can be based on the new provisions is 1/1/60. (See Summary Section 75, Insured Status.)

200. WIFE'S BENEFITS

A. WIFE DEFINED

1. Purported Wife.--Effective for benefits beginning with the September 1960, based on an application filed in or after such month, a wife whose marriage to the W/E is invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify as a "wife" if:

   a. There was a marriage ceremony;

   b. She went through the ceremony in good faith, not knowing of the impediment at that time;

   c. She was living in the same household with the W/E at the time she filed her application; and

   d. At the time she filed her application there is no other person who has the status of wife, based on a valid marriage or inheritance rights under State law, who is or was entitled to wife's insurance benefits.

2. Duration of Marriage.--The 3-year marriage requirement to qualify as a "wife" is reduced to 1 year effective for benefits beginning with September 1960, based on an application filed in or after such month.

B. REQUIREMENTS FOR ENTITLEMENT

No change.

C. AMOUNT OF BENEFIT

1. No change.

2. Saving Clause.--See Chapter 100 of this Summary.

D. TERMINATION

The entitlement of a purported wife ends with the month before the month in which:

1. Another individual is certified for entitlement to wife's benefits on the W/E's account if that individual is validly married to the W/E or has the same inheritance rights as a wife, or

2. The purported wife enters into a valid marriage with someone other than the W/E.

250. HUSBAND'S BENEFITS

A. HUSBAND DEFINED

1. Purported Husband.--Effective for benefits beginning with September 1960, based on an application filed in or after such month, a husband whose marriage to the W/E is invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify as a "husband" if:

   a. There was a marriage ceremony;

   b. He went through the ceremony in good faith, not knowing of the impediment at that time;

   c. He was living in the same household with the W/E at the time he filed his application; and

   d. At the time he filed his application there is no other person who has the status of husband, based on a valid marriage or inheritance rights under State law, and who is or was entitled to husband's benefits.

2. Duration of Marriage.--The 3-year marriage requirement to qualify as a "husband" is reduced to 1 year, effective for benefits beginning with September 1960, based on an application filed in or after such month.

B. REQUIREMENTS FOR ENTITLEMENT

Proof of Support.--No change in requirements. However, where the husband could not qualify for husband's benefits before the amendments, but may qualify under the amendments, the period for filing proof of support is extended for 2 years after September 1960.

C. AMOUNT OF BENEFIT

1. No change.

2. Saving Clause.--See Chapter 100 of this Summary.

D. TERMINATION

The entitlement of a purported husband ends with the month before the month in which:

1. Another individual is certified for entitlement to husband's benefits on the W/E's account, if that individual is validly

married to the W/E, or has the same inheritance rights as a husband, or

2. The purported husband enters into a valid marriage with someone other than the W/E.

A. CHILD DEFINED

1. Stepchild.--The 3-year steprelationship requirement to qualify as a stepchild in life cases is reduced to 1 year effective for benefits beginning with September 1960 based on an application filed in or after such month. The duration requirement is now the same in both life and survivor cases.

2. Deemed Stepchild.--Effective for benefits beginning with September 1960 based on an application filed in or after such month, a child is deemed to be the stepchild of the W/E if his natural or adopting father or mother went through a marriage ceremony with the W/E (who is not his natural or adopting parent) resulting in a purported marriage between them which would have been a valid marriage except for a legal impediment arising:

a. From the lack of dissolution of a previous marriage or otherwise arising out of such a previous marriage or its dissolution, or

b. From a procedural defect in the purported marriage.

3. Child of Purported Marriage.--Effective for months beginning with September 1960, based on an application filed in or after such month, a child who does not meet the pre-amendment definition of "child" but is the son or daughter of an insured individual shall nevertheless be deemed the child of such insured individual if such individual and the mother or father, as the case may be, went through a marriage ceremony resulting in a purported marriage between them which would have been valid except for an impediment arising:

a. From the lack of dissolution of a previous marriage or otherwise arising out of such a previous marriage or its dissolution, or

b. From a procedural defect in the purported marriage.

B. REQUIREMENTS FOR ENTITLEMENT

1. Child of W/E Who Died Before 1940.--A child of a W/E who died after 3/31/38 and before 1940 with at least 6 QC's may be paid benefits. This change is effective for benefits beginning with October 1960 but only if application is filed after August 1960. Because of the time element, this can apply only to disabled children who are over 18 and who were disabled prior to attaining age 18. For computation of benefit, see Chapter 100 of Summary.

2. Child Dependency.

a. When Dependency Requirement Must be Met.--Adds "the time the child's application is filed" as a point for establishing child dependency where the W/E has a continuing period of disability. However, this point can be used only by a natural or stepchild, but not by an adopted child unless the child was legally adopted before the end of a 24-month period beginning with the month after the W/E became entitled to a DIB, but only if the adoption proceedings were instituted in or before the first month of the W/E's period of disability or the child was living with him in such month. This provision is effective for months after 8/58 based on applications filed on or after 8/28/58. It will apply as though it had been included in the 1958 amendments enacted on 8/28/58.

b. Dependency on Natural or Adopting Father--Child Living With and Supported by Stepfather.--A child may be deemed dependent on his natural or adopting father at the appropriate time even if the child is living with and chiefly supported by his stepfather, provided other conditions to deemed dependency are met. This provision is effective for benefits beginning with September 1960, based on application filed in or after such month.

C. AMOUNT OF BENEFITS

1. Survivors Benefits.--The benefit payable to a surviving child (in cases involving two or more children) is raised to 3/4 of the W/E's PIA, rather than 1/2 of the PIA with 1/4 divided between the children. This change is effective for benefits beginning with December 1960.

2. Saving Clause.--See Chapter 100 of this summary, Computations.

D. TERMINATIONS

The benefit of a disabled child over age 18 (whose benefits have not otherwise terminated) will end with the second month following the month in which he ceases to be under a disability after attaining age 18. (Effective with respect to benefits for months after September 1960 but only if the child is entitled to a child's benefit for September 1960, or any succeeding month without regard to this provision.) See Chapter 6000 of this summary, Disability, for provision relating to "Period of Trial Work" and its effect on terminating a period of disability.

A. WIDOW DEFINED

Effective for benefits beginning with September 1960, based on an application filed in or after such month, a widow whose marriage was invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify if:

1. There was a marriage ceremony;

2. She went through the marriage ceremony in good faith, not knowing of the impediment at the time of marriage;

3. She was living in the same household with the W/E when he died; and

4. At the time of filing application there is no widow (based on a valid marriage or inheritance rights under State law) who is or was entitled to benefits and who still has status as a widow.

B. REQUIREMENTS FOR ENTITLEMENT

The widow of a W/E who died after 3/31/38, and before January 1, 1940, with at least 6 QC's may qualify for benefits. For computation of benefit see chapter 100 of this summary. This provision is effective for months after September 1960, based on applications filed in or after September 1960.

C. AMOUNT OF BENEFIT

No change in proportion. However, where the family maximum applies, see chapter 100 of this summary for saving clauses relating to:

1. The increase in the child's benefit rate, and

2. Additional individuals who may be entitled as a result of the invalid marriage provision.

D. TERMINATION

Benefits based on a widow's invalid marriage terminate the month before the month in which entitlement is certified for a widow of a valid marriage or one who has inheritance rights as a widow under State law.

450. WIDOWER'S BENEFITS 450

A. WIDOWER DEFINED

Effective for benefits beginning with September 1960, based on an application filed in or after such month, a widower whose marriage was invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify if:

1. There was a marriage ceremony;

2. He went through the ceremony in good faith, not knowing of the impediment at that time;

3. He was living in the same household with the W/E when she died; and

4. At the time of filing application, there is no widower who has the status of a widower based on a valid marriage or inheritance rights under State law, who is or was entitled to benefits.

B. REQUIREMENTS FOR ENTITLEMENT

1. Death Before 9/50.--A widower may qualify even though the W/E died before 9/1/50 if death occurred after 3/31/38, and the W/E had at least 6 QC's. For computation of benefit see chapter 100 of this summary. This provision is effective for months after September 1960, based on applications filed in or after September 1960.

2. Proof of Support.--A widower who qualifies only under these amendments may file proof of support within 2 years after September 1960.

C. AMOUNT OF BENEFIT

No change in proportion.

D. TERMINATION AND RE-ENTITLEMENT

The benefit of a purported widower terminates the month before the month in which entitlement is certified for a widower of a valid marriage to the W/E or with the same inheritance rights under State law as a widower.

500. MOTHER'S BENEFITS 500

A. WIDOW DEFINED

Effective for benefits beginning with September 1960, based on an application filed in or after such month, a widow whose marriage was invalid because of an impediment resulting from a prior undissolved marriage or otherwise arising out of a prior marriage or its dissolution or a defect in the procedure of the purported marriage may qualify if:

1. There was a marriage ceremony;

2. She went through the marriage ceremony in good faith, not knowing of the impediment at the time of marriage;

3. She was living in the same household with the W/E when he died; and

4. At the time of filing application there is no widow who has the status of a widow, based on a valid marriage or inheritance rights under State law, who is or was entitled to benefits.

B. REQUIREMENTS FOR ENTITLEMENT

The mother may qualify even though the death was before January 1, 1940, if death occurred after 3/31/38. and the W/E had at least 6 QC's. This provision is effective beginning with October 1960 based on applications filed in or after September 1960. (For deaths before 1940, the only mother who could now qualify would be one with a childhood disability beneficiary over 18 in her care.) For computation of the PIA in these cases, see Chapter 100 of this Summary.

C. AMOUNT OF BENEFIT

No change in proportion. However, where the family maximum applies, see chapter 100 of this summary for saving clauses relating to:

1. The increase in the child's benefit rate, and

2. Additional individuals who may be entitled as a result of the invalid marriage provision.

D. TERMINATION

Benefits based on a widow's invalid marriage terminate the month before the month in which entitlement is certified for a widow of a valid marriage or one who has inheritance rights as a widow under State law.

A. PARENT DEFINED

No change.

B. REQUIREMENTS FOR ENTITLEMENT

1. Parents of a W/E may qualify for parent's insurance benefits even though the W/E died before 1940 if death occurred after 3/31/38, and the W/E had at least 6 QC's. For computation of the PIA in these cases see chapter 100 of this summary. (Effective for months after September 1960, based on application filed in or after such month.)

2. Where the parent could not qualify for parent's benefits except for the enactment of this bill, the period for filing proof of support is extended to permit filing of such proof prior to the expiration of 2 years from October 1, 1960.

C. AMOUNT OF BENEFIT

No change in proportion. However, where family maximum applies, see chapter 100 of this summary for saving clauses relating to:

1. The increase in the child's benefit rate, and

2. Additional individuals who may be entitled as a result of the invalid marriage provision.

D. TERMINATION

No change.

700. LUMP-SUM DEATH PAYMENTS

A. SURVIVING SPOUSE DEFINED

The surviving spouse of an insured deceased W/E includes an individual who, although not validly married to the W/E at the time of his death, nor having the same status as a widow (or widower) with respect to the taking of the W/E's intestate personal property, has been deemed to have entered into a valid marriage with the W/E under the "invalid marriage provision" as defined in Sections 400A and 450A of this Summary. This provision is effective based on an application for the lump sum filed in or after September 1960, provided no other person has filed for the lump sum prior to September 13, 1960.

B. PAYMENT OF BURIAL EXPENSES

If there is no surviving spouse eligible for the LS, or if such spouse died before receiving payment,

1. and where all or part of the burial expenses of the insured individual incurred by or through a funeral home is unpaid,

   a. the payment will be made to such home, to the extent of the unpaid expenses, upon application of any person who assumed the responsibility for the payment of all or any part of such burial expenses requesting that the LSDP be made to the home;
   b. where no person assumed responsibility for the payment of any such burial expenses in the 90-day period after the insured's death, such payment will be made to the funeral home upon application by the home.

2. If all of the burial expenses of the insured individual which were incurred by or through a funeral home or funeral homes have been paid (including payments made under B(1)(a) and (b) above), the (remaining) LSDP will be made 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.

3. If any part of the LS payable remains unpaid after all payments have been made under the above paragraphs, the remainder will be paid 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 in the following order of priority:

   a. expenses of opening and closing of the grave;

   b. expenses of providing the burial plot;

   c. any remaining expenses in connection with the burial.

These amendments are effective in the case of deaths occurring on or after September 13,1960. They also apply where death occurred prior to this date unless an LS application is filed prior to December 1960.

C. DEATH IN THE MILITARY SERVICE OUTSIDE THE UNITED STATES.--The amendments provide for the payment of the lump sum in cases where the body of a serviceman who died outside the United States after December 1953 and before January 1, 1957, is returned to Guam or American Samoa for reinterment, on the basis of an application filed within 2 years after the date of such reinterment.

Previously, this extension of the filing period was not available in the case of such deaths outside the United States prior to 1957, where the body was returned to Guam or American Samoa for interment or reinterment. The amendment is effective with respect to reinterments after September 13, 1960.

The only changes with respect to applications concern the advance filing, retroactive effect and prospective life of disability applications. See paragraphs D and E of Summary Section 6000, Disability.

1300. COVERAGE AND EXCEPTIONS

A. FAMILY EMPLOYMENT

Effective 1/1/61 service performed by an individual in the employ of his or her son or daughter (except domestic service in or about the private home of a son or daughter or service not in the course of a son or daughter's trade or business) is covered.

B. NONPROFIT EDUCATIONAL, RELIGIOUS, ETC., ORGANIZATIONS

1. Filing of Waiver Certificates (Form SS-15).--The amendments eliminate the requirement that a nonprofit educational, religious, etc., organization exempt from income tax as a type of organization described in Section 501(c)(3) of the Internal Revenue Code must obtain the signatures on a Form SS-15a (List of Concurring Employees) of at least two-thirds of its employees in order to have coverage for its employees by filing a waiver certificate (Form SS-15).

Effective after September 13, 1960, an organization may file a Form SS-15 without the concurrence of any of its employees and without filing a Form SS-15a. However, only the employees whose names are included on a Form SS-15a or SS-15a Supplement and employees hired or rehired after the calendar quarter in which the Form SS-15 is filed are covered.

Where an organization must divide its employees into two groups it may file a Form SS-15 in accordance with the above with respect to the employees in one or both groups.

2. Organization Erroneously Reported Remuneration for Employees.--Effective after September 13, 1960, an employee of a nonprofit educational, religious, etc., organization exempt from income tax as a type of organization described in Section 501(c)(3) of the Internal Revenue Code may receive social security credit for remuneration erroneously reported on his behalf by the organization for any taxable period from 1/1/51 through 6/30/60, if the employee (or a fiduciary acting for him or his estate or his surviving spouse, former wife divorced, child or parent) files a request that the remuneration erroneously reported be deemed to constitute remuneration for covered employment and if in addition the following requirements are met:

a. The employee performed some services for the organization after 1950 and, before July 1960, was paid remuneration for such services; and

b. The employee's services would have constituted covered employment had the organization filed a valid waiver certificate (Form SS-15) effective for the period during which the services were performed and had the employee's signature appeared on the organization's Form SS-15a or Form SS-15a Supplement (List of Concurring Employees); and

c. Before 8/11/60 employment taxes had been paid on at least a part of the remuneration received by the employee for such services; and

d. The organization has filed a waiver certificate (Form SS-15) on or before the date the employee files his request that the remuneration erroneously reported be deemed to constitute wages for covered employment, or the organization has no employees to whom remuneration is paid at the time such request is filed; and

e. If the employee was in an employment relationship with the organization in the calendar quarter in which it filed a waiver certificate and was also employed at any time during the 24-month period immediately following such calendar quarter, the organization paid employment tax on some part of the remuneration paid the employee in such 24-month period; and

f. Any amount of refund or credit obtained with respect to any part of the employment tax paid before 8/11/60 on the employee's remuneration (other then a refund or credit which would be allowed if the employee's services had constituted covered employment) is repaid (including any interest thereon) before 1/1/63.

Any employee, whose remuneration is deemed to constitute remuneration for covered employment because the above requirements are met will be deemed to have become an employee of the organization involved (or to have become a member of a group described in CM 1351.72) on the first day of the calendar quarter following the quarter in which his request is filed if: (1) He performs services as an employee of the organization on or after the date he files his request that the remuneration erroneously reported by the organization be deemed to be remuneration for employment; and (2) The waiver certificate filed by the organization is not effective with respect to his services before the first day of the calendar quarter following the quarter in which his request is filed. In this situation the employee will be considered to have the status of a new employee and his services for the organization after the calendar quarter in which he files his request will be compulsorily covered.

Procedures concerning the filing of the request are being formulated and will be distributed as soon as possible.

3. Certain Employees of Nonprofit Educational, Religious, Etc., Organizations Erroneously Reported Their Remuneration as Net Earnings from Self-Employment.

a. The amendments provide that an employee of a nonprofit educational, religious, etc., organization exempt from income tax as a type of organization described in Section 501(c)(3) of the Internal Revenue Code may receive social security credit for the remuneration paid him by the organization for services and erroneously reported by him as self-employment income for any taxable year after 1954 and before 1962, if the employee (or a fiduciary acting for him or his estate or his surviving spouse, former wife divorced, child or parent) files a request that such remuneration be deemed to constitute net earnings from self-employment, and if in addition, the following requirements are met:

(1). The request must be filed after September 13, 1960, and before 4/16/62; and

(2). The nonprofit organization which paid the employee the remuneration which he erroneously reported as self-employment income has filed a waiver certificate (Form SS-15) on or before the date on which the employee files his request; and

(3). The remuneration for any taxable year after 1954 and before 1962 must have been reported as self-employment income on a return filed on or before the due date prescribed for filing such return (including any extension thereof); and

(4). Any amount of refund or credit obtained with respect to any part of the self-employment tax erroneously paid for any taxable year (other then a refund or credit which would be allowable if such tax was applicable with respect to such remuneration) is repaid on or before the date on which the request is filed.

b. Only the amount of remuneration which is paid to the employee after 1954 and before the calendar quarter in

which he files his request (or before the first quarter after the quarter in which the request is filed if his service for the organization is not covered until such quarter) and with respect to which self-employment tax has been paid and no employment tax has been paid can be deemed to constitute net earnings from self-employment and not remuneration for employment.

c. Any employee, whose remuneration is deemed to constitute net earnings from self-employment because the above requirements are met will be deemed to have become an employee of the organization involved (or to have become a member of a group described in CM 1351.72) on the first day of the calendar quarter following the quarter in which his request is filed if:

(1). He performs services as an employee of the organization on and after the date he files his request that the remuneration erroneously reported by him as self-employment income be deemed to constitute net earnings from self-employment and

(2). The waiver certificate (Form SS-15) filed by the organization is not effective with respect to his services on or before the first day of the calendar quarter in which his request is filed. In this situation the employee will in effect be considered to have the status of a new employee and his services for the organization after the calendar quarter in which his request is filed will be compulsorily covered.

4. Effect on Benefit Payments.--Under the 1960 amendments no monthly benefits for September 1960, or for any prior month may be payable or increased on the basis of amounts which are considered wages for employment under B2 above or net earnings from self-employment under B3 above. Also no lump-sum death payment may be payable or increased on the basis of such wages or net earnings from self-employment in the case of any individual who died prior to September 13, 1960.

5. Organization Failed to File Valid Certificate (Form SS-15)--Section 403(a) of the 1954 Amendments as Amended by Section 401 of the 1956 Amendments and P.L. 85-785.--Under the 1960

amendments, Section 403(a) of the Social Security Amendments of 1954 as amended by Section 401 of the 1956 amendments applies only to requests filed pursuant to such section before September 13, 1960. However, the fact that an employee filed a request under section 403(a) before September 13, 1960, that the remuneration erroneously reported on his behalf before 1957 be considered remuneration for employment does not preclude him from filing a request discussed in B2 above that the remuneration erroneously reported on his behalf for any period from 1/1/57 through 6/30/60 be considered remuneration for covered employment.

C. FOREIGN GOVERNMENT, WHOLLY-OWNED INSTRUMENTALITY OF FOREIGN GOVERNMENT, INTERNATIONAL ORGANIZATION

The amendments continue the exclusion from employment of service performed for foreign governments, certain wholly-owned instrumentalities of foreign governments and international organizations. However, the amendments provide that beginning with taxable years ending on or after 12/31/60 American citizens employed within the United States by foreign governments, wholly-owned instrumentalities of foreign governments and international organizations are covered as self-employed persons to the extent that their service is excepted from employment.

D. EXTENSION OF COVERAGE TO GUAM AND AMERICAN SAMOA

Effective January 1, 1961, the term "United States" when used in a geographical sense includes Guam and American Samoa. Coverage extends to employees in these territories on the same basis as in the continental United States, with the following limitations:

1. Governmental Employees of Guam and American Samoa.--Effective after the calendar quarter in which the Secretary of the Treasury receives a certification from the Governor of Guam that such coverage is desired, service by an officer or employee (including members of the legislature) of the Government of Guam or any political subdivision thereof, or by an officer or employee of any wholly-owned instrumentality of any one or more of the foregoing is covered on a mandatory basis. Coverage for employees of the Government of American Samoa may be similarly effectuated. Those employees whose services are covered by a retirement system established by a law of the United States are excluded from coverage. The State-Federal agreement method which applies to employees of State and local governments is not applicable to those territorial governments.

2. Service in Guam by Residents of the Republic of the Philippines.-- Excluded from employment is service performed in Guam by a resident of the Republic of the Philippines while in Guam on a temporary basis as a nonimmigrant alien.

A. DELEGATION BY GOVERNOR OF CERTIFICATION FUNCTION

Effective as of September 13, 1960, the Governor of a State may delegate his responsibility for making the certifications required by Sections 218(d)(3) and (d)(7) of the Act, in connection with the referendum procedure, to an official of the State selected by him for that purpose.

B. RETROACTIVE COVERAGE

With respect to agreements or modifications to an agreement executed on or after January 1, 1960, a State may make coverage retroactive for five years preceding the year in which the agreement or modification is executed but not earlier than January 1, 1956. (The latter limitation will have no effect as to agreements or modifications executed after 1960.)

C. MUNICIPAL AND COUNTY HOSPITALS

The amendments give the States an additional option as to what shall constitute a retirement system for referendum and coverage purposes. A retirement system which covers positions of employees of a hospital that is an integral part of a political subdivision may, if the State desires, be deemed to be a separate retirement system for employees of the hospital.

D. TRANSFER OF INDIVIDUALS FROM ONE DEEMED RETIREMENT SYSTEM TO ANOTHER

A retirement system which is composed of the State and one or more political subdivisions or of more than one political subdivision may at the option of the State be subdivided into deemed retirement systems for referendum and coverage purposes. Prior to the amendments, where such a deemed retirement system had been further divided on the basis of the desires of the members, those members who were included in the part of the system composed of members not desiring coverage were, upon transfer of their positions to another such deemed retirement system, treated as new members of the deemed retirement system to which their positions were transferred and automatically included in the part of that system composed of the positions of members who elected coverage. Under these amendments, an individual whose position is transferred from one deemed retirement system to another deemed retirement system on or after September 13, 1960, as the result of an action taken by the political subdivision will be included in the part of the deemed system composed of the positions of members not electing coverage if:

1. The individual before the transfer was included in the part of the deemed retirement system composed of the positions of members of the system not desiring coverage, and

2. The two deemed retirement systems involved were part of a single retirement system before it was divided into deemed retirement systems for referendum and coverage purposes.

An individual whose position was transferred under the conditions described above from one deemed retirement system to another deemed retirement system before September 13, 1960, may also be included in the part composed of the positions of members not electing coverage. However, this can be accomplished only where the Governor, or an official designated by him files a request with the Secretary of Health, Education, and Welfare prior to July 1, 1961. Under these circumstances, this amendment will be effective with respect to wages paid these individuals on or after the date on which the Governor's request is filed.

E. DEEMING A RETIREMENT SYSTEM TO EXIST FOR EFFECTIVE DATE PURPOSES

Under the amendments a retirement system which is composed of the positions of employees of the State and one or more political subdivisions or two or more political subdivisions which is not divided for referendum and coverage purposes into separate "deemed" retirement systems may, at the option of the State, be divided into separate "deemed" retirement systems for effective date purposes only. Where this option is used a separate retirement system may be deemed to exist with respect to:

1. The State,

2. The State and any one or more political subdivisions, or

3. One or more political subdivisions.

This provision of the amendments is effective with respect to agreements or modifications executed on or after September 13, 1960.

F. COVERAGE OF POLICEMEN AND FIREMEN POSITIONS UNDER A RETIREMENT SYSTEM

Effective as of September 13, 1960, the State of Virginia may, upon compliance with the referendum procedures, cover under its agreement employees in policemen and firemen positions under a retirement system.

G. DIVIDING A RETIREMENT SYSTEM ON THE BASIS OF MEMBERS' DESIRES

Effective as of September 13, 1960, the State of Texas is added to those States which may divide a retirement system on the basis of the desires of the membership.

H. VALIDATION OF COVERAGE FOR CERTAIN MISSISSIPPI TEACHERS

Remuneration for services performed by Mississippi teachers after February 28, 1951, and prior to October 1, 1959, were reported under the State's coverage agreement as wages for services performed by State employees rather than as services performed by employees of various school districts. Under the amendments these reportings are validated by deeming teachers to be State employees for the periods referred to above. A teacher is defined in the legislation as:

1. Any individual who is licensed to serve in the capacity of teacher, librarian, registrar, supervisor, principal or superintendent and who is principally engaged in the public elementary or secondary school system of the State in any one or more of such capacities;

2 Any employee in the office of the county superintendent of education or the county school supervisor, or in the office of the principal of any county municipal public elementary or secondary school in the State; and

3. Any individual licensed to serve in the capacity of teacher who is engaged in any educational capacity in any day or night school conducted under the supervision of the State Department of Education as a part of the educational adult program provided for under the laws of Mississippi or under the laws of the United States.

I. TEACHERS IN THE STATE OF MAINE

The provision of the 1958 amendments which authorized the State of Maine up to July 1, 1960, to divide a retirement system covering positions of teachers and other employees into two deemed retirement systems for purposes of holding a referendum and extending coverage, has been revised to authorize Maine, if it so desires, to modify its agreement prior to July 1, 1961, for purposes of a division of such retirement system.

J. JUSTICES OF THE PEACE AND CONSTABLES IN THE STATE OF NEBRASKA

The State of Nebraska may, if it chooses, modify its agreement so as to exclude services performed by justices of the peace and constables compensated on a fee basis. Such a modification to the agreement shall be effective with respect to services performed after an effective date specified except that such services cannot be excluded for periods prior to September 13, 1960.

K. CERTAIN EMPLOYEES IN THE STATE OF CALIFORNIA

The State of California may, if it chooses, modify its agreement prior to 1962 to include services performed by an individual employed by a hospital on or after January 1, 1957, and on or before December 31, 1959, whose position was covered by a retirement system on September 1, 1954, but removed from coverage under such a system prior to 1960. This action can be taken only if prior to July 1, 1960, the State of California has in good faith paid to the Secretary of the Treasury amounts equivalent to the employer and employee share of taxes under the Internal Revenue Code. Such a modification to the agreement will be effective with respect to the services performed by such individuals on or after January 1, 1960, as well as to all services performed prior to such date with respect to which the State has paid prior to September 13,1960, amounts equivalent to such taxes.

L. LIMITATION ON STATE'S LIABILITY FOR CONTRIBUTION IN CERTAIN CASES

Under the amendments a State may amend its agreement to provide that contributions due on wages received during a calendar year by an employee who performs covered services for two or more political subdivisions or for the State and one or more political subdivisions shall be computed as if they were paid by a single employer. However, a State's contribution liability may be limited in this manner only if:

1. The State furnishes all the funds to pay the contributions due and,

2. The political subdivision(s) by whom the employee is employed does not reimburse the State the amount of the contributions attributable to the employee's employment by such subdivision(s).

3. The State complies with such regulations as the Secretary may prescribe.

The limitation of a State's contribution liability in the manner described will be effective as of the date specified in the modification but in no event with respect to wages paid before (1) January 1, 1957, in the case of an agreement or modification which is mailed or delivered by other means to the Secretary before January 1, 1962, or (2) the first day of the year in which the agreement or modification is mailed or delivered by other means to the Secretary, in the case of an agreement or modification which is so mailed or delivered on or after January 1, 1962.

M. STATUTE OF LIMITATIONS

The amendments provide a statute of limitations for State and local coverage which becomes effective January 1, 1962. The statute fixes a time limit beyond which a State will not be liable for amounts due with respect to wages paid individuals whose services are covered under its agreement and beyond which the Department will not be liable for refunding or crediting overpayments made by a State under its agreement. The time limitations are essentially the same as those applicable to employers in private industry.

Section 205(c)(5)(F) was also amended to permit the correction of earnings records after the time limitation for revision of such records has expired to conform to a timely assessment or an allowed claim for credit or refund.

N. REVIEW BY SECRETARY

Effective January 1, 1962, the Secretary will at the request of a State review any determination made by him disallowing a State's claim for refund or credit of an overpayment, or allowing a credit or refund, or making an assessment of an amount due under the State's agreement. The State's request for such a review must be made within 90 days after it is notified of the Secretary's determination or within such additional time as the Secretary may allow.

O. REVIEW BY COURT

If upon receipt of the decision reached by the Secretary as a result of his review of a determination, a State is still dissatisfied with the decision it may file a civil suit in an appropriate district court of the United States for a redetermination of the correctness of the Secretary's determination. The suit, however, must be brought within 2 years after the mailing of the notice to the State of the decision reached by the Secretary upon review. This provision of the amendments is effective January 1, 1962.

A. MINISTERS AND CHRISTIAN SCIENCE PRACTITIONERS

1. Extension of Time for Filing Waiver Certificates.--The amendments extend until April 15, 1962, the time within which ministers and Christian Science practitioners (who have had earnings from the ministry in 2 or more years after 1954) may elect coverage as self-employed clergymen. A waiver certificate will be retroactively effective for the taxable year immediately preceding the year for which the due date, including any extension thereof, for filing a tax return has not expired. Thus, for most ministers (i.e., those whose due date for filing a tax return is April 15) a waiver certificate filed between January 1 and April 15 will be effective for the second taxable year before the year in which the certificate is filed and waiver certificates filed after April 15 will be effective for the current year and the previous year.

2. Supplemental Certificate to Make Certain Certificates Effective With 1956.--The amendments provide that a minister or Christian Science practitioner who previously filed a waiver certificate which was effective with 1957 may change such effective date to 1956 by filing a supplemental certificate and paying the self-employment tax for 1956, including repayment of any tax refund, on or before April 15, 1962. This provision is similar to the one contained in P.L. 239 which was effective only through April 15, 1959.

3. Validation of Previous Reportings.

a. No Valid Waiver Certificate Filed.--The new law provides that a minister or Christian Science practitioner who filed timely tax returns reporting SEI for any taxable year(s) ending after 1954 and before 1960, but failed to file a waiver certificate may file such a certificate on or before April 15, 1962, effective for such previous years and for all subsequent taxable years. The certificate may be filed by the minister or in the event of his death or incompetency by a fiduciary acting for such individual or his estate or by his spouse, former wife divorced, child or parent and the certificate will validate the previous SEI reportings, provided the SE tax for each year, including repayment of any tax refunds, is paid on or before April 15, 1962.

b. Valid Waiver Certificate Filed Which Was Not Effective For First Taxable Year Ending After 1954 and Before 1959 For Which a Return Was Filed.--If a minister or Christian Science practitioner has previously filed a waiver certificate which is not effective for the first taxable year ending after 1954 and before 1959 for which he filed a return, a supplemental certificate may be filed on or before April 15, 1962, to validate such previous reportings and for all succeeding years. This may be done by the minister, or in the event of his death or incompetency, by a fiduciary acting for the minister or his estate or by his spouse, former wife divorced, child or parent. As in 3 a. above, the previous self-employment income reportings will be validated for the first year of such reporting, provided the self-employment tax for each year, including repayment of any tax refunds, is paid on or before April 15, 1962.

4. Limitation on Retroactivity.-- No benefits are payable, nor may any benefit be increased, by reason of this amendment for September 1960 or any prior month. No lump-sum death benefit is payable, nor may any lump-sum death benefit be increased, by reason of this amendment where death occurred before September 13, 1960.

B. EXTENSION OF SEIF-EMPLOYMENT COVERAGE TO GUAM AND AMERICAN SAMOA

The amendments provide that for the purposes of self-employment coverage, and the computation of net earnings from self-employment and self-employment income, the term "possession of the United States" does not include Guam and American Samoa. The amendments further provide that residents of Guam and American Samoa who are not citizens of the United States shall not be regarded as nonresident aliens for self-employment purposes.

As a result of the amendments, Guamanians or American Samoans conducting a trade or business in either place will compute and report their net earnings from self-employment and self-employment income in the same manner as American citizens engaged in a trade or business in any of the States. Prior exclusions from gross income of American citizens conducting a trade or business in Guam or American Samoa no longer apply for purposes of computing their net earnings from self-employment. Accordingly, the gross income from a trade or business will be computed in the same manner as if the business was conducted in any of the States.

These provisions are effective for taxable years beginning after 1960.

C. SELF-EMPLOYMENT OF AMERICAN CITIZEN EMPLOYEES OF FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

Self-employment coverage is extended to United States citizens who perform services in the United States as employees of:

1. A foreign government,

2. An instrumentality wholly owned by a foreign government, or

3. An international organization.

This provision is effective for taxable years ending on and after December 31, 1960. However, for retirement test purposes, remuneration is treated as "wages" for taxable years beginning on or before September 13,1960, and as net earnings from self-employment for taxable years beginning after September 13, 1960.

1800. VETERANS BENEFITS - MILITARY SERVICE WAGE CREDITS

LIMITATION ON RECOMPUTATION TO INCLUDE CREDIT FOR POST-WORLD WAR II MILITARY SERVICE

If the wage earner was on the rolls in August 1952, the application for recomputation to include military service wage credits for the post-World War II period must be filed before January 1, 1961, unless he died before that date.

This amendment does not place a limitation on recomputation in the case of survivors who were on the rolls in August 1952. (See subsection E 5. of Summary, Section 100, Computations.)

A. SUMMARY OF REVISED ANNUAL EARNINGS TEST

The 1960 amendments substantially revised the retirement test. The highlights are as follows:

1. The $1,200 exempt amount remains the same.

2. For a full taxable year excess earnings, over $1,200 and up to $1,500, are charged on a $1 for $2 basis and amounts exceeding $1,500 are charged on a $1 for $1 basis.

3. Excess earnings are rounded to the next lowest dollar before charging.

4. Where auxiliary beneficiaries are entitled, excess earnings of an old-age beneficiary will be charged against the total family benefits payable. Where the auxiliary beneficiary is working, the excess will be charged against only his benefits.

5. If the excess to be charged because of the work of an old-age beneficiary for any month is less than the total of the family benefits payable for that month, then the difference payable to all beneficiaries is pro-rated in proportion to their original benefit rate.

6. There has been no revision in the application of additional (penalty) deductions against beneficiaries who work.

B. EXCESS EARNINGS

Where earnings in a taxable year exceed $100 times the number of months in such taxable year, an amount equal to one-half of the first $300 or less of such excess, plus any remaining excess above this $300 will be applied against and withheld from benefits payable for such year. The amount to be so applied will be known hereafter as the "chargeable excess."

C. ROUNDING OF THE CHARGEABLE EXCESS

Where the chargeable excess is not a multiple of an even dollar, it shall be reduced to the next lower multiple of $1.

D. MANNER OF APPLYING CHARGEABLE EXCESS

The chargeable excess will be applied against benefits beginning with the first month of the taxable year and proceeding to the last month of such year.

E. MONTH AGAINST WHICH CHARGEABLE EXCESS CANNOT BE APPLIED

A beneficiary's chargeable excess cannot be applied to months during which such beneficiary (1) was not entitled to benefits, (2) was age 72 or over, (3) neither worked as an employee for more than $100 nor rendered substantial services as a self-employed person, or (4) was entitled to a childhood disability benefit. Instead, these months are skipped over. If a beneficiary is subject to a deduction for a month because of noncovered remunerative activity outside the United States, because of failure to have a child in her care (in the case of a wife, widow, or former wife divorced), or because of refusal to accept rehabilitation services (in the case of a disabled child 18 or over), such beneficiary shall be deemed not entitled to benefits for that month for purposes of applying the chargeable excess.

F. DEDUCTIONS AGAINST AUXILIARY BENEFICIARIES BECAUSE OF WAGE EARNER'S EARNINGS

The wage earner's chargeable excess is applied against the benefits of his family group as a unit. Where the wage earner has excess earnings, an amount equal to his chargeable excess will be applied against (1) his benefits and (2) all other benefits (after adjustment for the family maximum without applying the deduction before reduction provision) payable on his earnings record and (3) any benefits payable to his spouse, if she is entitled to a child's disability or mother's benefit on another earnings record. However, where an auxiliary beneficiary is not entitled or is deemed not entitled to a benefit (see E, above) for a month, the wage earner's chargeable excess may not be applied against such auxiliary's benefit for such month.

Any partial benefit remaining for a month after applying the chargeable excess will be apportioned to the wage earner and all auxiliaries in the same proportion on which their original entitlement was based before reduction for the maximum, and without regard to any reduction in the benefit rate of an auxiliary because of entitlement to an OAIB or DIB. Where the apportioned amount is not a multiple of $0.10 it will be raised to the next higher multiple of $0.10.

G. HOW TO APPLY MULTIPLE CHARGEABLE EXCESSES

Where both the W/E and an auxiliary have chargeable excess earnings, the W/E's chargeable excess is first applied against his benefit and all other benefits payable on his earnings record. Then the chargeable excess of the auxiliary is applied against any benefits still payable to such auxiliary.

H. APPLYING CHARGEABLE EXCESS FOR AUXILIARY BENEFICIARY WHO WORKS WHERE MAXIMUM BENEFITS ARE INVOLVED

Where an auxiliary or survivor beneficiary works, the chargeable excess is applied against such individual's benefit as adjusted for the maximum without application of the deduction-before-reduction provision. Benefits to others entitled on the same E/R will be adjusted upward in accordance with the maximum provisions for the months in which the chargeable excess is applied. Where the working individual's benefit for a month exceeds his chargeable excess for that same month, the individual will be paid a benefit equal to this difference for such month. This partial benefit payable to the working beneficiary must be included in determining total benefits payable under the maximum provisions when adjusting upward the benefits of others entitled on the same E/R for that month.

I. EFFECTIVE DATES FOR ANNUAL RETIREMENT TEST

The provisions under B through H become effective for taxable years beginning after 12/31/60. The pre 1960 amendment annual earnings test remains in effect for taxable years ending in 1961 which began prior to 1961.

J. APPLICATION OF RETIREMENT TEST TO AMERICAN CITIZENS IN EMPLOY OF FOREIGN GOVERNMENT IN UNITED STATES

Services performed in the United States by U.S. citizens employed by foreign governments, wholly-owned instrumentalities of foreign governments, and certain international organizations previously excluded from employment covered by the Act are covered as self-employment effective for taxable years ending on or after 12/31/60. U.S. citizens performing such services will be subject to deductions under the annual earnings test on the basis of NE from SE and the substantial services factor rather than on the basis of wages and the $100 per month test effective for taxable years beginning after September 13, 1960.

K. EXTENDING A DEADLINE WHERE THE ENDING DATE FOR AN ACTION FALLS ON A NONWORK DAY

Effective September 13, 1960, any deadline date that falls on a Saturday, Sunday, or legal holiday, or on any other day all or part of which is declared to be a nonwork day for Federal employees by statute or Executive Order, is extended to the first full work day immediately following the deadline date. For example, where April 15 (deadline date for filing annual earnings reports) falls on a holiday or other Federal nonwork day, the deadline date would be extended to the next full work day. This provision does not extend retroactivity of application for monthly benefits.

L. APPLICATION OF RETIREMENT TEST IN GUAM AND AMERICAN SAMOA

1. As a result of the extension of coverage under the OASDI program to Guam and American Samoa the annual earnings test rather than the 7-day work test will apply with respect to all persons living in these areas (except as noted in 2. below) effective for earnings from employment beginning January 1, 1961, and for SEI for taxable years beginning after 1960.

2. The 7-day work test remains applicable to earnings from the following employment and self-employment which continues to be excluded from coverage.

a. The SEI of a self-employed nonresident alien living in Guam or American Samoa.

b. Earnings for services performed in Guam by a resident of the Republic of the Philippines admitted to Guam on a temporary basis as a nonimmigrant alien.

M. MEANING OF UNITED STATES

Guam and American Samoa are now included in the geographical boundaries of the "United States" for program purposes (see exception in L. above), in addition to the States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

FAILURE TO REPORT OLD-AGE BENEFICIARY'S WORK

Effective September 13, 1960, an additional (penalty) deduction will no longer be imposable against the benefits of a person entitled to childhood disability benefits, or to mother's insurance benefits, who is married to an old-age insurance beneficiary for failure to timely report work of the old-age insurance beneficiary subject to the 7-day work test. Any such additional deductions previously imposed but not yet collected will not be collected after September 13, 1960.

A. ELIMINATION OF AGE 50 REQUIREMENT

The 1960 amendments eliminate age 50 from the DIB requirements effective with respect to monthly benefits for months beginning with November 1960 based on application for DIB filed in or after September 1960. The elimination of the age 50 requirement means that persons eligible for a freeze are also eligible for DIB except in a few situations such as the following:

1. Persons with statutory blindness who are able to engage in SGA;

2. Persons who qualified for freeze only with the help of RR or military service credits which are not creditable as wages for benefit purposes;

3. Certain persons who are past retirement age at time of filing and can establish a freeze which increases the amount of the OAIB, although they are ineligible for DIB (e.g., a woman aged 63 already entitled to OAIB or widow's benefits when she files her disability claim, or a W/E aged 66 or over when he files his disability claim, etc.)

B. WAITING PERIOD REQUIREMENT

1. When No Waiting Period is Required

Where a DIB claimant has previously had a freeze or DIB which ended within 5 years before the month his current disability began, he need not serve a waiting period, but will be eligible for benefits beginning with the first month throughout which he is under a disability and has DIB insured status. However, entitlement to the DIB without a waiting period cannot be established for any month before September 1960.

2. When Waiting Period Begins

With elimination of age 50 as a DIB requirement, the amendments also eliminate the restriction that the waiting period cannot begin more than 6 months before the month in which the W/E attained age 50. This means that the waiting period will begin with the first day of the 18th month before the month of filing, except where the disability requirements or the DIB insured status requirements were not met until after that day. This change affects only those cases where the W/E's application was filed in or after September 1960.

C. ALTERNATE INSURED STATUS REQUIREMENT

1. Where a claimant does not meet the 20/40 requirement for freeze or DIB in or before the 9/60 quarter, he nevertheless will have an insured status for freeze or DIB purposes as of the first quarter in which he has:

a. At least 20 quarters of coverage ending with that quarter, and

b. Quarters of coverage for at least 6 quarters beginning with the first quarter after 1950 and continuing for each quarter up to, but not including that quarter,

provided that the application is filed after August 31,1960 and before July 1, 1961 (an application filed after June 30, 1961 may be retroactive for no more than 18 months).

2. The alternate insured status requirement will help only a W/E whose disability began before 1956, and who had at least one quarter of coverage before 1946. (Otherwise persons meeting this requirement could also meet the 20/40 requirement.) A period of disability for such a person can start no earlier than 7/1/52 (since there must be at least 6 quarters of coverage after 1950 and before the quarter in which the freeze begins) and cannot start later than 12/31/55.

Benefits are payable under this amendment no earlier than October 1960.

D. APPLICATIONS FILED BEFORE DISABILITY BEGAN

An effective application for DIB or freeze may be filed before disability began, provided that:

1. In the case of an application for DIB, all requirements for DIB are met within 9 months after the month of filing (within 6 months, where no waiting period is necessary for DIB). Entitlement to a DIB cannot be established on the basis of this change for any month before September 1960.

2. In the case of a freeze application, all freeze requirements are met within 3 months after the day application is filed. However, an application is effective if all freeze requirements are met within 6 months after the month of filing where the DIB can be awarded without a waiting period for at least one month within such six months.

E. RETROACTIVITY OF APPLICATION FOR DIB OR FREEZE

The amendments provide expressly (rather than as previously by implication) that there can be no entitlement to DIB for retroactive months unless the disability continued throughout the retroactive months and up to the date of actual filing. The 12-month period of retroactivity for DIB is unchanged.

Freeze applications still have the same retroactivity as before.

F. TERMINATION OF FREEZE AND DIB

Under the amendments, when attainment of age 65, or cessation of disability requires terminating of the DIB and the freeze, they will end on the same date rather than a month apart.

Where attainment of age 65 is the terminating event, both freeze and DIB will end with the month before the month of attainment. However, where cessation of disability is the terminating event, DIB entitlement and the freeze will both continue through the month disability ceases and the 2 subsequent months, ending with the last day of the second month--unless, of course, termination occurs earlier because of death or attainment of age 65. In effect, therefore, the beneficiary whose disability ceases will usually receive DIB for 3 months longer than under previous law. Similarly, childhood disability benefits will continue through the month in which disability ceases and will end with the second month thereafter, unless some other terminating event occurs in or before the second month.

The DIB ends with the month before the month of death; but freeze continues to the end of the month of death. (As before, freeze will continue for a person with statutory blindness even though a DIB is terminated when he regains ability to work.)

These changes will apply only if the first terminating event (cessation of disability or attainment of age 65) occurs after September 1960. Where a terminating event occurs before October 1960, freeze and DIB will terminate in accordance with the law in effect before the 1960 amendments.

G. COMPUTATION OF THE DIB

1. Where the W/E becomes entitled to DIB (i.e., he has filed application and met all other requirements) in 1960, the DIB will be computed as if he had attained retirement age and filed for OAIB in the first month of the waiting period. Where the W/E is entitled to DIB without a waiting period (see B 1. above) the DIB will be computed as though he had attained retirement age and filed for OAIB in the first month for which he is entitled to DIB.

2. Where the W/E becomes entitled to DIB after 1960 the DIB will be computed as though:

a. The W/E had attained retirement age in the first month of the waiting period (or, if there is no waiting period, in the first month for which he is entitled to DIB); and

b. He had filed OAIB application when his DIB application was filed.

However, this rule will not be applied to increase the divisor for a woman who had actually attained retirement age and was fully insured before the beginning of the waiting period. For such cases, the elapsed years will not include the first year in which she was aged 62 and fully insured or any year thereafter. See summary of section 100, Computations and Recomputations, for explanation of "elapsed years" and "benefit computation years" in DIB cases.

H. EXCEPTION FROM 6-MONTH MINIMUM FREEZE REQUIREMENT

A freeze may be established for a period of less than 6 months, if during that period the W/E was entitled to a DIB for at least one month. This is possible only in cases where the W/E has qualified for a DIB without a waiting period (See B 1. above) that is, the W/E had a previous freeze period of at least 6 months' duration which terminated because disability ceased.

I. TRIAL WORK PERIOD

The amendment deletes the provision in the law relating to services performed under a State-approved rehabilitation program and substitutes a new section which provides for a trial work period. In determining whether a disability in a trial work period has ceased, we must disregard any remunerative work done during that period.

1. The trial work period applies only to persons who are entitled to either DIB or CDB; it does not apply to a person who is entitled only to a freeze. However, where a person has both a DIB and freeze, the trial work period applies to both (except for persons with statutory blindness; such a person's freeze will continue regardless of ability to engage in SGA).

2. The trial work period begins with whichever is the latest of the following months:

a. The month in which the beneficiary became entitled, by having filed application and having met all other requirements; or

b. October 1960; or

c. In CDB cases the month in which the child attained age 18.

3. The trial work period ends with the month in which medical recovery occurs or, if earlier, with the ninth month (beginning on or after the first day of the trial work period) in which the beneficiary does any work which is remunerative (including work which is of a type that would normally be remunerative). The nine months of work need not be consecutive. A month in which remunerative work is done will count as one of the nine months; the work need not be substantial.

4. Only one trial work period may be given in a single period of disability; and no trial work period may be given while a person is entitled to a DIB for which he qualified without a waiting period (see B 1. above).

Secretary Flemming's testimony before Senate Committee on Finance
June 29, 1960

STATEMENT OF ARTHUR S. FLEMMING, SECRETARY OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY CHARLES E. HAWKINS, W. L. MITCHELL, ROBERT J. MYERS, ROBERT M. BALL, SOCIAL SECURITY ADMINISTRATION; AND ROBERT A. FORSYTHE, ASSISTANT SECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Secretary FLEMMING. Mr. Chairman and members of the committee, I appreciate very much having the opportunity of appearing before the committee in order to discuss H.R. 12580 and some of the issues that underlie it. The bill as you know was developed after long and careful consideration in the Ways and Means Committee of the House of Representatives.

It makes a substantial number of significant changes in the programs of old-age, survivors, and disability insurance, maternal and child welfare, public assistance, and unemployment compensation. It also would establish a new program for low income aged persons who need help in meeting their medical bills.

The changes that the bill would make in the OASDI provisions would accomplish some important basic program improvements. In addition, the bill would remedy some minor inequities that exist under the present provisions, and would make many technical improvements and administrative simplifications.

The program of old-age, survivors, and disability insurance provides basic protection to the American people against the risk of earning loss resulting from retirement, death, or permanent and total disability. Over 14 million individuals now receive benefits under this program. Nearly 900,000 additional persons would almost immediately become eligible for benefits under the provisions of this bill.

In addition, some 400,000 children would receive increased benefits immediately and approximately 300,000 persons would be brought under the coverage of the system so that their earnings would count toward eligibility for benefits on retirement, death, or disability.

Among the most significant of the old-age, survivors, and disability insurance provisions are those concerned with disability. The minimum age of 50 for receipt of disability insurance benefits would be eliminated. This would result in immediate benefits for 125,000 disabled workers and approximately a like number of their dependents. I am very glad that experience under the disability insurance program indicates that this significant change can now be made without increasing the tax rates necessary to finance the disability benefit

program. Another change in the disability provisions would eliminate a second 6-month waiting period for disability benefits for persons who had had a prior period of disability within 5 years.

Under present law disabled persons who return to work pursuant to a State-approved vocational rehabilitation plan may continue to draw benefits for as many as 12 months even though they are engaged in work activity which is such that, without this provision, they would have their benefits terminated.

The bill would broaden this provision so that disability beneficiaries who work under other rehabilitation plans or are rehabilitating themselves would also be allowed a similar trial work period during which their benefits would be continued.

One of the important changes in the old-age, survivors, and disability insurance system would revise the present insured status provision to make the requirements that apply to people attaining retirement age in the next few years more nearly comparable to those that will prevail over the long run.

At present, an individual, to be eligible for benefits on retirement, has to have had coverage in a number of calendar quarters equal to one-half of the quarters elapsing after 1950 and before he attained retirement age.

For persons brought into coverage in 1954 and 1956 and reaching retirement age at the present time, almost all of the quarters that have elapsed since their jobs were covered have to be quarters of coverage.

Under the bill, a person would be fully insured if he had one quarter of coverage for every four quarters elapsing after 1950 (instead of one quarter of coverage for every two elapsed quarters as required by present law).

This change is consistent with the longrun requirement that an individual is permanently insured if he has 40 quarters of coverage—about one-fourth of a working lifetime in covered work. The change would make approximately 600,000 persons immediately eligible for benefits.

The bill provides a number of extensions of coverage recommended by the administration, including coverage for self-employed physicians, parents employed in a business by their sons or daughters, additional employees of nonprofit organizations, workers in Guam and American Samoa, and a few other small groups.

In addition, various provisions affecting nonprofit employees and State and local employees are liberalized and improved. Among other changes. the time within which ministers can elect coverage is extended, and further opportunity for retroactive coverage under State and local agreements is provided.

Under present law, the amount payable to a child of a deceased worker is equal to one-half of the benefit amount the worker would have been paid if he had lived, plus an additional amount derived by dividing one-fourth of the worker's benefit amount by the number of children getting benefits.

The bill would increase the benefits payable to children of a deceased worker so that each child would get an amount equal to three-fourths of the worker's benefit amount, subject of course to the family maximum provision.

The bill would also provide benefits for survivors of workers who died fully insured before 1940. About 25,000 people—chiefly widows over age 72—would qualify as a result of this change.

The provisions relating to the investment of trust funds would be changed so as to make interest earnings on the Government obligations held by those funds more nearly equivalent to the rate of return being received by people who buy Government obligations in the open market. The changes would make for more equitable treatment of the trust funds and are generally in line with the recommendations that were made by the Advisory Council on Social Security Financing.

The long-run benefit cost of the old-age, survivors, and disability insurance system as modified by the bill is very closely in balance with contribution income, according to our intermediate cost estimate. This of course is true under present law and it would continue to be so after enactment of the bill.

Our latest long-range cost estimates show, on a level-premium intermediate-cost basis, a surplus of 0.15 percent of payroll for the disability part of the program.

H.R. 12580 would increase the level-premium cost of the disability provisions by 0.21 percent of payroll. The resulting net insufficiency of 0.06 percent of payroll would be small enough so that the disability part of the program would still be in actuarial balance.

The old-age and survivors insurance part of the program now shows an actuarial insufficiency of 0.20 percent of payroll on the intermediate-cost basis. The estimated level-premium cost of the provisions increasing children's benefits and the provision liberalizing the insured status requirements total 0.06 percent.

The provisions for extending the coverage of the program and the provisions relating to the investments of the trust funds would provide increased income equivalent to 0.03 percent of payroll.

Therefore, the present actuarial insufficiency of 0.20 percent of payroll would be increased to 0.23 percent. An insufficiency of this size is small enough so that the old-age and survivors insurance part of the program would continue to be on an actuarially sound basis.

Income and expenditures of the old-age and survivors insurance trust fund are estimated under the bill to be in close balance during calendar year 1961, and it is expected that expenditures will be somewhat larger than income during 1962.

Beginning in 1963, income is expected to exceed disbursements, and the long-range upward trend in the size of the trust fund will be resumed.

An important result of the changes in the OASDI program made by the bill is an estimated savings in public assistance costs of about $85 million in calendar year 1961 and larger annual savings in future years.

The old-age, survivors, and disability insurance provisions would contribute substantially to the protection afforded under the program and would be a desirable step at this time.

MATERNAL AND CHILD HEALTH AND WELFARE PROVISIONS

The bill would increase the amounts authorized to be appropriated for maternal and child health and for crippled children's services to

$25 million each. They are presently $21,500,000 and $20 million, respectively. Provision is made for direct grants for special projects to public and nonprofit institutions.

The appropriation ceiling for child welfare services would also be increased from $17 million to $20 million. The bill also contains an authorization for grants to public and nonprofit institutions of higher learning, agencies and organizations for research, and demonstration projects related to child welfare consistent with a recommendation of the Advisory Council on Child Welfare Services authorized by the Senate as a part of the 1958 amendments.

MEDICAL CARE PROVISIONS

The bill contains a number of provisions concerned primarily with medical care for older persons. It instructs the Secretary of Health, Education, and Welfare to develop guides or recommended standards as to level, content, and quality of medical care for the use of the States in evaluating and improving their public assistance medical care programs and the new program authorized in the bill.

The Secretary is also required to secure periodic reports from the States on items included in, and quantity of, medical care for which expenditures are made under these programs.

This is in accord with a recommendation made by the Advisory Council on Public Assistance which was established pursuant to an amendment made by this committee in the Social Security Amendments of 1958. The House Ways and Means Committee, in its report on this bill, has asked the Department to undertake a study of other medical resources available to public assistance recipients.

The bill also provides for somewhat increased Federal participation under the old-age assistance program in increased expenditures to suppliers of medical care under State plans which make significant improvements in assistance for medical care.

The Ways and Means Committee, in its report on the bill, stated:

> In order to further encourage the States, particularly those which have made but limited efforts in the medical area, to increase their effort, the bill includes a provision giving each State an additional amount of Federal funds for old-age assistance where its expenditures are increased through vendor payments for medical care.

The stated objective is a desirable one, and while there is some question whether the provision in the bill would produce the intended result, it is probably worth trying.

Title VI of H.R. 12580 would establish a new Federal-State grant-in-aid program intended to assist in meeting the acute problems of medical care encountered by aged persons. The program would permit States to pay for the medical expenses of low-income aged persons who are not so needy as to require old-age assistance but whose income and resources, after taking into account amounts needed for current living expenses, are insufficient to meet their medical bills.

States would have broad latitude in determining who needed such assistance and in determining what medical expenditures would be made under the plan. Such a program looks in the direction of attempting to meet a part of the problem of medical care for older persons by dealing with crises after they arise. It puts the State government, with the assistance of Federal funds, in a position to

deal with these crises. It does not, of course, put the individual in a position where he can obtain protection in advance against the hazards of long-term illnesses.

In view of the fact that the title would put States that take advantage of it in a better position to deal with illnesses incurred by low-income aged persons, we favor its inclusion in the bill.

HEALTH INSURANCE FOR THE AGED

In addition to the issues I have just discussed, the Congress has before it the question of what the Federal Government should do in order to help the aged make provision in advance for meeting the costs of illness.

The members of this committee are aware that tremendous efforts have been made by various groups and individuals to bring to public attention the problems faced by many of our aged in meeting the costs of health services and medical care.

A considerable segment of this effort has been directed to the Members of the Congress—with assertion of the virtues of one method of meeting the problem over another.

The executive branch of the Government fully recognizes and accepts the fact that the Federal Government should take additional action in this field. A careful consideration of facts such as the following can lead to no other conclusion:

1. There are 16 million persons aged 65 and over. Four million pay income taxes. Of the 12 million who do not pay income taxes, 2.4 million are recipients of public assistance.

2. A 1958 study identified 60 percent, or 9.6 million, of the aged as having incomes of $1,000 or less, and 80 percent, or 12.8 million, as having incomes of $2,000 or less.

These figures should be discounted, because they include situations where a wife has an income of less than $1,000 and the husband has a substantial income, and because they include situations where other members of the family have substantial resources. Nevertheless, we are dealing with a group in our population which contains an unusually large percentage of persons with very limited resources.

3. A 1957–58 study shows that the average annual expenditures of this group for health and medical expenses was $177, not including nursing home care, as compared with $84 for the rest of the population. But it is important to note that 15 percent of the persons 65 and over, or 2.25 million, had total medical expenditures, on the average, of $700 per year, not including nursing home care.

The expenditures for this group represented 60 percent of the total medical care expenditures of the aged. Since 1957, costs for medical care have increased at least 20 percent. Also, it should be noted that the high average expenditures for the aged is attributable to the fact that $6,000, for example, is a conservative estimate of total medical expenditures incurred by persons who are continuously ill for an entire year.

4. According to the Health Insurance Association of America, approximately 49 percent of the persons in this age group have some kind of health and medical insurance.

But, only a comparatively small percentage of this group have policies that protect them against long-term illnesses. This is true

of those who are covered by group policies, as well as those who are covered by individual policies. There is a trend in the direction of extending beyond the retirement age provisions in group policies that cover major medical expenses. There is also a trend in the direction of making individual policies that cover major medical expenses available to persons 65 and over. These policies call for payment of premiums ranging from $60 to $130 a year per individual. They include deductible provisions ranging from $250 to $500. They ordinarily establish annual or lifetime dollar ceilings on benefits. Most contain coinsurance provisions of 20 percent to 25 percent.

It follows, therefore, that a large percentage of persons aged 65 and over do not have protection against long-term illnesses, and either cannot obtain protection at rates they can afford to pay, or cannot obtain adequate protection.

PENDING LEGISLATIVE PROPOSALS

There are several bills before this committee (S. 881, S. 1151, S. 2915, and S. 3503) which would amend the Social Security Act to impose an additional payroll tax to finance hospitalization and other medical care benefits for persons eligible for old-age and survivors insurance benefits.

In addition, the administration has outlined a proposal for a program of Federal-State matching grants to provide approximately 12 million persons 65 and over who have limited resources with the opportunity of taking steps which, if taken, will enable them to cope with the heavy economic burden of long-term or other expensive illnesses.

As this committee undoubtedly knows, the executive branch has given careful consideration to proposals that have been made to deal with the health and medical expenses of the aged through the social security system. Our reasons for rejecting this approach include the following:

1. It is not pinpointed to the need. There are 4 million of the 16 million in our aged population who are not covered by social security. Approximately one-half of these persons have incomes of $1,000 or less.

At the same time there are many persons who are covered by social security who have no interest in and no need for the type of protection that would be afforded.

2. We feel it would constitute a serious threat to the orderly development of present retirement, survivorship, and disability benefit features of the social security system.

The payroll tax which finances the OASDI program is already scheduled to rise in 1969 to 4.5 percent each on employees and employers (6¾ percent on self-employed)—a total of 9 percent of payrolls.

Further liberalization in retirement, survivorship, and disability benefits will call for additional revenues. These revenues can only come from increases in the payroll tax or increases in the earnings base, or both.

If health insurance is added to the social security system it will be even more difficult to predict where we will end up as far as the payroll tax is concerned.

Pending proposals would call for an addition of 1 percent to the tax. It is generally recognized that these proposals are inadequate when looked at from the point of view of taking care of the costs of long-term illnesses. Unquestionably, therefore, if health insurance becomes a part of the social security system, there will be insistent demands for improving the schedule of benefits.

In addition, there will be insistent pressures for reducing or eliminating the age requirement. A combination of increased benefits with the lowering or elimination of the age requirement could easily lead to an addition of 4 to 5 percent to the presently scheduled 9 percent rate.

This increase plus the increase that will be required under the retirement, survivorship, and disability features of the program, could very well bring the payroll tax up to somewhere between 15 and 20 percent. We believe it is unsound to assume that revenue possibilities from a payroll tax are limitless.

We decided therefore that it was far better to reserve the payroll tax for the retirement, survivorship, and disability features of the social security system.

Whatever the Government needs to do in the area of health care for the aged should be done by the appropriation of general revenues. This will safeguard the orderly development of the retirement, survivorship, and disability features of the social security system.

Moreover, taking into consideration that in the medical benefits area we are dealing with benefits that are not related to wages, the appropriation of general revenues will provide for a more equitable distribution of the fiscal load. A system of raising the Federal share of revenues that relies primarily on the use of the progressive income tax is fairer for health benefits than one that places one-half the burden on earnings of $4,800 or less.

In other words, the use of the social security system for health insurance purposes would give rise to some very serious problems. Once the step is taken it is irreversible and we would have to continue to live with these problems.

As I have indicated, the administration has developed a proposal that would help approximately 12 million persons who are over 65 years of age and have limited resources to cope with the financial burdens of long-term or other expensive illness.

We have developed this proposal in the belief that any program undertaken by the Federal Government in this area should meet the following tests:

1. It should provide the individual with the opportunity of deciding for himself whether or not he desires to be a participant in the program.
2. It should make available a system of comprehensive health and medical benefits which provide adequate protection against the costs of long-term and other expensive illnesses.
3. It should make available all the benefits of the program to public assistance recipients at public expense.
4. It should provide for some financial contribution on the part of those participants who are not on public assistance.
5. It should provide private insurers with the opportunity of expanding their programs of extending health protection to the over-65 age group.

6. It should provide for a Federal-State partnership in dealing with the problem.

We have developed a program that is consistent with these guidelines. We believe that if it is put into operation it will provide the aged with the type of assistance they most need. We want to make it clear, however, that we will be glad to discuss any suggestions for improvements that are consistent with the basic guidelines that I have just outlined.

Specifically, we have recommended that the Federal Government assist the States in establishing a program of medical benefits for the aged in accordance with the following specifications:

1. Eligibility for participation in program: The program would be open to all persons aged 65 and over who did not pay an income tax in the preceding year and to taxpayers 65 and over whose adjusted gross income, plus social security benefits, railroad retirement benefits, and veterans pensions, in the preceding year did not exceed $2,500 ($3,800 for a couple).

2. Eligibility for benefits: Persons eligible for participation in the program would be entitled to the benefits of the program if they had paid an enrollment fee each year of $24 and after they had incurred health and medical expenses of $250 ($400 for a couple).

Public assistance recipients would be entitled to the benefits of the program without paying the enrollment fee and with the States paying the initial $250 of expenses under the regular public assistance program.

3. Benefits: The program would pay 80 percent (100 percent for public assistance recipients) of the costs of the following comprehensive health and medical services for all participants who had established their eligibility and if such services had been determined to be medically necessary.

(*a*) Inpatient hospital services for not to exceed 180 days in any enrollment year;

(*b*) Skilled nursing-home services, all of these others are unlimited, I might say.

(*c*) Physicians' services;

(*d*) Outpatient hospital services;

(*e*) Organized home health care services;

(*f*) Private duty nursing services;

(*g*) Physical restorative services;

(*h*) Dental treatment;

(*i*) Laboratory and X-ray services not in excess of $200 in any enrollment year; and

(*j*) Prescribed drugs not in excess of $350 in any enrollment year.

4. Optional benefits: Each State would provide that an aged person eligible for participation in the program could elect to purchase from a private group a major medical expense insurance policy with the understanding that 50 percent of the cost would be paid for him from Federal-State matching funds up to a maximum of $60.

The States would be responsible for establishing the minimum specifications for such policies in accordance with broad standards established by the Federal Government.

5. Continuation of eligibility: Once a person had qualified for participation in the program, he could maintain his eligibility by the pay-

ment of the annual fee. If his income rose above the figure specified for eligibility, his fee would be raised on a graduated basis for each $500 of increase in income until the fee covered the full per capita cost of the benefits made available to him.

6. Administration: The program would be administered by the States, under State plans approved by the Secretary of Health, Education, and Welfare. The State would be authorized to use appropriate private organizations as agents.

7. Financing: The governmental cost of the program would be financed by the Federal Government and the States on a matching basis. Federal matching would be 50 percent on the average with an equalization formula ranging from 33⅓ to 66⅔ percent for the Federal share.

8. Cost: Assuming that all States participate and that 80 percent of those who are eligible enroll for the program, it is estimated that the annual Federal-State cost of this plan would be $1.2 billion with the Federal share estimated at $600 million. There would be some reduction to the extent that persons eligible for participation in the plan elected to purchase insurance policies providing for the optional benefits. It is impossible to estimate the number of persons who would elect the optional benefits.

On the other hand, however, it should be noted that increases in costs and increased utilization of facilities over and above that included in the cost estimates could lead to an increase in these estimates.

Also, there would be some increase in Federal payments for public assistance. This increase might reach $100 million per year.

The makeready cost during fiscal year 1960–61—including grants to States to help them develop their programs—would be about $5 million. The fiscal year 1961–62 cost would depend on many factors. We estimate that this would run in the neighborhood of $400 million—of which $200 million would be the Federal share.

We believe that the plan which I have just described would achieve the following results:

1. It would permit the individual to decide for himself whether or not he will participate in the program.

2. It would preserve the opportunity for private insurers to continue to demonstrate their ability to develop major medical expense programs for the aged.

3. It would divide the cost equitably among the entire propulation by providing for financing the Federal share out of general revenues, contrasted with a payroll tax that places half the burden on earnings of less than $4,800.

4. It would provide a wide range of benefits without placing a premium on institutional care as opposed to alternative lower-cost services. Thus, it would facilitate the most effective and economical use of available medical facilities and services.

5. It would provide a built-in incentive for judicious use of health facilities and services by requiring the individual (other than public assistance recipients) to share in the cost above the deductible of $250.

Most important, however, the program is designed to pin-point the area of greatest need, namely, the large number of persons over 65 who do not have the resources or the opportunity to obtain adequate protection against the staggering financial burdens of long-term ill-

ness. This is the most serious problem in financing health care for the aged.

The administration's proposal would guarantee comprehensive health and medical services to all aged public assistance recipients in States that avail themselves of the program.

Benefits would be available to all persons in the lower income brackets, regardless of whether they happen to be covered by social security. Individual eligibility to participate in the program would be determined by a simple income test, without subjecting the individual to a detailed and involved means test.

In summary, we believe that our program for helping the aged obtain protection against the costs of long-term or other expensive illness will concentrate governmental assistance in such a manner as to provide the most effective and most responsible use of Federal and State funds. We believe this program represents a practical solution to a pressing human problem.

(The following tables were submitted by Secretary Flemming for the record.)

ESTIMATED FEDERAL AND STATE-LOCAL EXPENDITURES AS A RESULT OF MEDICARE PROGRAM FOR THE AGED, BY STATE, IF ALL STATES PARTICIPATE, AS OF JANUARY 1960

TABLE 1.—*Population aged 65 and over: Estimated total and number eligible and participating under medicare program for the aged, as of Jan. 1, 1960*

[In thousands]

State	Total aged 65 and over [1]	Under medicare program			
		Eligible [2]	Participants		
			Total	Now receiving old-age assistance [3]	Others [4]
U.S. total	15,720	12,500	9,970	2,400	7,570
Alabama	250	223	192	99	93
Alaska	6	4	3	1	2
Arizona	80	60	48	14	34
Arkansas	190	158	132	56	76
California	1,220	1,001	815	258	557
Colorado	140	125	105	47	58
Connecticut	230	185	143	15	128
Delaware	34	26	20	1	19
District of Columbia	60	38	29	3	26
Florida	490	385	306	70	236
Georgia	270	233	199	98	101
Hawaii	30	21	16	1	15
Idaho	58	46	36	7	29
Illinois	937	705	548	76	472
Indiana	435	341	263	29	234
Iowa	325	236	186	35	151
Kansas	235	172	136	29	107
Kentucky	278	228	185	57	128
Louisiana	213	204	184	125	59
Maine	105	87	68	12	56
Maryland	205	145	111	10	101
Massachusetts	520	450	358	81	277
Michigan	617	504	394	63	331
Minnesota	348	259	206	48	158
Mississippi	175	166	145	81	64
Missouri	472	393	324	118	206
Montana	65	49	39	7	32
Nebraska	155	114	89	15	74
Nevada	17	12	10	3	7
New Hampshire	68	52	40	5	35
New Jersey	522	416	317	19	289

See footnotes at end of table.

TABLE 1.—*Population aged 65 and over: Estimated total and number eligible and participating under medicare program for the aged, as of Jan. 1, 1960*—Con.

[In thousands]

State	Total aged 65 and over [1]	Under medicare program			
		Eligible [2]	Participants		
			Total	Now receiving old-age assistance [3]	Others [4]
New Mexico	48	35	29	11	18
New York	1,585	1,227	941	84	857
North Carolina	292	234	188	49	139
North Dakota	50	42	33	7	26
Ohio	860	671	525	89	436
Oklahoma	232	201	173	91	82
Oregon	185	145	113	17	96
Pennsylvania	1,082	829	634	50	584
Rhode Island	88	73	57	7	50
South Carolina	150	115	95	33	62
South Dakota	70	52	41	9	32
Tennessee	285	223	181	56	125
Texas	680	565	479	223	256
Utah	57	45	36	8	28
Vermont	44	34	27	6	21
Virginia	267	187	144	15	129
Washington	267	225	181	50	131
West Virginia	172	135	106	20	86
Wisconsin	398	311	242	36	206
Wyoming	27	18	14	3	11
Puerto Rico	125	95	81	40	41
Virgin Islands	2	1	1	1	[5]

[1] The State distribution of the aged population as of Jan. 1, 1960, was estimated by the Division of Program Research, based on Census Bureau estimates of the distribution by State on July 1, 1958, adjusted by the differential changes in the Census Bureau estimates of the aged population between July 1, 1957, and July 1, 1958. (Census Bureau reports, series P-25, Nos. 194 and 214).

[2] It is assumed that the 12.5 million aged estimated to be eligible would be distributed by State in the same manner as the unduplicated number receiving OASI or old-age-assistance in mid-1959.

[3] For December 1959.

[4] It is assumed that 75 percent of the non-old-age-assistance eligibles will participate.

[5] Less than 500.

TABLE 2.—*Medicare program: Total estimated annual expenditures [1] by State, if all States participate, as of Jan. 1, 1960*

[In millions]

State	Governmental expenditures					Enrollment fees paid by participants
	Total	Total amounts for—		Source of funds		
		Present OAA recipients	Others	Federal [2]	State-local [2]	
U.S. total	$1,229.7	$436.5	$793.2	$602.5	$627.2	$181.7
Alabama	23.5	14.9	8.6	15.6	7.9	2.2
Alaska	.5	.2	.3	.3	.2	[3]
Arizona	5.8	2.3	3.5	3.3	2.5	.8
Arkansas	14.4	7.9	6.5	9.6	4.8	1.8
California	125.2	53.9	71.3	46.9	78.3	13.4
Colorado	13.5	7.7	5.8	7.0	6.5	1.4
Connecticut	21.6	4.4	17.2	7.2	14.4	3.1
Delaware	2.4	.2	2.2	.8	1.6	.5
District of Columbia	3.7	.6	3.1	1.4	2.3	.6
Florida	35.8	11.7	24.1	19.7	16.1	5.7
Georgia	24.5	15.0	9.5	15.7	8.8	2.4
Hawaii	1.7	.2	1.5	.9	.8	.4
Idaho	4.3	1.2	3.1	2.5	1.8	.7
Illinois	65.0	12.6	52.4	25.7	39.3	11.3
Indiana	28.4	4.8	23.6	14.1	14.3	5.6

See footnotes at end of table.

TABLE 2.—*Medicare program: Total estimated annual expenditures*[1] *by State, if all States participate, as of Jan. 1, 1960*—Continued

[In millions]

State	Governmental expenditures					Enrollment fees paid by participants
	Total	Total amounts for—		Source of funds		
		Present OAA recipients	Others	Federal[2]	State-local[2]	
Iowa	17.9	4.9	13.0	10.2	7.7	3.6
Kansas	13.1	4.0	9.1	7.3	5.8	2.6
Kentucky	21.9	9.2	12.7	14.5	7.4	3.1
Louisiana	23.0	17.9	5.1	14.4	8.6	1.4
Maine	7.3	1.9	5.4	4.2	3.1	1.3
Maryland	12.2	1.7	10.5	5.7	6.5	2.4
Massachusetts	62.7	27.5	35.2	27.1	35.6	6.6
Michigan	52.9	12.5	40.4	23.8	29.1	7.9
Minnesota	31.8	15.2	16.6	17.3	14.5	3.8
Mississippi	16.1	10.9	5.2	10.8	5.3	1.5
Missouri	36.7	17.7	19.0	19.0	17.7	4.9
Montana	4.2	1.1	3.1	2.2	2.0	.8
Nebraska	8.5	2.1	6.4	4.9	3.6	1.8
Nevada	1.3	.5	.8	.5	.8	.2
New Hampshire	5.2	1.6	3.6	2.8	2.4	.8
New Jersey	35.2	4.2	31.0	13.5	21.7	7.2
New Mexico	3.6	1.8	1.8	2.2	1.4	.4
New York	125.3	30.2	95.1	46.8	78.5	20.6
North Carolina	18.0	6.6	11.4	12.0	6.0	3.3
North Dakota	3.7	1.6	2.1	2.3	1.4	.6
Ohio	63.3	15.8	47.5	28.1	35.2	10.5
Oklahoma	20.1	13.0	7.1	12.0	8.1	2.0
Oregon	14.6	3.3	11.3	7.5	7.1	2.3
Pennsylvania	60.0	7.4	52.6	29.1	30.9	14.0
Rhode Island	7.9	1.5	6.4	3.8	4.1	1.2
South Carolina	8.4	3.9	4.5	5.6	2.8	1.5
South Dakota	3.8	1.2	2.6	2.5	1.3	.8
Tennessee	19.5	8.3	11.2	12.9	6.6	3.0
Texas	64.5	37.9	26.6	36.2	28.3	6.1
Utah	4.1	1.3	2.8	2.4	1.7	.7
Vermont	3.2	1.0	2.2	1.9	1.3	.5
Virginia	13.1	2.1	11.0	7.6	5.5	3.1
Washington	27.2	10.4	16.8	12.8	14.4	3.1
West Virginia	10.2	2.8	7.4	6.5	3.7	2.1
Wisconsin	31.2	11.6	19.6	16.4	14.8	4.9
Wyoming	1.6	.5	1.1	.9	.7	.3
Puerto Rico	6.0	3.7	2.3	4.0	2.0	1.0
Virgin Islands	.1	.1	[3]	.1	[3]	[3]

[1] Cost of benefits—80 percent of costs of specified services (100 percent for OAA recipients) above $250 a year—and cost of administration. State per capita costs varied from national average on basis of variations in average State per diem costs of care in non-Federal general and special hospitals, 1959.

[2] Federal share varies among States from 33⅓ percent to 66⅔ percent on the basis of variations in State per capita income.

[3] Less than $50,000.

TABLE 3.—*Annual medical care expenditures for OAA recipients under medicare proposal, if all States participate, and present annual expenditures under OAA program, as of January 1, 1960*

[In millions]

State	Total expenditures under medicare proposal			Present OAA expenditures—vendor and money payments for medical services
	Combined total—Medicare program and OAA [1]	Medicare program	OAA program	
U.S. total	$856.0	$436.5	$419.5	$364.5
Alabama	30.8	14.9	15.9	5.6
Alaska	.5	.2	.3	----
Arizona	4.8	2.3	2.5	----
Arkansas	16.2	7.9	8.3	3.7
California	111.0	53.9	57.1	28.9
Colorado	15.9	7.7	8.2	8.6
Connecticut	7.8	4.4	3.4	7.8
Delaware	.5	.2	.3	[2]
District of Columbia	1.3	.6	.7	.3
Florida	24.1	11.7	12.4	3.4
Georgia	30.8	15.0	15.8	1.2
Hawaii	.5	.2	.3	.1
Idaho	2.6	1.2	1.4	.5
Illinois	27.2	12.6	14.6	27.2
Indiana	9.8	4.8	5.0	7.9
Iowa	10.1	4.9	5.2	2.7
Kansas	8.3	4.0	4.3	6.4
Kentucky	18.9	9.2	9.7	.7
Louisiana	36.8	17.9	18.9	8.6
Maine	3.9	1.9	2.0	2.0
Maryland	3.4	1.7	1.7	1.4
Massachusetts	45.3	27.5	17.8	45.2
Michigan	25.8	12.5	13.3	9.5
Minnesota	23.9	15.2	8.7	23.8
Mississippi	22.3	10.9	11.4	----
Missouri	36.4	17.7	18.7	9.1
Montana	2.3	1.1	1.2	.1
Nebraska	4.4	2.1	2.3	4.3
Nevada	1.0	.5	.5	.3
New Hampshire	2.5	1.6	.9	2.5
New Jersey	7.6	4.2	3.4	7.6
New Mexico	3.7	1.8	1.9	1.4
New York	46.4	30.2	16.2	46.5
North Carolina	13.6	6.6	7.0	3.0
North Dakota	2.6	1.6	1.0	2.7
Ohio	32.7	15.8	16.9	15.3
Oklahoma	26.7	13.0	13.7	11.9
Oregon	6.8	3.3	3.5	5.6
Pennsylvania	15.3	7.4	7.9	6.6
Rhode Island	3.0	1.5	1.5	1.9
South Carolina	8.1	3.9	4.2	.8
South Dakota	2.5	1.2	1.3	[2]
Tennessee	17.1	8.3	8.8	1.4
Texas	78.0	37.9	40.1	8.7
Utah	2.7	1.3	1.4	.6
Vermont	2.0	1.0	1.0	.5
Virginia	4.3	2.1	2.2	1.7
Washington	21.5	10.4	11.1	16.8
West Virginia	5.8	2.8	3.0	1.7
Wisconsin	17.5	11.6	5.9	17.5
Wyoming	1.1	.5	.6	.5
Puerto Rico	7.6	3.7	3.9	----
Virgin Islands	.2	.1	.1	[2]

[1] Includes medicare program expenditures for costs above $250 and public assistance program expenditures for costs up to $250 for an individual in a year.

[2] Less than $50,000.

TABLE 4.—*Change in annual expenditures for medical care for OAA recipients as a result of medicare proposal compared with present total assistance expenditures under OAA program, if all States participate in medicare, as of Jan. 1, 1960*

[In millions]

State	Total combined change resulting from medicare proposal (medicare and OAA program)			Change in OAA expenditures resulting from medicare proposal		
	Total	Federal	State-local	Total	Federal	State-local
U.S. total	$491.5	$290.4	$201.1	$55.0	$65.5	−$10.5
Alabama	25.2	16.6	8.6	10.3	6.7	3.6
Alaska	.5	.1	.4	.3	(1)	.3
Arizona	4.8	1.6	3.1	2.5	.3	2.1
Arkansas	12.5	8.3	4.2	4.6	3.0	1.6
California	82.2	20.2	62.0	28.3		28.3
Colorado	7.4	4.0	3.4	−.3		−.3
Connecticut		1.5	−1.4	−4.3		−4.3
Delaware	.4	.2	.2	.2	.1	.1
District of Columbia	1.0	.2	.8	.4	(1)	.4
Florida	20.6	11.7	8.9	8.9	5.3	3.6
Georgia	29.7	19.1	10.5	14.7	9.5	5.1
Hawaii	.3	.1	.2	.1	(1)	.1
Idaho	2.1	.7	1.4	.9		.9
Illinois		2.6	−2.6	−12.6	−2.4	−10.2
Indiana	1.9	.9	.9	−2.9	−1.5	−1.5
Iowa	7.4	2.8	4.6	2.5		2.5
Kansas	1.9	2.2	−.3	−2.1		−2.1
Kentucky	18.3	12.0	6.3	9.1	5.9	3.2
Louisiana	28.2	11.2	17.0	10.3		10.3
Maine	1.9	1.1	.8	(1)	(1)	(1)
Maryland	2.0	1.0	1.1	.3	.2	.2
Massachusetts		11.9	−11.9	−27.5		−27.5
Michigan	16.2	5.6	10.6	3.7		3.7
Minnesota	.1	6.9	−6.8	−15.1	−1.4	−13.7
Mississippi	22.3	14.8	7.6	11.4	7.5	4.0
Missouri	27.3	14.3	13.0	9.6	5.1	4.5
Montana	2.2	.7	1.5	1.1	.1	1.0
Nebraska		.5	−.4	−2.1	−.7	−1.3
Nevada	.7	.2	.5	.2		.2
New Hampshire		.6	−.6	−1.6	−.3	−1.3
New Jersey		1.6	−1.6	−4.2		−4.2
New Mexico	2.3	1.1	1.2	.5		.5
New York		11.3	−11.4	−30.3		−30.3
North Carolina	10.6	7.0	3.6	4.0	2.6	1.4
North Dakota		1.0	−1.1	−1.7		−1.7
Ohio	17.4	7.0	10.4	1.6		1.6
Oklahoma	14.9	7.8	7.1	1.9		1.9
Oregon	1.2	1.7	−.5	−2.1		−2.1
Pennsylvania	8.7	3.6	5.1	1.3		1.3
Rhode Island	1.1	.7	.4	−.4		−.4
South Carolina	7.2	4.8	2.5	3.3	2.2	1.2
South Dakota	2.4	1.1	1.3	1.2	.3	.9
Tennessee	15.7	10.3	5.4	7.4	4.8	2.6
Texas	69.3	40.6	28.7	31.4	19.3	12.1
Utah	2.1	.8	1.3	.8		.8
Vermont	1.6	.9	.6	.6	.3	.2
Virginia	2.7	1.6	1.1	.6	.4	.2
Washington	4.8	4.9	−.1	−5.6		−5.6
West Virginia	4.1	2.6	1.4	1.3	.8	.4
Wisconsin		3.4	−3.4	−11.6	−2.7	−8.9
Wyoming	.6	.3	.3	.1		.1
Puerto Rico	7.6	2.5	5.1	3.9		3.9
Virgin Islands	.2	.1	(1)	.1	(1)	(1)

[1] Less than $50,000.

TABLE 5.—*Total combined annual governmental expenditures under medicare and OAA programs for all participants aged 65 and over and resulting increase, by source of funds, over present total assistance expenditures for OAA recipients, if all States participate in Medicare, as of Jan. 1, 1960*

[Amounts in millions]

State	Combined expenditures for persons aged 65 and over—Medicare and OAA programs	Resulting increase over present total assistance expenditures for OAA recipients			
		Total	Federal	State-local	
				Amount	Percent of 1958 expenditures from State-local funds [1]
United States	$1,649.2	$1,284.7	$668.0	$616.7	1.5
Alabama	39.4	33.8	22.3	1.5	2.5
Alaska	.8	.8	.3	.5	[2]
Arizona	8.3	8.3	3.6	4.6	1.6
Arkansas	22.7	19.0	12.6	6.4	2.7
California	182.3	153.4	46.9	106.6	2.4
Colorado	21.7	13.1	7.0	6.2	1.4
Connecticut	25.0	17.2	7.2	10.1	1.3
Delaware	2.7	2.7	.9	1.7	1.3
District of Columbia	4.4	4.1	1.5	2.7	1.4
Florida	48.2	44.8	25.0	19.7	1.9
Georgia	40.3	39.1	25.2	13.9	2.1
Hawaii	2.0	1.9	.9	.9	[2]
Idaho	5.7	5.2	2.5	2.7	2.0
Illinois	79.6	52.4	23.3	29.1	1.2
Indiana	33.4	25.5	12.7	12.8	1.4
Iowa	23.1	20.4	10.2	10.2	1.7
Kansas	17.4	11.0	7.3	3.7	.7
Kentucky	31.6	30.9	20.4	10.6	2.5
Louisiana	41.9	33.3	14.4	18.9	2.3
Maine	9.3	7.3	4.2	3.1	1.7
Maryland	13.9	12.5	5.9	6.7	1.0
Massachusetts	80.5	35.3	27.1	8.1	.6
Michigan	66.2	56.7	23.8	32.8	1.6
Minnesota	40.5	16.7	15.9	.8	.1
Mississippi	27.5	27.5	18.3	9.3	3.3
Missouri	55.4	46.3	24.1	22.2	3.1
Montana	5.4	5.3	2.2	3.0	1.8
Nebraska	10.8	6.5	4.2	2.3	.8
Nevada	1.8	1.5	.5	1.0	1.2
New Hampshire	6.1	3.6	2.5	1.1	.9
New Jersey	38.6	31.0	13.5	17.5	1.3
New Mexico	5.5	4.1	2.2	1.9	1.1
New York	141.5	95.0	46.8	48.2	.9
North Carolina	25.0	22.0	14.6	7.4	1.1
North Dakota	4.7	2.0	2.3	−.3	−.2
Ohio	80.2	64.9	28.1	36.8	1.8
Oklahoma	33.8	21.9	12.0	10.0	2.1
Oregon	18.1	12.5	7.5	5.0	1.1
Pennsylvania	67.9	61.3	29.1	32.2	1.5
Rhode Island	9.4	7.5	3.8	3.7	2.1
South Carolina	12.6	11.8	7.8	4.0	1.2
South Dakota	5.1	5.1	2.8	2.2	1.5
Tennessee	28.3	26.9	17.7	9.2	1.7
Texas	104.6	95.9	55.5	40.4	2.2
Utah	5.5	4.9	2.4	2.5	1.3
Vermont	4.2	3.7	2.2	1.5	1.5
Virginia	15.3	13.6	7.9	5.7	.8
Washington	38.2	21.4	12.8	8.8	1.1
West Virginia	13.2	11.5	7.3	4.1	1.4
Wisconsin	37.1	19.6	13.7	5.9	.6
Wyoming	2.2	1.7	.9	.8	.9
Puerto Rico	9.9	9.9	4.0	5.9	[2]
Virgin Islands	.2	.2	.1	[3]	[2]

[1] Total expenditures from own funds, exclusive of revenues from the Federal Government, insurance trust expenditures and business enterprise expenditures. Percent for United States calculated exclusive of Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

[2] Data on 1958 expenditures from State-local funds not available.

[3] Less than $50,000.

TABLE 6.—*Estimated taxable earnings of workers covered under the old-age, survivors and disability insurance program in 1960, and amounts obtained by applying specified percentages to these earnings, by State* [1]

[In millions]

State	Taxable earnings			1 percent of taxable wages plus ¾ percent of self-employment income	½ percent of taxable wages plus ⅜ percent of self-employment income
	Total	Wages and salaries	self-employment		
Total [2]	$210,000	$188,000	$22,000	$2,045.0	$1,022.5
Alabama	2,389	2,133	256	23.2	11.6
Alaska	202	187	15	2.0	1.0
Arizona	1,094	984	110	10.6	5.2
Arkansas	1,003	794	209	9.5	4.8
California	18,826	16,921	1,905	183.5	91.8
Colorado	1,616	1,361	255	15.5	7.8
Connecticut	3,677	3,393	284	36.0	18.0
Delaware	614	572	42	6.0	3.0
District of Columbia	967	912	55	9.5	4.8
Florida	3,855	3,363	492	37.3	18.6
Georgia	3,135	2,810	325	30.5	15.2
Hawaii	521	470	51	5.1	2.6
Idaho	633	490	143	6.0	3.0
Illinois	12,393	10,972	1,421	120.4	60.2
Indiana	8,548	7,923	625	83.9	42.0
Iowa	2,901	2,028	873	26.8	13.4
Kansas	2,154	1,722	432	20.4	10.2
Kentucky	2,179	1,821	358	20.9	10.4
Louisiana	2,170	1,918	252	21.1	10.6
Maine	920	815	105	9.0	4.5
Maryland	3,111	2,830	281	30.4	15.2
Massachusetts	6,448	5,975	473	63.3	31.6
Michigan	10,294	9,535	759	101.1	50.6
Minnesota	3,499	2,855	544	33.4	16.7
Mississippi	1,164	997	157	11.3	5.6
Missouri	4,954	4,304	660	48.0	24.0
Montana	684	527	157	6.5	3.2
Nebraska	1,483	1,051	432	13.7	6.8
Nevada	354	318	36	3.5	1.8
New Hampshire	675	608	67	6.6	3.3
New Jersey	7,765	7,078	687	76.0	38.0
New Mexico	670	575	95	6.5	3.2
New York	27,137	25,108	2,029	266.3	133.2
North Carolina	3,525	3,064	461	34.1	17.0
North Dakota	556	323	233	4.9	2.4
Ohio	12,736	11,752	984	124.9	62.4
Oklahoma	2,091	1,738	353	20.0	10.0
Oregon	2,025	1,763	262	19.6	9.8
Pennsylvania	14,939	13,704	1,235	146.3	73.2
Rhode Island	1,092	1,010	82	10.7	5.4
South Carolina	1,726	1,552	174	16.8	8.4
South Dakota	580	336	244	5.2	2.6
Tennessee	2,847	2,502	345	27.6	13.8
Texas	8,771	7,614	1,157	84.8	42.4
Utah	848	749	99	8.2	4.1
Vermont	411	358	53	4.0	2.0
Virginia	3,104	2,786	318	30.3	15.1
Washington	3,418	3,033	385	33.2	16.6
West Virginia	1,544	1,415	129	15.2	7.6
Wisconsin	4,805	4,148	657	46.4	23.2
Wyoming	319	255	64	3.1	1.6
Puerto Rico	560	503	57	5.4	2.7
Virgin Islands	19	18	1	.2	.1
Armed Forces	6,000	6,000	----------	60.0	30.0
Instrumentalities [3]	26	26	----------	.3	.1

[1] Preliminary; State represents place where workers are employed (with the exception of Armed Forces and instrumentalities shown separately).

[2] Includes earnings of employees in the Canal Zone and outside the United States, not shown separately.

[3] Represents instrumentalities operated by 2 or more States, such as bridges, waterways, tunnels, oil conservation operations, etc.

Source: U.S. Department of Health, Education, and Welfare, Social Security Administration, Bureau of Old-Age and Survivors Insurance, Division of Program Analysis, May 9, 1960.